2023

Annual Report

Reliable energy for a decarbonized future

enagas

Our purpose is twofold: to contribute **to ensuring the security of energy supply,** an essential service for the well-being of society. And **driving innovation, accelerating the decarbonisation process and thus creating value** for our stakeholders.

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This document is a layout version of the corresponding reports approved by the Board of Directors. In the event of any discrepancy between the two versions, the version approved by the Board shall prevail.

In addition, in the event of any discrepancy between the Spanish version and this translation into English, the Spanish version shall prevail.

Consolidated Management Report

2023

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Letter from the Chairman Antonio Llardén

[GRI 2-22]

2023 has been a big year for Enagás: intense in terms of the magnitude of the challenges we have faced and in which we have taken truly significant steps for our future growth.

The global context continues to be highly complex, and geopolitical conflicts like those that continue today in Ukraine, the Middle East and the Red Sea - with their attendant energy consequences - have left their mark on much of the year. Among others, the European Union, countries such as Spain and companies have learned important lessons from the disruptive events of recent years. We know that navigating the new paradigm of uncertainty, volatility and the acceleration of major transformations has two keys: anticipation and cooperation.

After laying the foundations in 2022 with REPowerEU, Europe has continued to build a truly collective energy policy as one of the fundamental pillars of its strategic autonomy. The EU has adopted very significant measures over the past year at a crucial time for energy. Likewise, Spain's term holding the presidency of the European Council has produced very satisfactory results in this area, such as the agreements for the EU Directive and Regulation on the Hydrogen and Decarbonised Gas Market Package, and the agreement on electricity market reform.

A key role in European energy security

Spain has continued to play an essential role in strengthening European security of supply. We were the first country to meet the EU's target of 90% fill levels at underground storage facilities by November. We achieved this six months ahead of schedule; in August, we reached 100%. The EU as a whole managed to fill its storage to 99%, a success that made this winter far more comfortable than the last.

We will also end 2023 with one more LNG terminal in operation thanks to the start-up of the El Musel terminal in Gijón, which provides 20% of Europe's additional new regasification capacity. Our seven LNG terminals are a major strategic asset for Spain and have allowed us to receive gas from 17 different origins this year. Our country has consolidated its position as the LNG gateway to Europe, and Enagás became the world's leading tanker loading operator in 2023.

Our robust gas pipeline network has also made it easier for Spain to remain in energy solidarity with the rest of the EU: gas exports by pipeline increased by 23.7% in 2023 and, last April, Spain broke the all-time record for natural gas exports to Europe through interconnections with France.

A new investment phase centred on renewable hydrogen

All the knowledge, experience and talent that this company has accumulated over the last 50 years building, operating and maintaining the gas network is being applied to make a future hydrogen network in Spain a reality. In turn, this will form part of a European network.

As a locally-produced and clean energy carrier, renewable hydrogen strengthens our strategic autonomy and is the key to decarbonisation for Spanish and European industry. The energy transition - let us not forget - is also an opportunity for reindustrialisation.

The European Commission is betting heavily on green hydrogen, which represents a huge opportunity for Spain; everything is in place for Spain to become the continent's major hydrogen hub. As a company, we are also betting on hydrogen as the future to ensure our sustained growth over time. Developing Spain's gas network was a major challenge and, as has become particularly evident in recent years, a major success. Now, once again, we are facing an intense investment period to make the deployment of renewable hydrogen a reality through projects as massive as the Spanish hydrogen infrastructure project and the H2med corridor.

Our results and milestones for 2023, in which we exceeded all our targets for the seventeenth consecutive year, demonstrate the good work we are doing and are our best guarantee as we tackle the challenges that lie ahead for our sector and Enagás in particular. In 2024, we will continue to work towards becoming a carbon-neutral company by 2040 and contributing to clean, reliable and competitive energy for industries and citizens. Completing the energy trifecta, in short.

Enagás has a truly exceptional team of professionals. Thank you again for your hard work, responsibility and enthusiasm. Many thanks to our magnificent Board of Directors for their involvement and commitment, and to our shareholders for supporting Enagás' future-oriented project and their long-term faith in the company. [GRI 2-22]

ANTONIO LLARDÉN
Chairman

Interview with the Chief Executive Officer Arturo Gonzalo

[GRI 2-22]

'We have exceeded our 2023 targets and progressed faster than planned in implementing the Strategic Plan'

How was 2023 for Enagás?

2022 was the year of security of supply, and 2023 has indisputably been the year of hydrogen. In just twelve months, we have made progress that lays a firm foundation for the company's future. I would like to highlight three main milestones. The first was that we launched our promised Call for Interest for Spanish hydrogen infrastructure. This attracted enormous interest: 206 companies submitted 650 projects, demonstrating that there is both supply and demand for renewable hydrogen in Spain; these require infrastructure to become a real market.

'2023 has been a year full of milestones, with a very significant one being the designation of Enagás as the provisional hydrogen network operator'

The other two major milestones are the wonderful news we received as the year drew to a close: the European Commission included on its list of Projects of Common Interest (PCI) both the European H2med corridor and the Spanish hydrogen infrastructure presented by Enagás, opening the door for them to receive European funding. At the same time, through Royal Decree-Law 8/2023, the Spanish government designated us as the provisional hydrogen transmission network operator.

In parallel to all these advances in hydrogen, we continued to guarantee the perfect operation of the Spanish Gas System, which had 100% availability in 2023. Likewise, we strengthened its role as a key energy hub for Europe's energy sovereignty. In short, we have continued to contribute to the well-being and progress of Spanish society, that of the countries where we operate, and that of those around us.

How is the company preparing for 2024?

We are once again facing an intense and exciting year in which we will continue to work towards security of supply and decarbonisation in Spain and Europe. We started the year off with our second Enagás Hydrogen Day; at this very well-received event, we presented the results of the Call for Interest process. This information provided by the sector is the best starting point for the first mission that has been entrusted to us as the provisional HTNO (Hydrogen Transmission Network Operator): to present a hydrogen backbone infrastructure proposal to the Ministry for the Ecological Transition and the Demographic Challenge in April.

In March, the final list of PCIs will be published in the Official Journal of the European Union, and we will be able to apply for European CEF (Connecting Europe Facility) funds for the Spanish infrastructure and H2med studies.

With the visibility we have now, after all these developments in such a short time, we will update our Strategic Plan during 2024.

With regard to the GSP arbitration, according to the Arbitration Tribunal, the award terminating the arbitration proceedings will be rendered in the first half of 2024.

'As promised, we launched the Call for Interest for Spanish hydrogen infrastructure, which attracted enormous interest and participation from the whole sector'

What are the main features of the 2023 results?

These are very good results; we exceeded all the targets we set ourselves for 2023 and recorded a net profit of 343 million euros.

These results are mainly explained by two factors. The first is our Efficiency Plan, which has proven to be highly effective in controlling operating and financial expenses and thus minimising the impact of inflation on manageable costs. In particular, we have managed to keep recurring operating expenses at 2022 levels.

The second factor is the positive evolution and contributions of our affiliates.

How would you sum up the year from a financial perspective?

We have continued to strengthen our balance sheet through asset rotation. In this regard, the closing of the sale of our stake in Morelos Pipeline in Mexico had a positive impact, generating a gross capital gain of 46.7 million euros.

We ended 2023 with an excellent liquidity position of 3.309 billion euros. Our net debt was 3.347 billion euros, 122 million euros less than the previous year. Among other factors, this was thanks to the strong performance of working capital due to the premiums collected from the increased utilisation of LNG terminals in 2023.

We have a very solid position, with more than 80% of our debt at fixed rates. In addition, the successful issue of 600 million euros in bonds maturing in 2034 with an annual coupon rate of 3.625% was recently completed in 2024. We have taken advantage of favourable market conditions to extend the average maturity of our debt and to have the next maturities covered.

[GRI 2-22]

How well has the Strategic Plan been implemented?

We have exceeded our expectations and progressed faster than planned in implementing the Plan. 2023 was a year of significant steps in our investment plan.

In Europe, we entered Germany, joining the Hanseatic Energy Hub (HEH) consortium as a 10% industrial partner to develop the Stade LNG terminal, which includes both a Floating Storage and Regasification Unit (FSRU) and a future onshore terminal. We also increased our stake in a strategic infrastructure for the European Union - the Trans Adriatic Pipeline (TAP) - to 20%.

In Spain, we reached an agreement with Reganosa whereby we acquired their network of 130 kilometres of gas pipelines and gave them a 25% stake in the El Musel LNG terminal, which has now started operations and is entering a new phase as the Musel E-Hub LNG terminal.

Another achievement of the year was the launch by Enagás GTS of the Guarantees of Origin System for renewable gases in Spain.

What is the key to remaining a sustainability leader?

Clear commitments, rigorous measurement and transparent progress reporting year after year. We are committed to being a carbon-neutral company by 2040; to this end, we are following a very ambitious decarbonisation pathway which includes both our direct operations and our value chain. We are making progress and reporting this properly; this means that, for example, the start of 2024 saw us included for the fourth consecutive year on the CDP Climate Change A List. This distinction sets us apart among the world's leading companies in climate action.

We are on all the major indices, including the global leader, Dow Jones Sustainability, where we have been listed for sixteen consecutive years.

The key is that our sustainability strategy is at the heart of the business and the company; it concerns and occupies all of us who work here.

What would you highlight from your performance in other ESG areas?

A clear focus is our commitment to people and the generation of quality employment. We have been recognised for fourteen years as one of the best companies to work for in Spain, certified as a Top Employer company, as well as having the highest level of excellence (A+) as a Family-Responsible Company (EFR). We opened 2024 with the signing of the Group's 4th Collective Bargaining Agreement, a sign of the good understanding between the company and the workers' representatives that shows that at Enagás, we are all pulling in the same direction.

In these times of profound transformation for our sector, we are more committed than ever to talent and training for the development of the new skills the future needs. Among many other initiatives, we are developing our training school into a Corporate University.

Another major commitment taken on by Enagás - and by me personally - is to be an increasingly inclusive company. Diversity is key to our present and future strategy. Regarding gender diversity in particular, more than a decade ago, we were one of the first companies to receive the Spanish Ministry of Equality's Gender Equality badge; today, we are world leaders in our sector on the Bloomberg Gender-Equality Index.

'Our sustainability strategy is at the heart of the business and the company; it concerns and occupies all of us who work here'

Is there anything else you would like to highlight about the company's prospects?

This is a decisive moment for energy and for the future of Enagás. Decarbonisation, the energy transition and the hydrogen economy are challenges to which we have a lot to contribute, as we have unrivalled experience and the best possible team of professionals.

We are very pleased with the progress made in 2023 with our Transformation Plan, which we put in place to facilitate the challenges ahead of us through digitalisation, agility and new ways of working. We have also launched transformative initiatives like the Ingenia Energy Challenge, our call to find disruptive projects that contribute to accelerating the energy transition.

The designation of Enagás as a provisional HTNO by Royal Decree-Law 8/2023 is a huge responsibility and a great opportunity for the company's future growth built around renewable hydrogen. Our goal is always to create maximum value for society and for our shareholders, to whom I am especially grateful for their confidence in the company's vision and management. Rest assured that our top priority is to create sustainable value for you.

My thanks also go to all Enagás professionals for the great work they are doing and to the members of the Board of Directors for their support and magnificent work.

Lastly, I would like to mention that the Enagás Board of Directors has approved this Annual Report, which represents the renewal of our commitment to the ten principles of the Global Compact, and at the same time, reflects our contribution to achieving the United Nations Sustainable Development Goals.

[GRI 2-14, GRI 2-22]

Enagás in 2023

Security of supply and operational efficiency

325.4 TWh

National demand for natural gas (-10.7% vs. 2022) [GRI 302-2]

+23.7%
Increased pipeline exports

100%
Technical and commercial availability

>90%
Filling of underground storage as at 31.12.2023

+4%
Truck loading usage vs. 2022 (7.1 TWh)

157
Liquefied natural gas (LNG) loading.
Spain, world's leading operator in tanker loading

17
Countries supplying natural gas to Spain

Sound financial and liquidity position

342.5 M€

Net profit (1)

780.3 M€
EBITDA (2)

3,347 M€
Net debt (1)

3,309 M€
Liquidity (1)

192.5 M€
Dividends from subsidiaries

Rating

BBB
Standard & Poor's

BBB
Fitch

Sustainability

1,354
professionals [GRI 2-7]

29.6%
Women

40%
Women on the Board of Directors

33.3%
Women in the Executive Committee

CO_2e emission reduction targets to achieve carbon neutrality by 2040(3) **and degree of progress:**

-48%
reduction in CO_2e emissions in 2023

-65%
in 2026

-74%
in 2030

-96%
in 2040

Sustainability indices

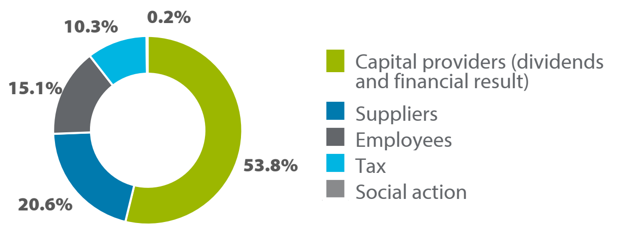
85/100
DJSI Score (Top 5% S&P Global ESG Score 2023)

A List
CDP Climate Change score

87.6/100
Bloomberg GEI 2023

Contribution to society [GRI 201-1]

Economic value distributed

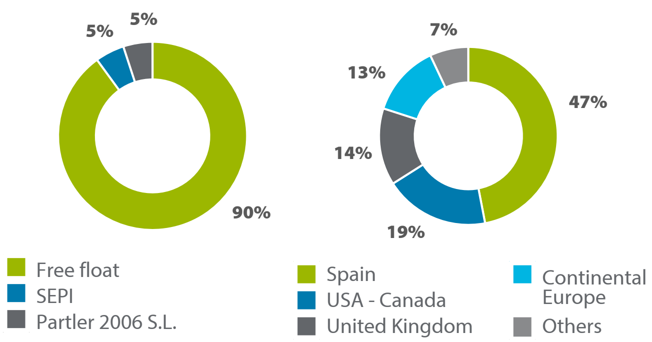


Attractive and sustainable shareholder remuneration

1.74 € Dividend per share (+1% vs. 2022)

15.27 € Share at 31/12/2023

Distribution of capital



Important circumstances arising after year-end: see 'Consolidated Annual Accounts', section '4.9 Subsequent events'.

(1) Figures from the income statement of the Consolidated Annual Accounts of the Enagás Group for financial year 2023.
(2)) These figures are included in the Alternative Performance Measures Report, available at: https://www.enagas.es/en/investor-relations/financial-information/alternative-performance-measures-apm/ and in the 'Key Indicators' chapter.
(3) Scope 1 and 2 targets with respect to 2014.

1

Our business model

Our activities

Enagás, a midstream company with more than 50 years of experience and independent European TSO (Transmission System Operator), is an international reference in the development and maintenance of gas infrastructure and in the operation and management of gas networks. Additionally, Royal Decree-Law 8/2023 of December 27 establishes that Enagás, as the hydrogen transmission network operator (in accordance with the provisions of Article 63 bis of Law 34/1998 of October 7 on the hydrocarbons sector), may operate as the provisional hydrogen transmission network operator. [GRI 2-6]

Energy infrastructures are a core element in the energy transition towards decarbonisation. Natural gas and renewable gases, mainly renewable hydrogen, will also be very important vectors for decarbonisation, especially in sectors where industrial electrification is difficult.

At Enagás we provide our experience to offer new energy solutions that contribute to a low-carbon economy: renewable hydrogen and biomethane (see the 'Renewable gases' sub-section within 'Our commitment to the energy transition' chapter.

Energy infrastructures are a core element in the energy transition towards decarbonisation

Major company milestones

1972
Enagás is founded.

2000
Enagás is appointed as Technical Manager of the Spanish Gas System.

2002
Enagás is listed on the stock exchange.

2009
Enagás is named the sole transporter for the primary gas transmission trunk network.

2010
Acquisition of the Gaviota underground storage facility and 40% of the BBG LNG terminal (Bilbao).

2011
First international acquisition: TLA Altamira LNG terminal (Mexico).

2012
International acquisition of the GNL Quintero LNG terminal (Chile) and Morelos Pipeline (Mexico). Certification as European TSO.

2013
Acquisition of Naturgas. International acquisition of Soto La Marina Compressor Station (Mexico).

2014
International acquisitions: TGP (Peru), TAP (Europe) and COGA (Peru).

2015
Acquisitions: increased share in TGP (Peru) and Swedegas (Europe).

2016
Acquisitions: increased share in TGP (Peru), Saggas (Spain) and Quintero (Chile).

2017
Acquisitions: increased share in COGA (Peru).

2018
International acquisition of the operator DESFA. Sale of stake in Swedegas.

2019
International acquisition of Tallgrass Energy LP (USA).

2020
Completion of the TAP construction (Europe). Acquisition: increase of Tallgrass Energy LP (USA).

2021
Acquisition (through DESFA) of Gastrade (FSRU Alexandroupolis).

2022
Sale of 40% of the subsidiary Enagás Renovable. Sale of stake in Quintero LNG terminal (Chile), Morelos Pipeline (Mexico), Compañía Operadora de Gas del Amazonas (Peru) and Transportadora de Gas del Perú (TgP) (Peru).

2023
Designation as interim hydrogen transmission network operator (HTNO).

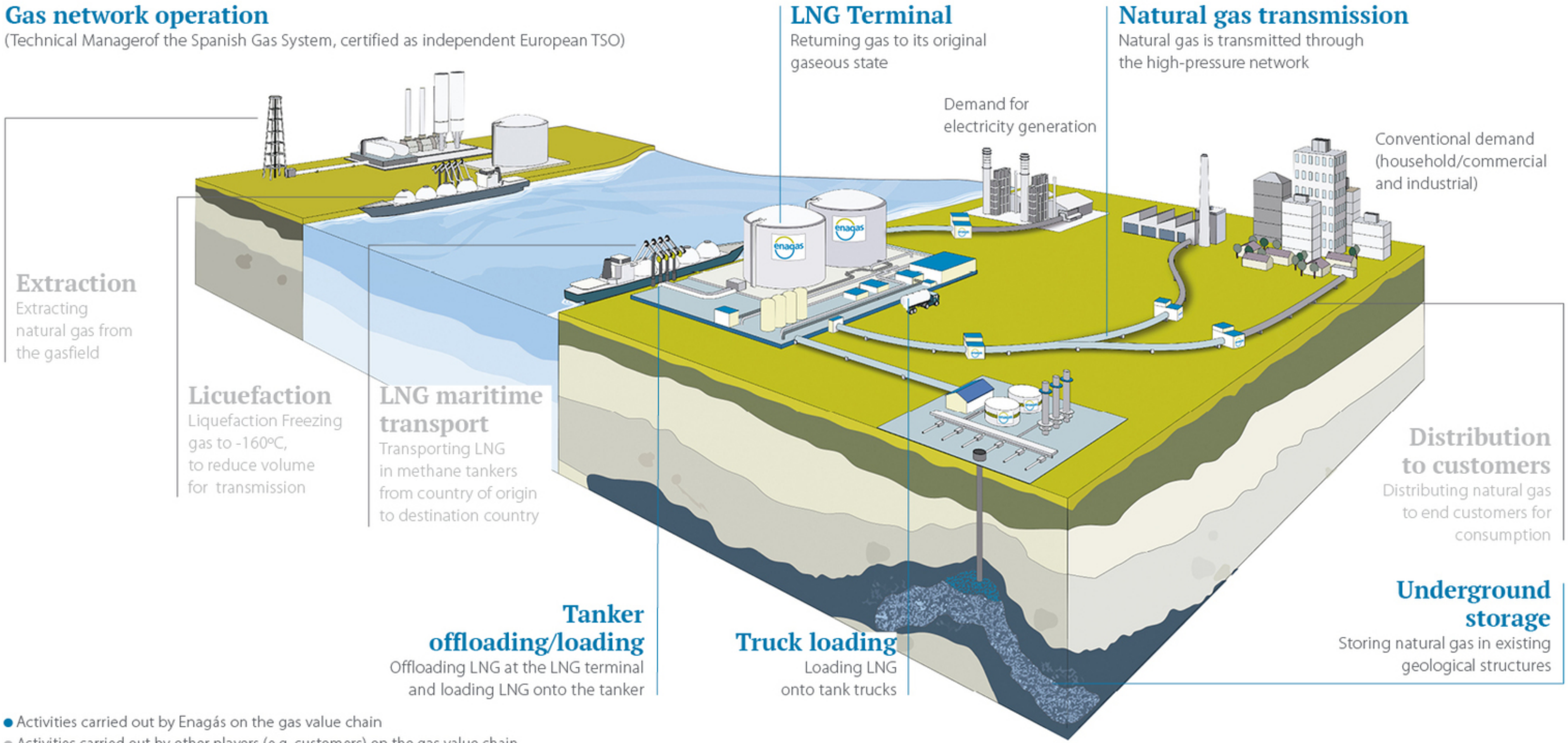
Start-up of the El Musel E-Hub LNG terminal.

Network acquisition of 130 km of gas pipelines from Reganosa (Spain).

Acquisition of 10% of Hanseatic Energy Hub GmbH (HEH) (Germany).

Increase of the stake in Trans Adriatic Pipeline (TAP) to 20%. [GRI 2-6]

Enagás' activities in the natural gas value chain [GRI 2-6]



● Activities carried out by Enagás on the gas value chain
● Activities carried out by other players (e.g. customers) on the gas value chain

More details about **Gas transmission** are available on the corporate website.

Purpose, vision and values

The company's purpose, vision and values, as well as its policies and strategy, are reviewed and approved by the Board of Directors. [GRI 2-12]

Purpose

Our purpose is twofold: to contribute to ensuring the security of energy supply, an essential service for the well-being of society. And **driving innovation, accelerating the decarbonisation process and thus creating value** for our stakeholders.

2023 Vision

- To be the **benchmark operator in the decarbonisation** of gas infrastructure and to contribute to the **security of supply in Spain and Europe.**
- To become the **future operator** of dedicated hydrogen transmission infrastructure.
- To promote the **deployment of renewable gases** throughout the entire value chain.
- All this, developing innovative solutions in work organisation and technologies that will be key in a context of emission neutrality.

Values

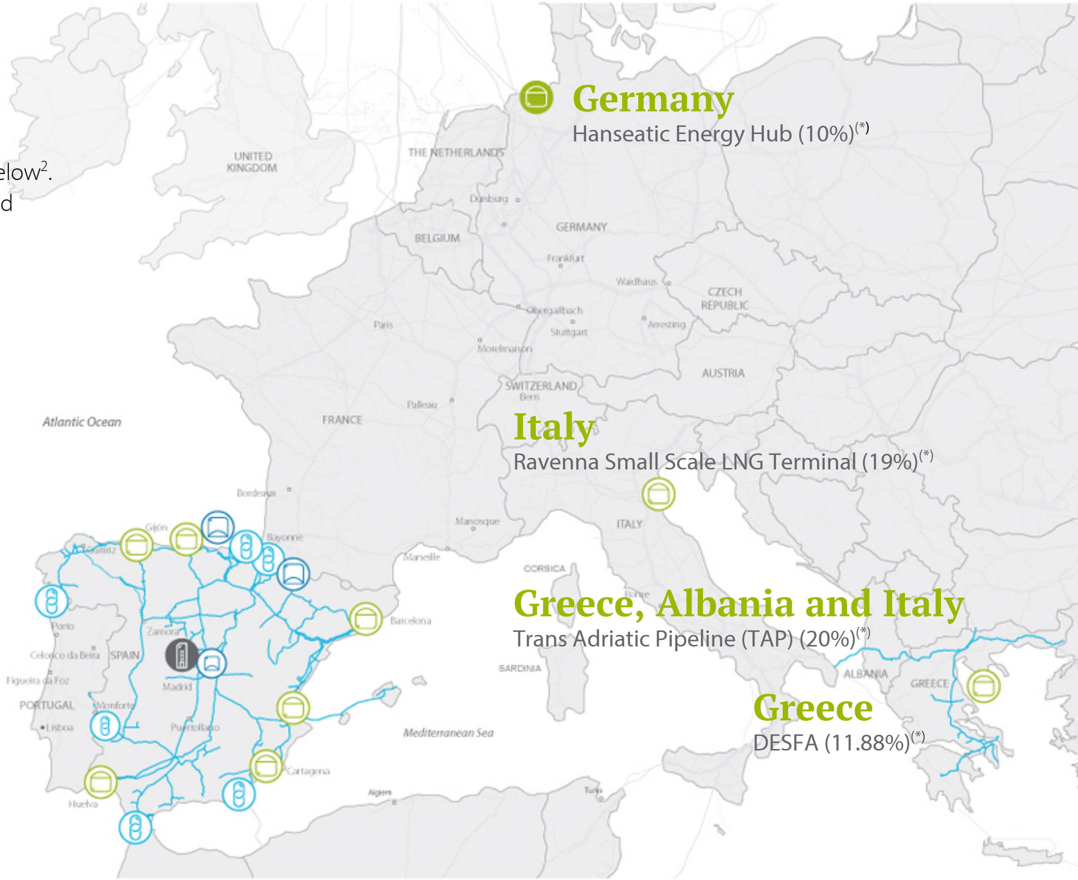
- **Efficiency**
- **Transparency**
- **Innovation**
- **Integrity**
- **Sustainability**
- **Safety**
- **Teamwork**

Geographies

[GRI 2-1, GRI 2-6]

Infrastructure and affiliates

The countries in which Enagás is present directly and through affiliates are listed below[2]. The location of infrastructures in Spain and the rest of Europe is also included.



- International connection
- LNG terminal
- Underground storage
- LNG terminal under development
- Gas pipeline
- Headquarters

(*) Affiliate without operational control. The percentage shareholding is specified in brackets.
(**) Affiliate with operational control. The percentage shareholding is specified in brackets.

Spain

~11,000 km of pipeline

6 LNG terminals

- Barcelona LNG terminal
- Huelva LNG terminal
- Cartagena LNG terminal
- El Musel E-Hub LNG terminal (75%) (**)
- Saggas LNG terminal (72.5%) (*)
- BBG LNG terminal (50%) (*)

3 underground storage facilities

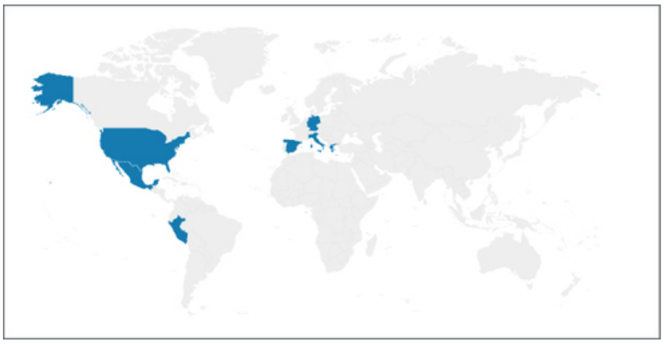
- Gaviota storage facility
- Yela storage facility
- Serrablo storage facility

19 compressor stations

6 international connections

Head office (Madrid)

Enagás Renovable (60%) (*)



U.S.A.

Tallgrass Energy (30.2%) (*)

Mexico

TLA Altamira LNG terminal (40%) (*)
Soto La Marina compressor station (50%) (*)

Peru

Transportadora de Gas del Perú (TgP) (28.95%) (*)

[2] See Appendice II. Joint ventures and associates of the Consolidated Annual Accounts to see all Enagás Group affiliates.

2

Our commitment to the energy transition

Strategy

New energy paradigm

Business context

More than a year after Russia's invasion of Ukraine, 2023 has been characterised by a reduction in energy prices, particularly for natural gas. The average spot price in Europe was around €40/MWh in 2023, compared to the average price in 2022, which was around €120/MWh.

Despite this price reduction, markets have remained tense and volatile due to situations that have led to one-off reductions in supply, such as labour strikes at liquefaction pants in Australia; geopolitical factors, such as the risk of a prolonged conflict between Israel and Palestine; and the fear of a blockade in the Suez Canal due to the intensification of attacks by Houthi militants in the Red Sea area.

With regard to the structure of natural gas supplies in the European Union, it should be noted that imports of Russian gas continued to fall during 2023. Specifically, Russia supplied the European Union with a total of 46 bcm of natural gas, of which 27 bcm was supplied by pipeline (17% of total imports) and 20 bcm as LNG (liquefied natural gas) (14% of total LNG imports), representing a 45% decrease compared to total imports in 2022.

In this context, security of supply in the European Union was guaranteed thanks, to a large extent, to the increase in LNG imports from other origins, such as the United States. In 2023, 45% of the LNG received by the European Union was supplied by the United States, which represents an increase of more than 13% compared to 2022, highlighting the key role of LNG terminals as a guarantor of security of supply.

This important role for LNG terminals has been corroborated by the signing of more than 90 bcm of new LNG contracts worldwide by 2023, most of them long-term, of which more than 20 bcm are located in the European Union. To this should be added the more than 250 bcm of regasification projects under construction globally, of which 60 bcm are located in the European Union.

The start-up of the El Musel E-Hub LNG terminal in the summer of 2023, as part of the Spanish Government's 'More Energy Security' Plan, has strengthened the place of the Spanish Gas System as a key player in guaranteeing security of supply in Europe. This is evidenced by the fact that Spain was the non-producing country that re-exported the most LNG in the world during 2023, with 22.1 TWh.

On the other hand, the demand for natural gas in Spain decreased by 11% compared to 2022, mainly due to lower residential and commercial demand because of the effect of more moderate temperatures, as well as lower demand for gas for electricity generation as a result of higher hydropower and renewable generation. However, industrial gas demand showed signs of recovery after last year's energy crisis, with an increase of almost 4%, mainly concentrated in the refining sector and chemical industry. In addition, exports of natural gas from Spain to Europe by pipeline through France - via the Irún and Larrau interconnections - increased by 6.1% to 37.5 TWh, helping boost the security of the European energy supply.

2023 was also marked by the updating of the draft 2030 National Energy and Climate Plans, which have highlighted the key role of natural gas in the decarbonisation and energy transition process, as well as the deployment of renewable gases - in particular, of green hydrogen - as a particularly significant decarbonisation vector in those industrial sectors that are most difficult to electrify and as a common element across the three pillars of energy policy: security of supply, decarbonisation and price. In Spain, the updated draft National Energy and Climate Plan gave a boost to hydrogen development, with the inclusion of a target of 11 GW of installed capacity in electrolysers by 2030. Furthermore, the H2med project is mentioned, which will allow to turn Spain into the first renewable hydrogen hub worldwide. It will include the first axes of the national backbone network that will connect green hydrogen production centres with domestic demand and the two international interconnections with France and Portugal.

Within this fundamental role for renewable hydrogen in the decarbonisation of the global and European energy system, very significant milestones were reached in 2023 that constitute a boost for hydrogen development and consolidate Spain's role as a key player.

Enagás will play a key role, in collaboration with other European TSOs, in the integration of the European energy system

Global milestones:

Between November 30 and December 12, the 28th Conference of the Parties to the UN Framework Convention on Climate Change (COP28) took place in Dubai, where the first stocktake of progress on climate action (Global Stocktake, GST) was signed, recognising the role of transition fuels, including natural gas, and their contribution to the energy transition as a key element in ensuring energy security.

Among the main agreements reached at the summit were the goal of tripling global renewable energy capacity and doubling the global average annual rate of energy efficiency improvement by 2030; the progressive reduction of coal use that lacks emission mitigation measures; the deployment of renewable and low-carbon hydrogen, particularly significant in sectors that are difficult to decarbonise; and the development of carbon capture, transport and storage.

European milestones:

- October: presentation in Berlin of the H2med project, with the participation of representatives from the governments and TSOs of Germany, France, Portugal and Spain, who showed their support for the development of H2med as a great green corridor that will connect the Iberian Peninsula with north-western Europe, enabling the transport of renewable hydrogen from production areas to the areas of greatest consumption through the associated national hydrogen backbones.
- Inclusion of H2med and the Spanish Hydrogen Backbone Network in the European Commission's list of Projects of Common Interest (PCI) in November, which will be presented to the Council and the European Parliament for approval at the beginning of 2024; this represents an important step forward in the promotion of these projects.
- Provisional agreement between the European Parliament and the European Council on the European Hydrogen and Decarbonised Gas Package, which will act as a catalyst for the deployment of renewable and low-carbon gases, including hydrogen, in Europe. All through the lens of ensuring security of supply and energy affordability. This package, among other measures, includes rules for the development of the European hydrogen market and a new governance structure in the form of the European Network of Network Operators for Hydrogen (ENNOH) to promote dedicated hydrogen infrastructure. It also strengthens the long-term planning of the infrastructure needed for a decarbonised gas sector in Europe.

Milestones in Spain:

- Enagás' September launch of the non-binding Call for Interest consultation process for the first axes of the Spanish Hydrogen Backbone Network. This process closed in November; more than 200 companies participated, showing the enormous interest aroused.
- Publication of Royal Decree-Law 8/2023, which included the designation of Enagás as the provisional manager of the Hydrogen Backbone network (HTNO) in Spain and entrusted it with the preparation of a proposal for the development of the hydrogen backbone infrastructure with a ten-year horizon.

Regulatory vision to 2030

In Spain, the 2021-2026 regulatory framework is stable and transparent, and establishes a period of six-years without intermediate revision. This framework supports climate and energy targets by establishing incentives to keep the gas system infrastructure available, and to fulfil the role assigned by the Spanish National Integrated Energy and Climate Plan for natural gas and renewable gases in the energy transition process. This shows that the use of existing gas infrastructure is essential if advances are to be made in energy transition at the lowest cost.

In 2023, very significant regulatory actions were taken to accelerate the energy transition and highlight the key role of Enagás' infrastructures for Europe's energy security, which will serve to maintain regulatory stability and anticipate the new energy model:

- On the one hand, after having agreed on the final texts of the European Directives and Regulations on the internal markets for natural gas, renewable gases and hydrogen, which will be formally approved during the first half of 2024, the process of transposition into Spanish law will begin. This will be done through an amendment to the Hydrocarbons Law, with a maximum of two years to do so.
- Likewise, through Royal Decree 8/2023 of December 27, which adopts measures to deal with the economic and social consequences of the conflicts in Ukraine and the Middle East, as well as to alleviate the effects of the drought:
  - Enagás is provisionally designated as the Hydrogen Network Operator (HTNO).
  - It is also tasked with presenting a development proposal for hydrogen backbone infrastructure with a ten-year horizon.
- This will lay the foundations for a stable regulatory framework for the new natural gas period as well as for the new renewable gas networks, especially hydrogen, which will begin in 2027, by making the most of the natural gas infrastructures, their subsequent adaptation to hydrogen and the new hydrogen infrastructures. This will make possible:
  - Enagás' transition from interim hydrogen network operator to a certified hydrogen network operator.
  - The completion of hydrogen networks in Spain and their integration with the European market, commissioning Enagás to start work and build hydrogen backbone infrastructure.
  - The ensuring of adequate return on investment and profitability in both natural gas and hydrogen networks.
  - Temporary coexistence of natural gas and hydrogen networks.
  - A framework for the development of research work on saline storages for hydrogen.

2030 Strategic Plan

Strategic priorities [GRI 2-23]

Our strategy has a clear purpose: to contribute to security of supply and decarbonisation, creating value, working towards sustainable and profitable growth and focusing on Spain and Europe.

Leading TSO and HTNO in Europe

Security of supply

Decarbonisation

Creation of value

Sustainable and profitable growth

Focus on Spain and Europe

Resilient strategy for long-term sustainable growth in Spain and Europe

Sustainable and profitable growth	Transformation	Operational excellence	ESG (Environmental, Social, Governance)
• Security of supply and decarbonisation. • Focus on Spain and Europe. • Promotion of renewable gas development. • Innovation, technology and digitalisation to accelerate decarbonisation. • Relevance of cybersecurity.	• Focus on people, processes and new ways of working. • Digitalisation boost. • Strategic talent management. • Diverse and inclusive environment.	• 100% technical and operational availability of our infrastructures. • Operational flexibility. • Efficiency plan to absorb inflation.	• Sustainability/ESG due diligence. • Commitment to carbon neutrality.

Growth drivers

The four axes of company growth are presented below under a regulated or contractual business model approach, and discipline in required returns as well as capital allocation policy:

Core and adjacent businesses infrastructure	Innovation, technology and digitalisation	International development	Projects of our subsidiary Enagás Renovable
• Gas and transition infrastructures for security of supply, decarbonisation, maintenance/life extension, efficiency and safety. • REPowerEU interconnections. • Renewable hydrogen infrastructures (transmission and storage). • Adjacent businesses (small-scale LNG).	• Incorporate the technology necessary for the competitive development of new activities in the field of energy transition. • Promote new businesses adjacent to the core activities of Enagás: infrastructure operation and market development. • Transformation and digitalisation of the company to facilitate new ways of working.	Europe as a strategic focus of Enagás' investment plan: contributing to security of supply and decarbonisation in Europe.	• Develop projects for the production of renewable hydrogen to promote the decarbonisation of all sectors, favouring the dynamisation of the industrial fabric. • Develop projects for biomethane production to promote efficient waste management that contributes to the development of a circular economy.

Most of the investments included in this Strategic Plan have a business model that is currently regulated or will be regulated in the near future, or will have contracts that guarantee a security of returns comparable to that of regulated activity.

During 2023, the company has accelerated its fulfilment of the plan, reaching milestones that would make an update during the first half of 2024 advisable.

In this regard, the initiatives launched by Enagás to promote the future hydrogen market, as well as regulatory advances made during the year, are noteworthy (see section on 'Renewable gases' in the 'Decarbonisation and carbon neutrality' section in this chapter):

- Celebration of the first Enagás Hydrogen Day on January 19. The second edition was on January 31, 2024.
- Launch of a Call for Interest for the Spanish Hydrogen Backbone Network.
- Presentation event in Berlin of the H2med Corridor with the five TSOs from Portugal, France, Germany and Spain that are promoting the infrastructure.
- Inclusion by the European Commission of H2med and the first axes of the Spanish Hydrogen Backbone Network on the list of Projects of Common Interest (PCIs).
- Agreement regarding trialogues for the Hydrogen and Decarbonised Gas Package.
- Publication of Royal Decree-Law 8/2023 enabling Enagás to operate as provisional manager of the hydrogen backbone network.

Other significant achievements in 2023 were the agreement with Reganosa to create an energy hub in north-western Iberia centred on the El Musel E-Hub LNG terminal, launched this year; entry into Germany via joining the Hanseatic Energy Hub to develop the Stade LNG Terminal; and the increase of Enagás' stake in the Trans Adriatic Pipeline (TAP).

Targets linked to variable remuneration

[GRI 2-19, GRI 2-20, GRI 2-23, GRI 2-24]

Strategic priorities are established as company targets linked to the variable remuneration of all Enagás professionals, including the Chief Executive Officer, thus linking remuneration to environmental, social and economic targets.

Moreover, Enagás has a Long-Term Incentive Plan in place, requiring the fulfilment of objectives aligned with strategic priorities, thus linking remuneration to the commitment to long-term management.

We have achieved 97.2% compliance of our 2023 annual targets, and we are on track to achieve our long-term objectives.

Sustainability is one of the targets linked to the variable remuneration of all professionals

See details of the 2022-2024 Long-Term Incentive Plan targets, the 2023 yearly targets and the 2024 yearly targets in the **Annual Report on Directors' Remuneration**.

Targets linked to variable remuneration

Strategic priorities	2022–2024 Long-Term Incentive Plan targets (% weighting)	Yearly targets 2023 (% weighting)	Achievement of 2023 targets (%)
Shareholder remuneration	Total shareholder return (25%): • Relative TSR: Enagás position in the ranking of the Comparison Group. • Absolute TSR: share price target attainment in 2024.	Improving the company's financial results (25%): • Net profit at 31.12.2023 aligned with budget. • Net profit at 31.12.2023 considering potential extraordinary impacts.	100%
Regulated assets	Funds from operations (20%): • Accumulated results corresponding to the Company's Funds From Operations (FFO)	Strengthening regulated revenues (20%): • Amount of capitalisation on eligible CopEx projects associated with their accrued start-up date. • Revenue foreseen in the annual budget.	96.6%
International growth	Dividends (20%): • Dividends from international affiliates and other businesses	Development of international activities and diversification (20%): • Subsidiary budget compliance. • Origination and identification of new business opportunities in accordance with the Strategic Plan. • Compliance international investment and development opportunities according to the Strategic Plan. • Adaptation of the portfolio to the targets of the Strategic Plan. • Obtention of public funding to leverage new technologies and infrastructure use through adjacent business development. • Degree of achievement of the activities contributing to diversification.	99.7%

Strategic priorities	2022–2024 Long-Term Incentive Plan targets (% weighting)	Yearly targets 2023 (% weighting)	Achievement of 2023 targets (%)
Sustainability	Decarbonisation, diversity and inclusion (20%): • Decarbonisation: ◦ Reduction of CO_2 emissions in line with the decarbonisation pathway (emissions 2024 vs. emissions 2021). ◦ Investment in renewable gases: investment and associated studies regarding the adaptation of infrastructures for the transmission of renewable gases and development of infrastructures dedicated to the transmission and storage of renewable gases. • Diversity and inclusion: ◦ Percentage of women on the Board of Directors. ◦ Percentage of women in managerial and pre-managerial positions. ◦ Percentage of promotions that are women in managerial and pre-managerial positions.	Sustainability and energy transition (20%): • Degree of implementation of planned actions and investments. • Positioning in the leading global sustainability index (DJSI). • Total greenhouse gas emission reductions (Scopes 1 and 2). • Reduction of methane emissions. • Degree of compliance with the communication plan and effectiveness of communication actions.	90.0%
Digitalisation and diversity	Implementation of the Digital Transformation Strategy and improvement of indicators and strengthening the positioning of Enagás' digital assets (15%): • Development of priority initiatives from the Roadmap for the 2022-2024 Digital Transformation Framework and improvement to the 2022-2024 Digital Transformation indicators. • Development and execution of the company's digital asset strategy for the 2022-2024 period and improvement of indicators.	Transformation (15%): • Fulfilment of the lines established in the 2023 Transformation Plan. • Implementation of the Communication Plan. • Percentage of women candidates on short-list of external processes. • Continued presence on benchmarks (Bloomberg Gender Equality Index). • Completion of the actions set out to promote digitalisation in the face of new business challenges.	99.5%
Total achievement			**97.2%**

[GRI 2-19, GRI 2-20, GRI 2-23, GRI 2-24]

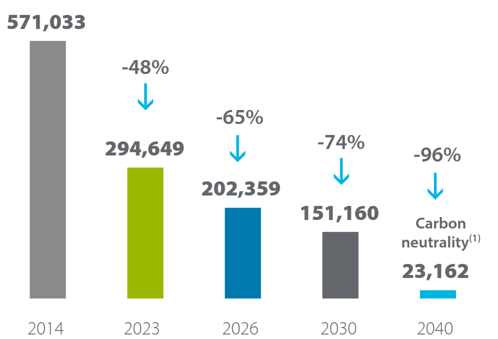
Decarbonisation and carbon neutrality

Targets and roadmap to decarbonisation [GRI 3-3, GRI 305-5]

Greenhouse gas emissions reduction targets

Enagás is committed to achieving carbon neutrality by 2040. To this end, it has outlined a decarbonisation pathway with emission reduction targets by 2026, 2030 and 2040 aligned with the 1.5ºC temperature increase scenario.

Update of Scope 1 and 2 emissions reduction targets (t CO_2e)



(1) Carbon neutrality will be achieved in 2040 with 23,162 tonnes of CO_2e offset by nature-based solutions projects (reforestation).

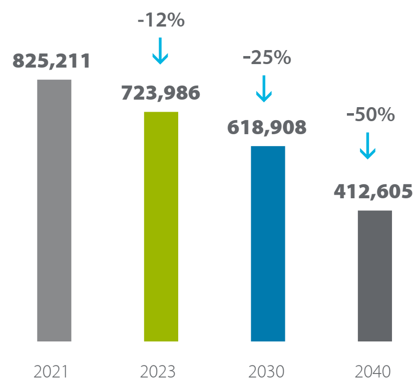
In 2023, Enagás remained on track to meet its emissions reduction targets, having achieved a 48% reduction compared to 2014.

The Scope 1 and 2 emission reduction targets include the Global Methane Alliance methane emissions reduction commitment, which will reduce methane emissions from our business by 45% by 2025 and 60% by 2030, compared to 2015 levels.

In addition, we held to our emissions reduction targets linked to variable remuneration (see the 'Targets linked to variable remuneration' sub-section), including the emissions reduction targets in both the annual Target Management Programme and the Long-Term Incentive Plan. Enagás' target is to reduce its emissions by 5% in 2024, a target included in the annual target management programme and therefore linked to variable remuneration.

In addition, the company has set the following targets for the reduction of its indirect Scope 3 emissions:

Indirect emissions reduction targets (scope 3) (t CO_2e) (1)



(1) Targets corresponding to 100% of indirect Scope 3 emissions, the most significant of which include emissions derived from natural gas flowing on and off our infrastructure network, emissions from our affiliates and our main suppliers (GHG Protocol categories 1, 2, 3, 4, 5, 6, 7, 9, 11, 15).

In 2023, Enagás reduced its Scope 3 emissions by 12% compared to the base year 2021, thus moving towards the decarbonisation of its value chain and in line with the targets set.

These targets reinforce the commitments adopted through its adherence to various international climate action initiatives:

- Science Based Targets[3]: we are committed to setting out targets based in science.
- We Mean Business: we are committed to driving policies towards a low-carbon economy, setting a carbon price and reporting climate change information in corporate publications.
- Global Methane Alliance: we are committed to reducing methane emissions from our activity by 45% by 2025 and 60% by 2030 with respect to 2015 figures.
- Methane Guiding Principles: we have signed up to commitments on methane emissions reduction and transparency.
- Oil & Gas Methane Partnership (OGMP 2.0): we have joined the reporting framework initiative aimed at improving the quantification and reduction of methane emissions.

[3] At the time of writing, SBTi has not yet defined a methodology for the Oil&Gas sector covering Enagás' midstream activities. However, Enagás incorporates SBTi's main recommendations in its target-setting methodology.

Decarbonisation of our operations

In order to meet the carbon neutrality and scope 1 and 2 emissions reduction targets established in the decarbonisation pathway, Enagás is applying the mitigation hierarchy by implementing specific actions that the company has identified and planned as part of its Energy Efficiency and Emissions Reduction Plan.

In this regard, Enagás is working on a plan to electrify turbocompressors in compressor stations and underground storage facilities by 2040. This plan is reviewed and updated in line with the operating context (see the 'New energy paradigm' section in this chapter and the 'Climate action and energy efficiency' section in the 'Environmental, Social and Governance (ESG) Management' chapter), taking into account the following premises for facility selection:

- Act on the facilities that are going to be more intensive in operation (higher CO_2 emissions).
- Make the most of the useful remunerative life of the facilities.
- Match interventions to the need for maintenance development to minimise costs.
- Act on facilities with restrictions, either due to atmospheric emissions (NO_x emission limits) or due to operational problems which could compromise their operation.
- Have H_2-ready facilities distributed along the main axes of the Gas System.

This plan foresees the electrification of 14 turbocompressors in the 2023-2031 period. In 2023, the first two electric engines have been deployed, with more to follow in subsequent years until the plan is completed in 2031.

Once the maximum technically possible reduction has been achieved at the facility level, with the above measures and those included annually in the Enagás Energy Efficiency and Emissions Reduction Plan, the subsequent neutralisation and compensation of residual emissions will be addressed. For this, carbon capture and storage solutions are being studied, as well as alternatives to reach carbon neutrality in the points where the previous options are not possible and/or profitable (offsetting - reforestation).

Decarbonisation of our value chain

To achieve the scope 3 emission reduction targets, namely 25% reduction by 2030 and 50% reduction by 2040 as compared to 2021, Enagás is working to:

- Essentially, in the adaptation of existing infrastructure and the development of new infrastructure for renewable gases. In addition, through its subsidiary Enagás Renovable, it promotes renewable gas production projects (see subsection 'Renewable gases' in this chapter).
- Promoting new uses for natural gas in mobility, mainly in maritime and rail transport (see the 'Sustainable Mobility' sub-section in this chapter).
- Collaboration with the company's affiliates (see the 'Affiliates' section in the 'Environmental, Social and Governance (ESG) Management' chapter), supply chain (see the 'Supply chain' section in the 'Environmental, Social and Governance (ESG) Management' chapter) and companies and sectoral associations in the field of decarbonisation (see the 'Climate action and energy efficiency' section of the 'Environmental, Social and Governance (ESG) Management' chapter). [GRI 3-3, GRI 305-5]

Renewable gases

[GRI 201-2, GRI 203-1, GRI 203-2]

Security of supply and decarbonisation are the main axes on which the new European energy paradigm is based. These axes reinforce Europe's renewable energy and energy efficiency while allowing new infrastructure developments to be driven forward to integrate EU markets.

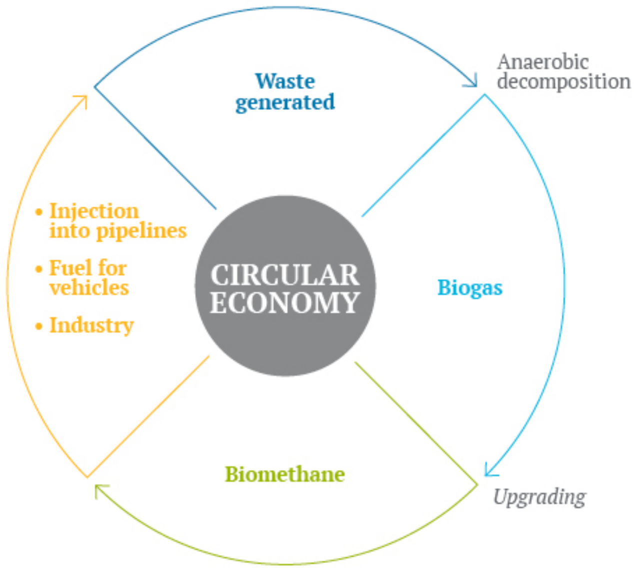
Spain occupies a privileged position thanks to its geographical location and its consolidated network of infrastructures and international connections. It is poised to become a leading country for the production and export of non-electrical renewable energies (hydrogen and biomethane), indispensable energy carriers that contribute to the development of a circular economy and to the energy transition process, as they enable progress towards a carbon-neutral economy.

Renewable hydrogen, which is obtained from electrical renewable energy, is an energy carrier for the future and a key solution for storing renewable energy. It also has multiple applications, as it can be used in all energy sectors (industry, mobility, domestic-commercial and electricity generation).

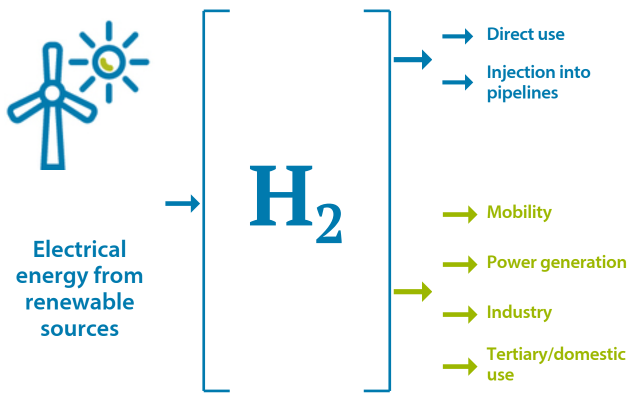
Biogas obtained from waste is a source of renewable, local and storable energy, with a positive impact on employment and the rural economy. After a process of cleaning and CO_2 separation, the biogas transforms into biomethane: a totally renewable gas, of equivalent quality to natural gas, that can be injected into the transmission network.

At Enagás, we want to actively contribute to the energy transition process, promoting the integration of renewable gases in the Spanish and European Gas System.

See Enagás' explanatory videos on **Biogas** and **Renewable hydrogen**.



Enagás is working towards the integration of a European energy system through infrastructures, the promotion of a future hydrogen network in Europe and the creation of a market for renewable gases



Renewable hydrogen infrastructures

The two most important milestones for renewable hydrogen infrastructure in 2023 are described below.

[GRI 201-2, GRI 203-1, GRI 203-2]

January 19
First Enagás **Hydrogen Day**

January 24
Launch of the **Guarantees of Origin** platform for renewable gases

June 28
Update of the National Integrated Energy and Climate Plan (PNIEC)

September 14
Launch of the Call for Interest process

J F M A M J J A S O N D

Spanish Presidency of the Council of the UE

October 18
H2med presentation in Berlin

November 28
European Projects of Common Interest (PCI) List: inclusion of H2med and Spanish H_2 Infrastructure 2030

H_2 and Decarbonised Gas Directive agreement

December 8
European H_2 and Decarbonised Gas Regulation agreement

December 27
Royal Decree-Law 8/2023 of December 27:
Enagás, interim operator of the hydrogen backbone network

Enagás, interim operator of the hydrogen backbone network

As a leading TSO in Europe, Enagás can and must be a key player in the decarbonisation process and contribute its experience and knowledge to the adaptation of existing infrastructures and the development of new ones.

In fact, Enagás is one of the 31 European gas infrastructure operators driving the European Hydrogen Backbone for the development of a dedicated hydrogen transmission infrastructure.

In line with this purpose, in April 2022, Enagás set up the subsidiary 'Enagás Infraestructuras de Hidrógeno' (Enagás Hydrogen Infrastructures), through which the company is spinning off its functions as a natural gas infrastructure operator (TSO) for the possible future management of hydrogen infrastructures. Its objective is the development, construction and operation of infrastructures to meet the need for hydrogen transmission and storage, in line with national and European legislation, plans and roadmaps.

On December 28, 2023, Royal Decree-Law 8/2023 of December 27 was published in the Official State Gazette (BOE), providing that Enagás, as manager of the natural gas[4] transmission network, may operate as provisional manager of the hydrogen backbone network, enabling it to:

- Submit to the Directorate General of Energy Policy and Mines, within four months, a non-binding proposal for the development of the hydrogen backbone infrastructure with a ten-year horizon (April 29).
- Act as representatives in the creation of the European Network of Network Operators for Hydrogen (ENNOH).
- To be able to exercise the functions of hydrogen backbone development within the sphere of European Projects of Common Interest (PCI), on a provisional basis, through horizontally separate legal entities.

This provisional regime will apply until the definitive designation of the Hydrogen Network Operators in accordance with the conditions established in the applicable European regulations.

H2med and the Spanish Backbone Network, included on the European Commission's PCI list

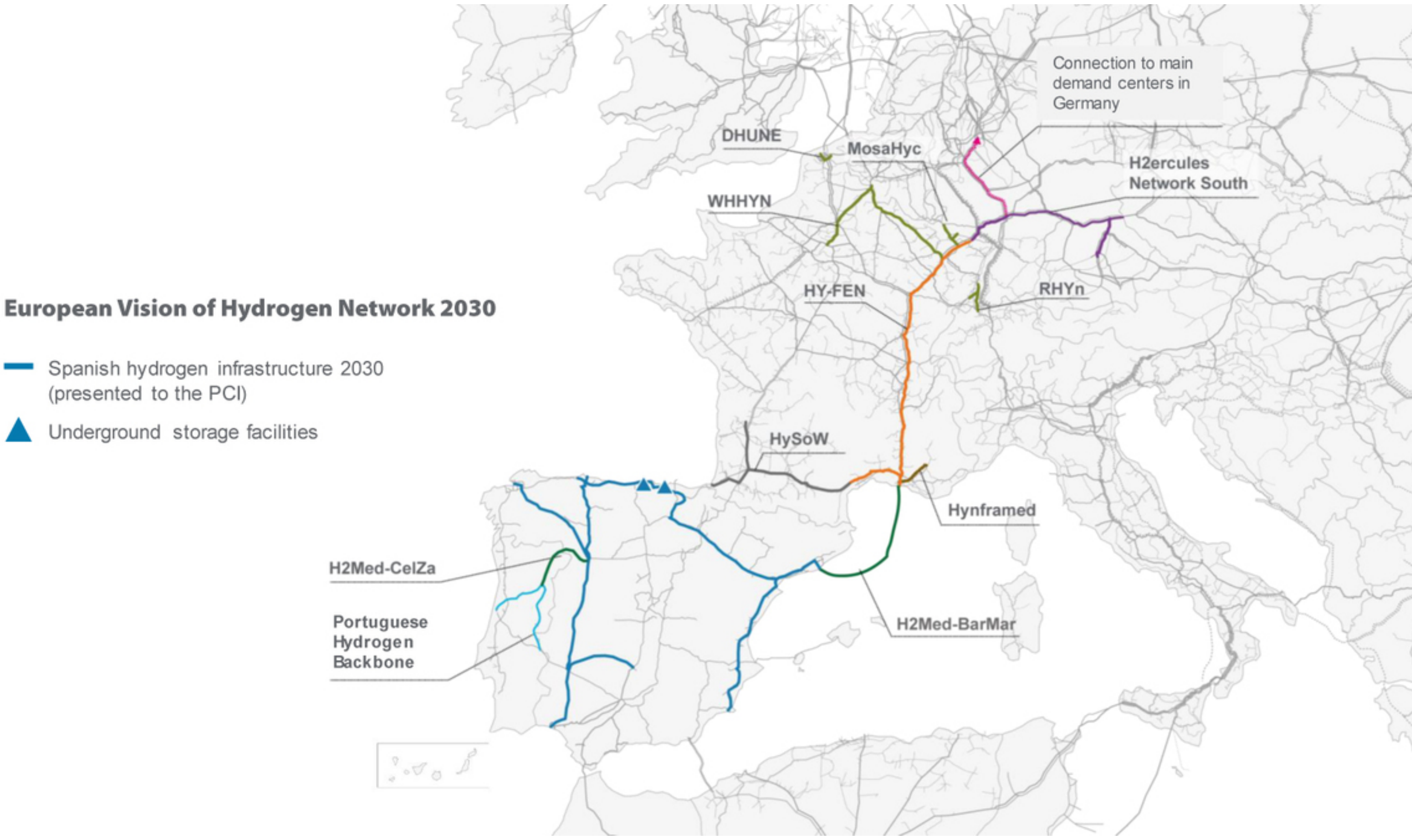
In November 2023, the European Commission adopted the Delegated Act on Projects of Common Interest (PCI). This includes the H2med corridor, the first axes of the associated Spanish Hydrogen Backbone Network and two underground hydrogen storage facilities. Their inclusion on the list of PCIs, which will be submitted to the European Parliament and Council for approval in early 2024, represents an important step forward in the promotion of these projects.

H2med was presented in Alicante at the Euromed summit on December 9, 2022 by the governments of Portugal, Spain and France, with the support of the President of the European

[4] In accordance with the provisions of Article 63 bis of Law 34/1998, of October 7, on the hydrocarbon sector.

Commission, Ursula von der Leyen. In January 2023, the support of Germany was added. Following this initial push, the TSOs of Portugal, Spain, France and Germany presented the project at an event in Berlin on October 18, where the support of the governments of these four countries and that of the European Commission was ratified, as well as that of industry and the main sector players in Germany.

The H2med corridor consists of a connection between Celorico da Beira in Portugal and Zamora in Spain (CelZa) and a maritime connection between Barcelona and Marseille (BarMar). With a planned combined investment of around 2.5 billion euros, CelZa will have a maximum capacity of 0.75 million tonnes of renewable hydrogen, a length of 248 km and a 24.6 MW compressor station in Zamora. BarMar will have a maximum capacity of 2 million tonnes, a length of 455 km and a 140 MW compressor station in Barcelona.



The first sections of the Spanish Hydrogen Backbone Network presented as PCI are the Vía de la Plata axis with its connection to the Puertollano Hydrogen Valley - totalling a planned length of approximately 1,250 km - and the axis that includes the Cantabrian Coast, Ebro Valley and Levante axes, which are around 1,500 km in total and the Guitiriz-Zamora axis. Also included are two underground hydrogen storage facilities in Cantabria and the Basque Country, located in new salt cavities, with a planned capacity of 335 and 240 GWh, respectively.

The inclusion of the H2med corridor, the Spanish Hydrogen Backbone Network and the two underground hydrogen storage facilities on the list of PCIs - once it passes the European Parliament and Council - will help to advance the fulfilment of the RePowerEU Plan to achieve the European and Spanish objectives of energy independence, industrial competitiveness and decarbonisation.

[GRI 201-2, GRI 203-1, GRI 203-2]

Estimated investments

The Spanish hydrogen infrastructure submitted as a PCI would involve a total gross investment of 4.9 billion euros. Spain's total gross investment in H2med will be around 1 billion euros. These investments will be finalised in accordance with the binding planning to be defined by the Spanish Government.

Socio-economic impact of renewable hydrogen infrastructures

The construction and subsequent operation of these infrastructures will generate a significant positive impact on the Spanish economy and society.

In terms of GDP, the construction and operation of H2med and the Spanish Backbone Network would generate an impact of up to 4.8 billion euros. Likewise, construction alone would have an impact on employment equivalent to 3.7% of the net jobs expected to be generated by the various measures included in the PNIEC review by 2030.

The backbone will also serve as a pull factor for multiple sectors of the national economy, thanks to the various applications of green hydrogen The pull factor for the national economy generated by the deployment of green hydrogen production capacities will be very significant, with much of it concentrated in key sectors such as industry and professional, scientific and technical activities.

Results of a Call for Interest for the Spanish Hydrogen Backbone Network

During the last quarter of 2023, in order to gauge the interest of the main players in the energy sector in the development of the necessary renewable hydrogen transport infrastructures, Enagás conducted a non-binding, open, transparent and non-discriminatory Call for Interest (CFI) process for the first axes of the Spanish Hydrogen Backbone Network through its subsidiary 'Enagás Infraestructuras de Hidrógeno'. This process also included public consultation on ammonia, oxygen and CO_2.

The process, which has been audited and verified by Bureau Veritas, had the support and participation of key actors in the sector, with more than 200 companies (producers, consumers and/or shippers) and 650 registered projects.

The main objective of the process was to contrast the theoretical analysis carried out at the end of 2022 with real market information, so that the preliminary infrastructure proposal presented at the first Enagás Hydrogen Day could be adapted based on the real needs found.

Taking into account the information received, the identified domestic demand (≈ 1.3 Mt in 2030) would be in line with that indicated on First Enagás Hydrogen Day, far exceeding the 500-600,000 t/y of current grey hydrogen consumption. This indicates new uses for green hydrogen.

Moreover, the production capacity identified (more than double the potential announced on First Enagás Hydrogen Day) is more than sufficient both to meet domestic demand and to enable export by H2med and carriers. Spain is thus positioned as a major producer of green hydrogen with the capacity to export to other countries and with a key role in achieving the European consumption target of 20 million tonnes of hydrogen in 2030 established in REPowerEU, of which 10 million tonnes would be produced in Europe.

The matching of supply and demand identified in this Call for Interest process confirms the infrastructures proposed in the First Enagás Hydrogen Day and submitted to the European Commission's call for PCIs: the Cantabrian Coast Axis, Ebro Valley Axis, Levante Axis, Vía de la Plata Axis (with its connection to the Puertollano Hydrogen Valley), the Guitiriz-Zamora Axis, and two underground hydrogen storage facilities in Cantabria and the Basque Country.

The matching of supply and demand identified in the Call for Interest process backs up the infrastructures submitted to the European Commission's call for PCI proposal

The results have also made it possible to identify new areas for demand and production aggregation; these will be assessed based on the real needs found.

Likewise, the key role that storage facilities must play in order to guarantee proper system operation and demand coverage continues to be highlighted. This is why work continues on identifying possible geological structures that allow for the seasonal underground storage of this new energy carrier and on developing a roadmap to ensure that these infrastructures are viable.

Results regarding ammonia and CO_2

The Call For Interest has also noted industry interest in producing more than 5 Mt/y of ammonia (NH_3), which implies an approximate consumption of 0.9 Mt/y of hydrogen. In addition, 41 companies have expressed interest in the use of infrastructure to transport about 4 Mt/y of ammonia.

Likewise, the data obtained show that a total of 37 companies are interested in CO_2 capture (it is estimated that they are interested in capturing 10.4 Mt/y), and 53 in having infrastructures for its transport and storage.

Management of the system of guarantees of origin of renewable gases

Enagás GTS, as the responsible entity designated by the Ministry for the Ecological Transition and the Demographic Challenge, has launched the new System of Guarantees of Origin of gas from renewable sources. In compliance with the milestones established by the Spanish Government in applicable regulations, the system already allows for the certification of biogas, biomethane and hydrogen produced in Spain as being of renewable origin, providing information on how and where it was produced.

Furthermore, also in compliance with regulatory provisions, Enagás GTS has set up a Committee of Subjects of the Guarantees of Origin System. The aim of this committee is to know and be informed of the functioning and management of the System of Guarantees of Origin, as well as to elaborate and provide a channel for improvement proposals.

In the first year of operation of the System of Guarantees of Origin, a total of 129 entities - including producers, suppliers and intermediaries - have registered and are now able to issue, transfer and redeem Guarantees of Origin. Likewise, 33 production facilities have completed their registration with the system, 13 of them definitively (already in operation with access to issue Guarantees of Origin) and 20 provisionally (not yet operational).
[GRI 201-2, GRI 203-1, GRI 203-2]

The System of Guarantees of Origin issued a total of 95,148 Guarantees of Origin in 2023, of which approximately 90% were for biomethane for injection into the Gas System and the rest were for biogas for self-consumption. In terms of redemption, 500 Guarantees of Origin were redeemed in 2023 for a point of consumption, while 10,270 were automatically redeemed as biogas for self-consumption.

Visit the **Guarantees of origin of renewable gases** website.

Production of renewable gas through the Enagás Renovable subsidiary

Enagás, through its subsidiary Enagás Renovable (60% ownership), is developing specific projects focused on producing renewable hydrogen and biomethane. These are projects aimed at decarbonisation and a just and inclusive transition, drivers throughout its value chain, which promote the development of the industry, create sustainable jobs and, whenever possible, are developed jointly with other partners. The CNMC has defined an operating framework for the definition of Enagás Renovable activities.

Enagás Renovable has a portfolio of more than 30 specific projects in Spain in the field of renewable gases and decarbonisation.

Visit the **Enagás Renovable** website.

[GRI 201-2, GRI 203-1, GRI 203-2]

Sustainable mobility

[GRI 203-1, GRI 203-2]

Enagás is committed to decarbonising transport by promoting the use of natural gas and renewable gases in mobility.

Natural gas plays a highly relevant role in ensuring security of supply and competitiveness, while meeting the energy requirements of highly demanding sectors, such as intensive industry or segments that are difficult to electrify, where there are currently no solutions that can meet the requirements of the majority of users. In the field of heavy and maritime transport, natural gas is positioning itself as one of the most sustainable and realistic fuels in the short-term, key to reducing emissions and immediately improving air quality.

The use of natural gas as a fuel for transport would allow for NOx emissions to be reduced by 80-90%, CO_2 emissions to be reduced by 20-30% and SO_X emissions and particles by practically 100% compared to traditional fuels. This makes natural gas a sustainable alternative for mobility and heavy, maritime and rail transport.

Its contribution is particularly important in the case of maritime transport, as it allows vessels to adhere to new environmental regulations set forth by the International Maritime Organisation (IMO) and European Directive 2016/802.

As part of its commitment to innovation, Enagás has made technical adaptations to its liquefied natural gas (LNG) terminals which are now ready to offer new services related to the role of gas as a fuel, such as bunkering (supplying fuel for ships). In addition, we are promoting these new uses through our coordination in projects such as 'CORE LNGas hive' and 'LNGhive2', as well as through our participation in other projects with European CEF funds in the road and railway field, such as the ECO-net and RAILNG projects. .

Renewable hydrogen is a new energy carrier that offers countless possibilities for energy consumption, storage and mobility

The European Union allocates around 45 million euros to the CORE LNGas hive and LNGhive2 projects, which Enagás is driving through the Connecting Europe Facility (CEF), which promotes more sustainable and efficient transport.

Among other projects, the European Commission supports with 20 million euros the development of two new projects for the supply of LNG (liquefied natural gas) to ships (bunkering) in the ports of Barcelona and Algeciras, coordinated by Enagás and developed by its subsidiary Scale Gas. These projects are part of the 'LNGhive2' institutional strategy, managed by Puertos del Estado, aimed at promoting the development of the LNG market as marine fuel and to ensure supply in ports, in compliance with European Directive 2014/94 on alternative fuels.

In the railway sector, Enagás was one of the companies to participate in the first pilot test in Europe for railway traction using LNG. In addition, as part of the implementation of the Railway Roadmap set out with Renfe, it is working with all segments of rail traction to retrofit diesel vehicles for natural gas in business areas where electrification would be unprofitable.

Enagás, together with Renfe and several partners, is currently working on the 'Dual mode H_2 Train' project to introduce fuel cells for rail traction, as well as in the supply chain.

Renewable hydrogen is a new energy carrier that offers countless possibilities for energy consumption, storage and mobility. It is a real, clean and sustainable alternative to traditional energy sources and therefore, using it as a vehicle fuel also helps towards sustainable mobility.

Within the terrestrial field, the start-up 'Scale Gas' (see the 'Corporate innovation and technology' sub-section in this chapter) is participating in the EU-supported project 'ECO-net', for the construction of 15 LNG supply points integrated into the existing traditional fuel supply network, with the aim of integrating natural gas as another fuel in the energy mix. In addition, in 2021, Scale Gas unveiled the first hydrogen refuelling station in Spain in Madrid. It has a supply capacity of 700 bar and is currently supplying hydrogen to a range of users, including heavy-duty VTC vehicles.
[GRI 203-1, GRI 203-2]

Sustainable finance

Financing linked to sustainability

Enagás has part of its financing linked to decarbonisation targets. From 2019, the price of the syndicated loan has been linked to meeting the company's CO_2 emission reduction targets.

In 2022, this loan was renewed, for which the emission reduction targets linked to the credit were revised and extended (changes validated through a Second Party Opinion):

- The 2025 targets have been revised in line with the new operating context brought about by the energy crisis (see the 'Climate action and energy efficiency' section in the 'Environmental, Social and Governance (ESG) Management' chapter).
- Targets have been added to 2026 and 2027, in line with the objectives of the company's 2030 Strategic Plan (see the '2030 Strategic Plan' section in this chapter).
- Scope 3 emission reduction targets have been added in line with the targets set by the company for 2030 and 2040 (see the 'Targets and roadmap to decarbonisation' section in this chapter).

In this regard, Enagás has signed the extension of the maturity of this syndicated credit line of 1,550 million euros until 2028 with 12 financial institutions, maintaining its commitment to link the economic conditions to compliance with environmental indicators for the reduction of CO_2 emissions, in line with the targets and roadmap to decarbonisation (see the 'Targets and roadmap to decarbonisation' section in this chapter).

European Sustainable Activities Taxonomy

In the framework of the EU Sustainable Finance Action Plan, the EU Taxonomy for Sustainable Activities was developed (Regulation 2020/852 and associated legislation[5]). It aims to establish criteria for determining whether an activity is considered environmentally sustainable for the purpose of determining the degree of environmental sustainability of an investment and to facilitate the use of a common concept of socially sustainable investment by Member States and the European Union.

In the various associated Delegated Regulations, technical selection criteria have been established to determine the conditions under which an economic activity is considered to contribute substantially to environmental objectives: climate change mitigation, adaptation to climate change, sustainable use and protection of water and marine resources, transition to a circular economy, prevention and control of pollution, and protection and restoration of biodiversity and ecosystems.

In addition, the European Commission has published several communications on the interpretation of the legal provisions (FAQs) included in the delegated regulations, which have contributed to the interpretation of the implementing legislation. However, the current regulatory framework is under development, which implies a continuous review of the criteria and methodologies established by the company to respond to the established requirements.

Eligibility and alignment concepts

An activity is considered eligible when it has the potential to substantially contribute to the corresponding environmental target, while an activity is considered aligned when it additionally meets the criteria of substantial contribution, do no significant harm (DNSH) and the minimum social safeguards set out in the taxonomy regulation, which ensure that the activity is carried out in compliance with characteristics that ensure a contribution to the environmental targets set by the European Union.

Assessment of the eligibility of Enagás' activities

Since 2021, Enagás has been assessing the eligibility of its activities regarding the mitigation and adaptation to climate change objectives, and in line with the reporting requirements, in 2023, Enagás also assessed the eligibility of its activities regarding the other four environmental objectives.

As a result of this assessment, Enagás has identified eligible activities that have the potential to contribute to two of the environmental objectives covered by the EU Taxonomy:

Climate change mitigation and adaptation

They correspond to activities associated with the area of renewable gases: mainly the adaptation of infrastructure to be able to transport these renewable gases, to the construction of hydrogen transport and distribution pipelines and hydrogen storage (see the 'Our commitment to the energy transition' chapter).

- **Activity 4.14 CCM. Transmission and distribution networks for renewable and low-carbon gases:** Enagás, an independent European TSO, is an international benchmark in the development and maintenance of gas infrastructures and the operation and management of gas networks. In addition, as of December 2023, Enagás has been appointed as the provisional manager of the Hydrogen Backbone network (HTNO) in Spain. It has been entrusted with the preparation of a proposal for the development of the hydrogen backbone infrastructure with a ten-year horizon.

  For all these reasons, and in line with one of the growth axes of the 2030 Strategic Plan, Enagás is working on the renewal of gas transmission and distribution infrastructures to promote the integration of hydrogen and other low-carbon gases and on the construction of new transmission and distribution networks for hydrogen and other low-carbon gases.

[5] Regulation (EU) 2021/2139, Delegated Regulation (EU) 2021/2178, Delegated Regulation (EU) 2022/1214, Delegated Regulation (EU) 2023/2485 and Delegated Regulation (EU) 2023/2486.

In 2023, Enagás modified its eligibility criteria, in line with those used in the 2021 report, to a more conservative approach; instead of considering all concepts associated with projects on the gas transmission network as eligible due to their potential for future reconversion, only concepts associated with projects for the construction of new hydrogen and low-carbon gas transmission infrastructure will be considered eligible, as will the conversion and reconversion of existing infrastructure to be able to transport renewable gases. In line with this criteria change, the proportion of financial indicators that are Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2) has been recalculated for the year 2022 in the reporting tables. [GRI 2-4]

- **Activity 4.12 CCM. Storage of hydrogen:** Enagás has three underground natural gas storage facilities. In line with one of the growth axes of the 2030 Strategic Plan, Enagás is currently working on the conversion of these infrastructures into hydrogen storage facilities and the construction of new facilities.

  In 2023, Enagás modified its eligibility criteria, in line with those used in the 2021 report, to a more conservative approach; instead of considering all concepts associated with projects on the gas transmission network as eligible due to their potential for future reconversion, only concepts associated with projects for the construction of new hydrogen storage infrastructure will be considered eligible, as will the conversion of existing infrastructure to be able to storage hydrogen. In line with this criteria change, the proportion of financial indicators that are Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2) has been recalculated for the year 2022 in the reporting tables. [GRI 2-4]

- **Activity 6.15 CCM. Infrastructure enabling low-carbon road transport and public transport:** Enagás' subsidiary ScaleGas has a 700 bar HRS (Hydrogen Refuelling Station) with the capacity to supply hydrogen-powered electric vehicles in Madrid (Spain). This activity is eligible, as the hydrogen refuelling station is considered to be an infrastructure for the circulation of vehicles with zero CO_2 exhaust emissions.

- **Activity 4.1 CCM. Electricity generation using solar photovoltaic technology:** Enagás considers eligible projects aimed at generating electricity through photovoltaic panels for self-consumption at some of its facilities, thus improving energy efficiency and reducing greenhouse gas emissions.

- **Activity 3.10 CCM. Manufacture of hydrogen:** Enagás considers as eligible the renewable hydrogen manufacture projects for self-consumption that it develops at some of its facilities, thus enabling the improvement of energy efficiency and the reduction of greenhouse gas emissions.

- **Activity 7.4 CCM. Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings):** Enagás considers projects to install charging stations for electric vehicles in its facilities' parking spaces to be eligible.

- **Activity 8.1 CCM. Data processing, hosting and related activities:** Enagás considers projects for the renovation of storage arrays at Enagás' data centres to be eligible.

Transition to a circular economy

- **Activity 3.3 EC. Demolition and wrecking of buildings and other structures:** Enagás holds that the project to seal off and permanently abandon the Castor underground gas storage wells is eligible, as it forms part of the above-mentioned underground storage dismantling project. All of the above is in accordance with the 'demolition of wells and boreholes' activity included in the description of the activity. Although this infrastructure does not form part of the Enagás Group, the Spanish Ministry for the Ecological Transition and the Demographic Challenge appointed Enagás Transporte S.A.U. to carry out this activity[6].

Once the eligible economic activities were identified, for each of them, the projects implemented during the year were identified.

Assessment of the alignment of Enagás' activities

Enagás has assessed the alignment of its activities that contribute to the goal of climate change mitigation. In line with the reporting requirements, in 2024, it will incorporate into this alignment analysis those activities that also contribute to the objective of transitioning to a circular economy.

To assess alignment, it has been analysed whether eligible projects comply with the criteria of substantial contribution defined in the Delegated Regulation (EU) 2021/2139: technical selection criteria do not cause significant harm to any of the other environmental objectives and comply with the established minimum social safeguards.

In order to assess compliance with the requirements set out by the Taxonomy, Enagás has assessed its existing policies, procedures and processes at a corporate level, as well as detailed documentation at project level.

In assessing the substantial contribution criteria of taxonomy activities aligned with the climate change mitigation objective:

- **In the activities '4.14 CCM.** Transmission and distribution networks for renewable and low-carbon gases' and '**4.12 CCM.** Storage of hydrogen', documents such as the technical reports of the projects have been assessed to ensure that the nature of the projects under consideration complies with the nature of the activity itself, which is the main requirement for assessing compliance.

[6] Resolution of November 6, 2019, of the Secretary of State for Energy, publishing the Agreement of the Council of Ministers of October 31, 2019, which ends the hibernation of the "Castor" underground storage facilities, agreeing to their dismantling and ordering the sealing and definitive abandonment of the wells.

- In relation to the projects associated with the **activity '3.10 CCM.** Manufacture of hydrogen', it should be noted that these consist of hydrogen production for self-consumption. For these projects, the EU Taxonomy regulations requires threshold requirements to ensure greenhouse gas emission reductions. In 2022, the projects were considered taxonomy-aligned because, as they were still in the early stages, requirements had been included in the investment plan to ensure that the design of the hydrogen manufacturing process would meet the thresholds set by the technical criteria to ensure greenhouse gas emission reductions. However, in 2023, these projects are at a more advanced stage; as they have not yet started, it is not possible to verify the fulfilment of the technical criteria. As such, the projects comprising this activity are considered to be non-aligned.
- **Activity '4.1 CCM.** Electricity generation using solar photovoltaic technology' fulfils the criteria, as it is linked to the operation of solar panels to generate electricity for self-consumption.
- **The activity '6.15 CCM.** Infrastructure enabling low-carbon road transport and public transport', part of the work of our subsidiary ScaleGas, also meets the criteria, as it is related to enabling hydrogen refuelling stations.
- Also, **the activity '7.4 CCM**. Installation, maintenance and repair of charging stations for electric vehicles in buildings' meets the criteria as well, as it is linked to the installation of charging stations.
- In relation to the projects of the activity **"8.1 CCM.** Data processing, hosting and related activities": it has not been possible to obtain independent third-party verification of whether the project to renovate the storage arrays at Enagás' data centres has applied all pertinent practices to comply with the technical selection criterion of substantial contribution to climate change mitigation. Therefore, the project pertaining to this activity is considered non-aligned.

With regard to compliance with the criteria of no significant harm to other targets (DNSH), Enagás has an analysis of the physical climate risks of its current infrastructure and has control and management measures in place to mitigate them, thereby complying with the DNSH criterion for the adaptation objective (see the 'Climate action and energy efficiency' section in the 'Environmental, Social and Governance (ESG) Management' chapter). In relation to other DNSH matters (water and marine resources, circular economy, pollution and biodiversity), although the criteria differ by activity, in general, the company has an ISO 14001-certified environmental management system, takes specific actions in the field of the circular economy, and each project has its own waste management plan, as well as a management model for natural capital and biodiversity. All of this ensures compliance with the requirements of the Taxonomy (see the 'Natural capital and biodiversity' section in the 'Environmental, Social and Governance (ESG) Management' chapter). In addition, most of the facilities where these projects are taking place have received an Integrated Environmental Authorisation or gone through an Environmental Impact Assessment.

Finally, the taxonomy regulation requires the company to carry out its activities in compliance with Minimum Safeguards in terms of human rights, corruption prevention, proper tax management and respect for fair competition. In this regard, the different mechanisms that the company has in place to ensure compliance with these requirements are described throughout this report (see the 'People' 'Ethics and integrity' 'Financial and operational excellence', and 'Human rights' sections in the 'Environmental, Social and Governance (ESG) Management' chapter).

Calculation of key performance indicators

The identification of the key performance indicators for the projects associated with the taxonomic activities has been carried out after the closure of the annual accounting consolidation. Projects have been identified for accounting purposes by project code, thus eliminating the potential risk of double counting. In the analysis of the Enagás Group's key indicators 'Total (A+B)', transactions between Enagás Group companies have not been considered.

Based on the organisation's existing formal accounting and consolidation procedures, the different economic indicators detailed in the Taxonomy Regulation have been calculated and prepared, taking into account the considerations detailed below.

As for the denominator, the following information relates to eligibility and alignment.

- **Turnover:** revenues from regulated and non-regulated activities and other operating revenues of the Enagás Group (See 'Note 2.1.a. Operating profit, Income' of the Consolidated Annual Accounts).
- **CapEx:** investments in material and intangible fixed assets of the Enagás Group, discounting the effect of the IFRS16 accounting regulations (sum of the additions of material fixed assets in 'Note 2.4. Property, plant and equipment, Supplementary information on IFRS16' and the additions of intangible fixed assets in 'Note 2.5. Intangible fixed assets', discounting the additions by IFRS16 of 'Note 2.4. Property, plant and equipment, Supplementary information on IFRS16' of the Consolidated Annual Accounts). No business combinations occurred in the two previous years. The variation of more than 150% in CapEx in 2023 compared to the previous year is mainly due to the purchase and sale of Reganosa's gas pipeline network (53.5 million euros) and the acquisition of equipment for current facilities (compressors, climate control equipment, etc.) (23.9 million euros).
- **OpEx:** non-capitalised direct costs that relate to research and development, building renovation measures, short-term leases, maintenance and repairs and other direct expenses related to the day-to-day maintenance of property, plant and equipment assets by the company or a third party to whom activities are outsourced and that are necessary to ensure the continued effective operation of such assets. Wages and salaries of personnel involved in the maintenance of the facilities related to the identified activities have not been included as it is not possible to separate them at the accounting level.

Regarding the numerator,

- **Eligible and aligned:** information related to projects that are aligned with the description of activities included in the taxonomy and comply with substantial contribution criteria, principles of no significant harm to other objectives (DNSH) and minimum social safeguards:
  - **Turnover:** revenues from regulated and non-regulated activities and other operating revenues associated with economic activities that are taxonomy-aligned.
  - **CapEx:** all allocations during the year to identified project assets associated with economic activities that are taxonomy-aligned and those investments that are part of a plan to expand economic activities that are aligned to the taxonomy or to enable taxonomy-eligible economic activities to conform to the taxonomy. All this without taking into account amortisation, depreciation or value adjustments. CapEx is the consolidation of the investments allocated to the projects assessed; it is determined using the company's accounting systems, reflecting the amounts recorded in the investment work orders for the goods and services needed for the projects to achieve their full scope, reducing the figure obtained in the forecast amount for year N-1 and increasing it in the investment forecast for year N, if applicable and provided for.
  - **OpEx:** includes operating expenses associated with economic activities that are taxonomy-aligned, specifically research and development and maintenance expenses. OpEx is the consolidation of operating expenses that meet the criteria set out in applicable regulations, allocated to the projects analysed, and is determined using the company's accounting systems to reflect the amounts recorded in the work orders.

  The criteria applied for each activity are detailed below:

  - **Activity 4.14 CCM. Transmission and distribution networks for renewable and low-carbon gases:**
    - **Turnover:** this includes revenues generated from the transmission of hydrogen and other low-carbon gases are allocated here. There is no income from this activity in 2023, as it has not yet started.
    - **CapEx:** this includes additions to assets related to the renewal of gas transmission and distribution infrastructures to facilitate the integration of hydrogen (including the necessary auxiliary equipment) and other low-carbon gases and the construction of new transmission and distribution networks for hydrogen or other low-carbon gases by the companies Enagás Transporte S.A.U., Enagás S.A., Enagás Infraestructuras de Hidrógeno, S.L. and Enagás Transporte del Norte S.L. It also includes investment in the studies and research required to adapt the infrastructures.

      In line with the taxonomy, for those investments related to the replacement of auxiliary equipment to support hydrogen transmission, only the proportional volume of the investment that is related to the transmission capacity of hydrogen and low-carbon gases is considered.

      In relation to projects for the construction of new hydrogen transmission networks, Enagás has an investment plan for 2030 in line with its strategy, and has therefore considered investment in these assets despite their initial nature, as they will be aligned by then.
    - **OpEx:** this includes research and development expenses related to the activities of Enagás S.A.
  - **Activity 4.12 CCM. Storage of hydrogen:**
    - **Turnover:** this includes revenues generated from hydrogen storage are allocated here. There is no income from this activity in 2023, as it has not yet started.
    - **CapEx:** this includes additions to assets related to the conversion of these infrastructures into hydrogen storage facilities and the construction of other hydrogen storage facilities of the companies Enagás Transporte S.A.U. and Enagás Infraestructuras de Hidrógeno, S.L. Investment in studies and research necessary for the development of the activity is also included.

      In line with the taxonomy, for those investments related to the retrofitting of auxiliary equipment to support hydrogen storage, only the proportional volume of the investment that is related to the storage capacity of hydrogen and low-carbon gases is considered.
    - **OpEx:** there were no operating expenses associated with this activity during 2023.
  - **Activity 6.15 CCM. Infrastructure enabling low-carbon road transport and public transport:**
    - **Turnover:** revenue generated by the HRS (Hydrogen Refuelling Station) of the company Scale Gas Solutions, S.L.[7] is allocated here. This corresponds to the invoicing issued to customers under existing contracts.
    - **CapEx:** this includes additions to HRS-related assets for improvements made to the facility.
    - **OpEx:** this includes HRS operating expenses. The following items are included: repair, maintenance and spare parts.

[7] In line with the provisions of the 'About our Consolidated Management Report' section on the scope of financial and non-financial information, the financial information of this company is included.

- **Activity 4.1 CCM. Electricity generation using solar photovoltaic technology:**
  - **Turnover:** the electricity generated is self-consumed at the company's facilities, and there is no income from this activity.
  - **CapEx:** this includes additions in assets related to solar photovoltaic technology that enable the generation of electricity by the companies Enagás Transporte S.A.U.
  - **OpEx:** this includes operating expenses associated with the maintenance and repair of photovoltaic power generation assets. There were no operating expenses associated with this activity during 2023.
- **Activity 7.4 CCM. Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings):**
  - **Turnover:** the charging service for electric vehicles is for the company's vehicle fleet and for employees' vehicles, and there is no income from this activity.
  - **CapEx:** this includes additions to assets related to the installation of charging stations at Enagás Transporte S.A.U. facilities.
  - **OpEx:** this includes operating expenses associated with the maintenance and repair of charging stations for electric vehicles. There were no operating expenses associated with this activity during 2023.

- **Eligible and non-aligned:** information relating to projects that fit the description of the activities included in the taxonomy, but after assessment are deemed not to comply with the criteria of substantial contribution or the principles of do no significant harm (DNSH) to other goals.
  - **Activity 4.1 CCM. Electricity generation through solar photovoltaic technology**: power generation projects that did not generate electricity that year due to their early stage are included.
    - **Turnover:** the electricity generated will be self-consumed at the company's facilities, and there is no income from this activity.
    - **CapEx:** this includes additions in assets related to solar photovoltaic technology that enable the generation of electricity by the company Efficiency for LNG Applications, S.L.[8].
    - **OpEx:** this includes operating expenses associated with the maintenance and repair of photovoltaic power generation assets. There were no operating expenses associated with this activity during 2023.
  - **Activity 3.10 CCM. Manufacture of hydrogen:** as these are projects in development that have not yet been launched, it is not possible to verify their technical requirements; consequently, compliance with the established thresholds cannot be guaranteed. Therefore, all projects are considered eligible but non-aligned.
    - **Turnover:** the renewable hydrogen generated will be self-consumed at the company's facilities, and there is no income from this activity.
    - **CapEx:** this includes additions in assets related to the renewable hydrogen production activity for self-consumption.
    - **OpEx:** this includes operating expenses associated with the maintenance and repair of the renewable hydrogen production assets. There were no operating expenses associated with this activity during 2023.
  - **Activity 8.1 CCM. Data processing, hosting and related activities:** it has not been possible to obtain independent third-party verification of whether the project to renovate the storage arrays at Enagás' data centres has applied all pertinent practices to comply with the technical selection criterion of substantial contribution to the mitigation of the climate change. Therefore, the project pertaining to this activity is considered non-aligned.
    - **Turnover:** as this is an internal data centre, there is no revenue from this activity.
    - **CapEx:** this includes additions to assets related to the refurbishment of storage arrays at Enagás' data centres.
    - **OpEx:** this includes operating expenses of the activity associated with the storage of data using data centres. There were no operating expenses associated with this activity during 2023.
  - **Activity 3.3 EC. Demolition and wrecking of buildings and other structures:** In line with reporting requirements, in 2024 Enagás will also assess the alignment of this activity with contributions to the objective of transitioning to a circular economy.
    - **Turnover:** as the project is still in its infancy, it did not start to generate revenue in 2023.
    - **CapEx:** given the nature of the project, there are no additions to related assets.
    - **OpEx:** operating expenses for the sealing and definitive abandonment of the Castor underground gas storage wells of Enagás Transporte S.A.U. (dismantling work and general replacement parts).

Details of the key performance indicators in the framework of the European Taxonomy for Sustainable Activities are given below.

[8] In line with the provisions of the 'About our Consolidated Management Report' section on the scope of financial and non-financial information, the financial information of this company is included.

Turnover

Financial year 2023		Year		Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")									
Economic activities	Codes [1]	Turnover	Proportion of turnover, year 2023	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Proportion of Taxonomy-aligned (A.1) or -eligible (A.2) turnover, year 2022 [2]	Category enabling activity	Category transitional activity
Text		*Currency*	*%*	*Y; N; N/EL*	*Y;N;N/EL*	*Y;N;N/EL*	*Y;N;N/EL*	*Y;N;N/EL*	*Y;N;N/EL*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*%*	*E*	*T*
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1.Environmentally sustainable activities (Taxonomy-aligned)																			
Transmission and distribution networks for renewable and low-carbon gases	4.14 CCM	0	0.0%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.0%		
Storage of hydrogen	4.12 CCM	0	0.0%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.0%	E	
Infrastructure enabling low-carbon road transport and public transport	6.15 CCM	99,105	0.01%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.01%	E	
Electricity generation using solar photovoltaic technology	4.1 CCM	0	0.0%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.0%		
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	7.4 CCM	0	0.0%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.0%	E	
Manufacture of hydrogen	3.10 CCM	0	0.0%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.0%		
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**99,105**	**0.01%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	Y	Y	Y	Y	Y	Y	Y	**0.01%**		
Of which enabling		99,105	100.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	Y	Y	Y	Y	Y	Y	Y	100.0%	E	
Of which transitional		0	0.0%	0.0%						Y	Y	Y	Y	Y	Y	Y	0.0%		T
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	*EL; N/EL*	*EL; N/EL*	*EL; N/EL*	*EL; N/EL*	*EL; N/EL*										
Electricity generation using solar photovoltaic technology	4.1 CCM /4.1 CCA	0	0.0%	EL	EL	N/EL	N/EL	N/EL	N/EL								0.0%		
Manufacture of hydrogen	3.10 CCM / 3.10 CCA	0	0.0%	EL	EL	N/EL	N/EL	N/EL	N/EL								0.0%		
Data processing, hosting and related activities	8.1 CCM / 8.1 CCA	0	0.0%	EL	EL	N/EL	N/EL	N/EL	N/EL								0.0%		
Demolition and wrecking of buildings and other structures	3.3 CE	0	0.0%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								N/A		
Turnover of Taxonomy- eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**0**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**								0.0%		
A. Turnover of Taxonomy-eligible activities (A.1+A.2)		**99,105**	**0.01%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**								**0.01%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy- non-eligible activities		919,541,895	99.99%																
Total		**919,641,000**	**100.0%**																

Proportion of turnover / Total turnover

	Taxonomy-aligned per objective (1)	Taxonomy-eligible per objective
CCM	0.01%	0.01%
CCA	0%	0%
WTR	0% (3)	0%
CE	0% (3)	0%
PPC	0% (3)	0%
BIO	0% (3)	0%

(1) The Code constitutes the abbreviation of the relevant objective to which the economic activity is eligible to make a substantial contribution, as well as the section number of the activity in the relevant Annex covering the objective, i.e.:
— Climate Change Mitigation: CCM
— Climate Change Adaptation: CCA
— Water and Marine Resources: WTR
— Circular Economy: CE
— Pollution Prevention and Control: PPC
— Biodiversity and ecosystems: BIO.
(2) In 2023, Enagás modified its eligibility criteria for activities 4.14 and 4.12, in line with those used in the 2021 report, to a more conservative approach; instead of considering all concepts associated with projects on the gas transmission network as eligible due to their potential for future reconversion, only concepts associated with projects for the construction of new hydrogen and low-carbon gas transmission infrastructure will be considered eligible, as will the conversion and reconversion of existing infrastructure to be able to transport renewable gases. In line with this criteria change, the proportion of financial indicators that are Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2) has been recalculated for the year 2022 The data reported in 2022 under heading A.2 of not Taxonomy-aligned activities were: Turnover: 57.7% (activity 4.14) and 11.1% (activity 4.12). This change in criteria means that in 2023 no proportion of the financial indicators are not taxonomy-aligned for these two activities. [GRI 2-4]
(3) In line with the reporting obligations, in 2023, the alignment with the environmental objectives of sustainable use and protection of water and marine resources, transition to a circular economy, prevention and control of pollution, and protection and restoration of biodiversity and ecosystems.

CapEx

Financial year 2023		Year		Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")									
Economic activities	Codes [1]	CapEx	Share of CapEx, year 2023	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Proportion of Taxonomy-aligned (A.1) or -eligible (A.2) CapEx, year 2022 [2]	Category enabling activity	Category transitional activity
Text		*Currency*	*%*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*%*	*E*	*T*
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1.Environmentally sustainable activities (Taxonomy-aligned)																			
Transmission and distribution networks for renewable and low-carbon gases	4.14 CCM	3,506,484	2.2%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	5.8%		
Storage of hydrogen	4.12 CCM	1,186,401	0.8%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	1.3%	E	
Infrastructure enabling low-carbon road transport and public transport	6.15 CCM	3,915	0.0%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.0%	E	
Electricity generation using solar photovoltaic technology	4.1 CCM	908,974	0.6%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	2.4%		
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	7.4 CCM	115,781	0.1%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.0%	E	
Manufacture of hydrogen	3.10 CCM	0	0.0%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.6%		
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**5,721,555**	**3.7%**	**3.7%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	Y	Y	Y	Y	Y	Y	Y	**10.1%**		
Of which enabling		1,306,097	22.8%	22.8%	0.0%	0.0%	0.0%	0.0%	0.0%	Y	Y	Y	Y	Y	Y	Y	13.0%	E	
Of which transitional		0	0.0%	0.0%						Y	Y	Y	Y	Y	Y	Y	0.0%		T
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	*EL; N/EL*	*EL; N/EL*	*EL; N/EL*	*EL; N/EL*	*EL; N/EL*										
Electricity generation using solar photovoltaic technology	4.1 CCM /4.1 CCA	767,250	0.5%	EL	EL	N/EL	N/EL	N/EL	N/EL								0.0%		
Manufacture of hydrogen	3.10 CCM / 3.10 CCA	698,915	0.4%	EL	EL	N/EL	N/EL	N/EL	N/EL								0.0%		
Data processing, hosting and related activities	8.1 CCM / 8.1 CCA	448,508	0.3%	EL	EL	N/EL	N/EL	N/EL	N/EL								0.0%		
Demolition and wrecking of buildings and other structures	3.3 CE	0	0.0%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								N/A		
CapEx of Taxonomy- eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**1,914,673**	1.2%	**1.2%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**								0.0%		
A. CapEx of Taxonomy-eligible activities (A.1+A.2)		**7,636,228**	**4.9%**	**4.9%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**								**10.1%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy- non-eligible activities		**147,735,772**	**95.1%**																
Total		**155,372,000**	**100.0%**																

Proportion of CapEx/Total CapEx

	Taxonomy-aligned per objective [1]	Taxonomy-eligible per objective
CCM	3.7%	4.9%
CCA	0%	1.2%
WTR	0% [3]	0%
CE	0% [3]	0%
PPC	0% [3]	0%
BIO	0% [3]	0%

(1) The Code constitutes the abbreviation of the relevant objective to which the economic activity is eligible to make a substantial contribution, as well as the section number of the activity in the relevant Annex covering the objective, i.e.:
— Climate Change Mitigation: CCM
— Climate Change Adaptation: CCA
— Water and Marine Resources: WTR
— Circular Economy: CE
— Pollution Prevention and Control: PPC
— Biodiversity and ecosystems: BIO.
(2) In 2023, Enagás modified its eligibility criteria for activities 4.14 and 4.12, in line with those used in the 2021 report, to a more conservative approach; instead of considering all concepts associated with projects on the gas transmission network as eligible due to their potential for future reconversion, only concepts associated with projects for the construction of new hydrogen and low-carbon gas transmission infrastructure will be considered eligible, as will the conversion and reconversion of existing infrastructure to be able to transport renewable gases. In line with this criteria change, the proportion of financial indicators that are Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2) has been recalculated for the year 2022 The data reported in 2022 under heading A.2 of not Taxonomy-aligned activities were: CapEx: 24.5% (activity 4.14) and 18.3% (activity 4.12). This change in criteria means that in 2023 no proportion of the financial indicators are not taxonomy-aligned for these two activities. [GRI 2-4]
(3) In line with the reporting obligations, in 2023, the alignment with the environmental objectives of sustainable use and protection of water and marine resources, transition to a circular economy, prevention and control of pollution, and protection and restoration of biodiversity and ecosystems.

OpEx

Financial year 2023		Year		Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")									
Economic activities	Codes [1]	OpEx	Share of OpEx, year 2023	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Proportion of Taxonomy-aligned (A.1) or -eligible (A.2) OpEx, year 2022 [2]	Category enabling activity	Category transitional activity
Text		*Currency*	*%*	*Y; N; N/EL*	*Y;N;N/EL*	*Y;N;N/EL*	*Y;N;N/EL*	*Y;N;N/EL*	*Y;N;N/EL*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*%*	*E*	*T*
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1.Environmentally sustainable activities (Taxonomy-aligned)																			
Transmission and distribution networks for renewable and low-carbon gases	4.14 CCM	50,000	0.1%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.1%		
Storage of hydrogen	4.12 CCM	0	0.0%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.0%	E	
Infrastructure enabling low-carbon road transport and public transport	6.15 CCM	50,885	0.1%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.0%	E	
Electricity generation using solar photovoltaic technology	4.1 CCM	0	0.0%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.0%		
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	7.4 CCM	0	0.0%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.0%	E	
Manufacture of hydrogen	3.10 CCM	0	0.0%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.0%		
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**100,885**	**0.2%**	**0,2%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	Y	Y	Y	Y	Y	Y	Y	**0.1%**		
Of which enabling		50,885	50.4%	50.4%	0.0%	0.0%	0.0%	0.0%	0.0%	Y	Y	Y	Y	Y	Y	Y	27.6%	E	
Of which transitional		0	0.0%	0.0%						Y	Y	Y	Y	Y	Y	Y	0.0%		T
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	*EL; N/EL*	*EL; N/EL*	*EL; N/EL*	*EL; N/EL*	*EL; N/EL*										
Electricity generation using solar photovoltaic technology	4.1 CCM /4.1 CCA	0	0.0%	EL	EL	N/EL	N/EL	N/EL	N/EL								0.0%		
Manufacture of hydrogen	3.10 CCM / 3.10 CCA	0	0.0%	EL	EL	N/EL	N/EL	N/EL	N/EL								0.0%		
Data processing, hosting and related activities	8.1 CCM / 8.1 CCA	0	0.0%	EL	EL	N/EL	N/EL	N/EL	N/EL								0.0%		
Demolition and wrecking of buildings and other structures	3.3 CE	70,940	0,1%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								N/A		
OpEx of Taxonomy- eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**70,940**	0.1%	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.1%**	**0.0%**								**0.0%**		
A. OpEx of Taxonomy-eligible activities (A.1+A.2)		**171,825**	**0.3%**	**0.2%**	**0.0%**	**0.0%**	**0.0%**	**0.1%**	**0.0%**								**0.1%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy- non-eligible activities		65,586,173	99.7%																
Total		**65,757,998**	**100.0%**																

Proportion of OpEx/Total OpEx

	Taxonomy-aligned per objective [1]	Taxonomy-eligible per objective
CCM	0.2%	0.2%
CCA	0%	0%
WTR	0% [3]	0%
CE	0% [3]	0.1%
PPC	0% [3]	0%
BIO	0% [3]	0%

(1) The Code constitutes the abbreviation of the relevant objective to which the economic activity is eligible to make a substantial contribution, as well as the section number of the activity in the relevant Annex covering the objective, i.e.:
— Climate Change Mitigation: CCM
— Climate Change Adaptation: CCA
— Water and Marine Resources: WTR
— Circular Economy: CE
— Pollution Prevention and Control: PPC
— Biodiversity and ecosystems: BIO.
(2) In 2023, Enagás modified its eligibility criteria for activities 4.14 and 4.12, in line with those used in the 2021 report, to a more conservative approach; instead of considering all concepts associated with projects on the gas transmission network as eligible due to their potential for future reconversion, only concepts associated with projects for the construction of new hydrogen and low-carbon gas transmission infrastructure will be considered eligible, as will the conversion and reconversion of existing infrastructure to be able to transport renewable gases. In line with this criteria change, the proportion of financial indicators that are Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2) has been recalculated for the year 2022 The data reported in 2022 under heading A.2 of not Taxonomy-aligned activities were: OpEx: 25.1% (activity 4.14) and 16% (activity 4.12). This change in criteria means that in 2023 no proportion of the financial indicators are not taxonomy-aligned for these two activities.
(3) In line with the reporting obligations, in 2023, the alignment with the environmental objectives of sustainable use and protection of water and marine resources, transition to a circular economy, prevention and control of pollution, and protection and restoration of biodiversity and ecosystems.

Although the amount of taxonomy-compliant CapEx remains stable (5.7 million euros in 2023 compared to 5.9 million euros in 2022), there is a downward trend in the share of CapEx that is taxonomy-compliant (3.7% in 2023 and 10.1% in 2022). This is explained by a significant increase in the Enagás Group's total CapEx (155.4 million euros in 2023 and 58.7 million euros in 2022). This increase in the Group's CapEx is mainly due to the purchase and sale of Reganosa's gas pipeline network (53.5 million euros) and the acquisition of equipment for current facilities (compressors, climate control equipment, etc.) (23.9 million euros).

The results of the taxonomy analysis reflect the company's potential to contribute to the climate change mitigation objective by transforming its business to align and conform to the taxonomy. In line with the aim of decarbonising the energy system and the company's new strategy, Enagás is investing in assets and projects (CapEx) that enable the transmission and storage of hydrogen through the construction of new infrastructures and the adaptation of existing ones. All this with the aim of generating future income through activities that are taxonomy-aligned. In this respect, according to the financial projections to 2030, 77% of the planned CapEx is aligned with the activities laid out in the taxonomy regulation.

Enagás is advancing in the development of hydrogen infrastructures and other sustainable activities with a CapEx aligned with the EU Taxonomy Regulation of 5.7 million euros in 2023, as is 77% of the CapEx planned until 2030

In addition, Enagás, through its affiliates over which it has no operational control, has the potential to contribute to climate change mitigation through other activities such as:

- **'Activity 3.10.** Manufacture of hydrogen' and **'Activity 4.1.** Electricity generation using solar photovoltaic technology': Through projects such as Enagás Renovable's Power to Green Hydrogen Mallorca, among others.
- **'Activity 3.1.** Manufacture of renewable energy technologies'. Through start-ups such as DualMetha, Solatom and Trovant.

Control measures established by Enagás in the framework of the EU Taxonomy Report

In order to meet all the reporting requirements defined in the Taxonomy Regulation, Enagás has an environmental taxonomy reporting procedure which sets out a methodology for preparing the annual eligibility and alignment exercise through the collection of the necessary information. In this process, and in order to ensure compliance with the disclosure standards, the financial area is mainly involved in extracting the financial information and ensuring its equivalence with the Consolidated Annual Accounts. The infrastructure and sustainability areas are mainly involved in identifying projects and assessing their compliance with the Taxonomy Regulation requirements.

In addition, the Non-Financial Information Control System covers the reporting cycles for the key performance indicators required by the Taxonomy Regulation that are most relevant to Enagás (CapEx and OpEx). This entails assigning responsibilities in the calculation and reporting of indicators, as well as defining and implementing controls that improve the segregation of duties and reduce the risk of completeness and accuracy of information as well as the risk of non-compliance with regulations.

Sustainability

Sustainability Strategy

The Enagás Sustainability Strategy supports the company's general strategy, and is linked to short and long-term variable remuneration of our professionals.

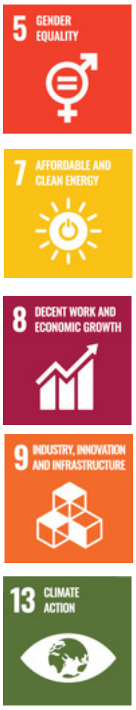
The Enagás Sustainability Strategy reflects the central role of sustainability in its 2030 Strategic Plan through decarbonisation and the energy transition as key levers to move towards a more sustainable energy model. The new Sustainability Strategy identifies the following drivers:

Sustainability drivers

Decarbonisation of our operations and our value chain
We speed up climate action by focusing on the development of renewable gases, energy efficiency and emission reductions, while preserving natural environments and their biodiversity.
See the 'Climate action and energy efficiency' and 'Natural capital and biodiversity' sections of the 'Environmental, Social and Governance (ESG) Management' chapter and the 'Renewable gases' and 'Sustainable mobility' sub-sections in this chapter.

Transformation with a focus on people
We promote cultural and people transformation through: the development of new profiles and capabilities; strategic talent management that promotes new values, diverse and inclusive ecosystems and ensures commitment; an organisation with professionals who promote new ways of working; and a culture of safety with mechanisms for flexibility, physical and emotional well-being for the professionals.
See the 'People' section of the 'Environmental, Social and Governance (ESG) Management' chapter.

Governance to ensure due diligence on human rights and the environment
We develop a governance model that ensures sustainability due diligence, with a focus on human rights and the environment, both in our activities and in those of our value chain, with a special focus on our affiliates and our supply chain.
See the 'Affiliates', 'Supply chain' and 'Human rights' sections of the 'Environmental, Social and Governance (ESG) Management' chapter.



Contribution to the SDG

Enagás, as a leading company in sustainability, is committed to the achievement of the Sustainable Development Goals, which represent the 2030 Agenda and which address several fundamental human rights.

At Enagás, we have identified and prioritised the Sustainable Development Goals (SDG) to which we contribute directly, both through our key business activities and our Sustainability Strategy.

		Our contribution
	Ensure access to affordable, reliable, sustainable and modern energy for all	We work on new energy solutions for a low-carbon economy, such as renewable gases: hydrogen and biomethane. We also work on energy efficiency and emissions reduction, promoting, among others, natural gas in transport.
	Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation	Our purpose is to improve the competitiveness of the countries in which we operate, and contribute to the energy transition and decarbonisation process by developing and managing energy infrastructures, and by repurposing them to make them sustainable.
	Take urgent measures to combat climate change and its impacts	Energy efficiency is a key area for Enagás. We continue to work and set targets for reducing emissions and energy intensity at each of our facilities.

Targets linked to variable remuneration, commitments and degree of progress

Targets. We have set targets for investment in the development of renewable gases and reduction of emissions linked to the variable remuneration of our professionals (see the 'Targets linked to variable remuneration' sub-section in this chapter). We have also set ambitious long-term emission reduction targets that constitute our path towards carbon neutrality in line with the European Union's commitment (see the 'Climate action and energy efficiency' section in the 'Environmental, Social and Governance (ESG) Management' chapter).

Degree of progress and impact. The energy efficiency measures implemented in recent years enable us to minimise our carbon footprint. We have also contributed to the reduction of third party emissions:

- The use of liquefied natural gas (LNG) in ships reduces CO_2 emissions by 18%. Within the framework of the LNGasHIVE project (see the 'Sustainable mobility' sub-section in this chapter), it is estimated between 2-4 million tonnes of CO_2 will be avoided in 2030.
- The use of natural gas in the rail sector will reduce transport emissions by 20% by recovering traffic from road transport.
- Enagás also promotes the development of renewable gases, which will contribute to the total decarbonisation of all these uses and increase the economic competitiveness derived from the use of existing infrastructures for hydrogen transmission (see the 'Renewable gases' sub-section in this chapter).

	Our contribution	Targets linked to variable remuneration, commitments and degree of progress
5 GENDER EQUALITY — Achieving gender equality and empowering all women and girls	We promote projects to identify and develop talent in women, which has gradually allowed the company to increase the presence of women in its workforce and in management positions.	**Targets.** We have set targets for increasing the presence of women on the Board of Directors, in managerial and pre-managerial positions, and for the promotion of women to managerial and pre-managerial positions. All these objectives are linked to the variable remuneration of our professionals (see the 'Targets linked to variable remuneration' sub-section in this chapter). We also have clear commitments to people and diversity, which are reflected in our Human Capital Management Policy and our Diversity Policy. **Degree of progress and impact.** Our progress in these areas is reflected in the gradual increase in the percentage of women at different levels of the organisation as well as in the recognition obtained both in terms of gender equality and work-life balance, diversity and talent management (see the 'People' section in the 'Environmental, Social and Governance (ESG) Management' chapter).
8 DECENT WORK AND ECONOMIC GROWTH — Promote inclusive and sustainable economic growth, employment and decent work for all	We believe people and culture play a key role in allowing us to meet our targets. In this sense, we are focused on attracting and retaining the best talent, and creating working environments that enable us to continue to transform ourselves and bring about creative solutions in order to form part of a more sustainable future.	

Likewise, with our management models we contribute to the achievement of other SDG such as:

- **SDG 3 (Health and well-being):** The management of the health and well-being of our professionals is a key area of action for the company. Enagás is certified as a Healthy Company according to the protocol of the World Health Organisation (see the 'Health and safety' section in the 'Environmental, Social and Governance (ESG) Management' chapter).
- **SDG 15 (Terrestrial ecosystems):** Managing natural capital is one of the most relevant aspects for Enagás. We control and minimise our impact on the environment, improving the use of natural resources and developing measures aimed at biodiversity conservation (see the 'Natural capital and biodiversity' section in the 'Environmental, social and governance (ESG) Management' chapter).
- **SDG 17 (Partnerships):** Dialogue and collaboration with our stakeholders allow us to establish partnership for the creation of shared value and, therefore, to achieve the objectives set.

As a result of Enagás' commitment to achieving the SDG, the company conducts awareness campaigns on the subject and includes the SDG in several of its face-to-face training courses for professionals (Sustainability and Value Chain courses).

Throughout the 'Environmental, Social and Governance (ESG) Management' chapter, we include best practices aligned with the SDG mentioned in this chapter.

09/2023

As part of its sustainability strategy, Enagás launched an initiative to promote a culture of more responsible behaviour and consumption among its professionals, both professionally and personally.

Through the "DoGood" mobile app, Enagás sought to involve its professionals in the adoption of sustainable habits, in line with the 2030 Agenda and the Sustainable Development Goals (SDGs). For a year, nearly 300 professionals have taken on weekly challenges; with these, they have achieved environmental and social impacts.

Nearly 300 professionals have taken on weekly challenges aligned with the SDGs, achieving environmental and social impacts

Ranking on indices and certifications

The recognitions awarded to the Enagás Strategy and Sustainable Management Model are detailed below.

Sustainability

Enagás has been a member of the United Nations Global Compact since 2003. Since 2011, it has presented its Progress Report, reinforcing communication about performance regarding the Ten Principles of the Global Compact and the Sustainable Development Goals (SDGs). The company has also been listed on the Global Compact 100 index since 2013.

Since 2008, the Annual Report has been externally audited and drafted under standard AA1000AP (2018) and the Global Reporting Initiative (GRI) Standards, including the Oil and Gas Sector Standard 2021.
It also follows the principles of integrated reporting set out by the International Integrated Reporting Committee (IIRC) and the SASB (Sustainability Accounting Standards Board) reporting standard for the Oil & Gas - Midstream sector.

Enagás has been a member of the Dow Jones Sustainability Index World (DJSI) in the Gas Utilities sector since 2008. In addition, with 85 points out of 100, Enagás was ranked in the Top 5% of its sector in the S&P Global Sustainability Yearbook.

Enagás has been a member of the MSCI Global Sustainability Indices since 2010, with an AA rating in 2023.

Enagás has been a member of the FTSE4Good index since 2006, and holds the highest ESG rating in its sector in 2023.

Enagás held ISS's B- Prime rating.

Ethics and good governance

The Corruption Prevention Programme has been externally certified under ISO 37001 since 2023.

Enagás has obtained AENOR's Good Corporate Governance certification for the first time in 2024.

Quality, innovation and taxation

Enagás has ISO 9001 certification for its activities. The company also holds SSAE 18 certification for Security of Supply of the System/Technical Management of Underground Storage Facilities Systems.

Our Central Laboratory, whose objective is to contribute to the development of new technologies to improve Enagás' activity and the industry, has three specialised laboratories accredited by the Spanish National Accreditation Body, ENAC.

Enagás has been awarded the Haz Foundation' t*** seal, the highest category in Fiscal Responsibility.

In 2023, Enagás obtained ISO 55001 certification in asset management for the first time.

Health and safety

The Occupational Risk Prevention and Management System for the Enagás Group companies Enagás GTS, S.A.U., Enagás Internacional S.L.U., Enagás S.A. and Enagás Transporte S.A.U. is certified under ISO 45001.

Enagás has renewed the ISO 27001 certification for its logistics and commercial systems, gas pipeline control systems and industrial control systems for each type of infrastructure that it operates.

Moreover, Enagás has held the healthy company certification since 2017 and has obtained the ISO 39001 road traffic safety management certification.

Environment

Enagás has been listed in CDP's Climate Change and Water Security rankings since 2009. In 2023, it was placed on the 'A List' of leading companies in climate change. Enagás has also been recognised by CDP as one of the leading companies for its commitment to suppliers.

Enagás has ISO 14001 certification for its activities. In addition, the Huelva and Barcelona LNG terminals and the Serrablo and Yela storage facilities have EMAS verification.

Since 2019, the Energy Management System of the companies Enagás, S.A. and Enagás Transporte, S.A.U. is certified according to ISO 50001.

In 2023, Enagás obtained 'Zero Waste' certification in accordance with AENOR's specific regulations for the Enagás Transporte, S.A.U. company and the 'Towards Zero Waste' certificate for Enagás, S.A..

Social

Since 2007, we have been certified as a 'Family-Responsible Company' under the FRC management model of the Másfamilia Foundation. In 2022, we obtained the highest rating in work-life balance ('A+ Level of Excellence'), making us the first public utility company in Spain to receive this recognition.

Since 2009, Enagás has been recognised as a Top Employer in Spain, one of the best companies to work in.

Enagás has been included as leader in its sector in the 2023 Bloomberg Gender-Equality Index.

In 2015 Enagás received the Bequal seal for its commitment to the inclusion of the disabled in the company, having achieved the Plus category in 2019.

Enagás has held the Equality in the workplace Award since 2010, granted by the Spanish Ministry of Equality.

Enagás is part of Equileap's global ranking of the 100 leading companies in gender equality. In addition, in 2023, we were among the top 20 companies on the index.

Enagás maintains its leadership in the main sustainability indices, notably the Dow Jones Sustainability Index World, in which it remains for the 16th consecutive year with one of the highest scores in its sector and the Top 5% S&P Global ESG Score 2023

Corporate innovation and technology

Innovation and corporate venture

In 2023, the Innovation and Entrepreneurship Plan 2023-2026 was approved. Its main objective is to drive decarbonisation through technology, digitalisation and innovation. This roadmap, supported by the company's Strategic and Transformation Plans, is led by the Innovation and Corporate Venture Department and is built around five fundamental goals:

- Test and incorporate disruptive technologies and develop new adjacent businesses. To this end, Enagás created the Corporate Entrepreneurship and Open Innovation initiative 'Enagás Emprende', which is structured along the following lines:
  - **Corporate entrepreneurship/Venture Building:** development of business projects and ideas based on Enagás' technical, economic and market-related skills.
  - **Venture Capital:** investment and support of start-ups, both directly and through investment funds.
  - **Open Innovation:** incorporation of projects and technologies supported by capabilities external to Enagás, through origination tools, the entrepreneurial ecosystem, innovation radar and prospecting reports, among other strategies.

  'Enagás Emprende' studies and analyses each proposal individually and offers incubation and acceleration programmes tailored to the needs of each project. These can include financial resources, technical pilots, co-development, support in commercial development, or other forms of support.
- Maximise the capture of value from the energy transition investment funds in which Enagás holds a stake, in the form of knowledge and financial returns.
- Adapt the Enagás Emprende start-up portfolio strategy to the nine priorities of the company's Strategic Plan. This new strategy calls for an update of the investment thesis, geographical focus and target portfolio.
- Foster public-private collaboration and strategic alliances for the effective development of innovative collaborative projects and optimise their funding pull.
- Commit to Corporate Innovation and develop innovative and entrepreneurial culture and talent.

Enagás Emprende also promotes and coordinates cross-cutting projects to transform the company in key areas through innovation, such as the Flagship Projects (alliances between several organisations with the aim of promoting new technologies in an area of common interest using open innovation tools and public funding for innovation).

09/2023

Enagás is once again launching its Ingenia Energy Challenge, an open call for disruptive solutions that contribute to the energy transition.

Under the slogan 'Come ride the innovation wave of the energy transition', this year, Enagás is encouraging the entire entrepreneurial ecosystem to participate; the challenge is open to the public, both internal and external. The aim is not only to accelerate technology transfer from universities and laboratories to the market for the reindustrialisation and development of relevant areas, but also to add a new award to boost the visibility of women entrepreneurs.

Enagás Emprende investment verticals in 2023

For further details on the Enagás Emprende Programme, visit the **corporate website**.

Thanks to the support of 'Enagás Emprende', the following Corporate Entrepreneurship projects have become start-ups.

Start-ups from our corporate entrepreneurship/Venture Building programme

VIRA GAS IMAGING www.vira-gas.com	A start-up offering consultancy services for high precision gas detection and quantification and supply of related equipment; it assists its customers to comply with environmental laws and regulations, improve their carbon footprint and achieve greater efficiency in their business operating processes. Since 2019, the technology engineering company INERCO has been its majority partner. It has provided services in over 10 countries.
e4efficiency www.e4efficiency.es	Start-up with innovative patented technology based on environmentally-friendly cold recovery in the natural gas refrigeration process. Made to encourage large cold-consuming companies to locate themselves near LNG terminals. Its ongoing projects notably include its work at the Barcelona LNG terminal (together with the Barcelona City Council, Ecoenergies and Veolia as customers), the aim of which is to use the LNG terminal's energy to supply the port and the nearby residential area with environmentally friendly cooling, which would result in economic savings of up to 50% and CO_2 savings of up to 90%. In December, construction of the project to produce green hydrogen for self-consumption using solar energy in Huelva LNG terminal was completed. This company is currently an affiliate of the Enagás Group with operational control.
SCALE GAS www.scalegas.com	A start-up that develops and manages small/medium-scale natural gas/LNG infrastructure and renewable gas (bunkering, service stations, vehicular natural gas, etc.), as well as in design, execution, operation and maintenance for third parties, commercialising its experience and providing logistics services. This start-up has become a shareholder in the small-scale LNG terminal in Ravenna (Italy) to collaborate in the development of small-scale LNG in the Mediterranean. It has launched more than 15 natural gas vehicle refuelling stations and one hydrogen refuelling station, with a development plan to expanding its natural gas vehicle refuelling stations and 15 hydrogen refuelling stations by 2026. Scalegas has 2 LNG bunkering vessels from 2022 operating in Barcelona and the Algeciras area. This company is currently part of the Enagás Group.
SERCOMGAS www.sercomgas.com	Leading representative agent in the MIBGAS (Iberian Gas Market) natural gas sector in Spain and Portugal. It manages the integral operations of the shippers, providing services throughout the value chain, ranging from obtaining a licence to ship gas in Spain to back office services, reporting to official entities and training on the Gas System. It has more than 100 customers with recurring activity. It is also the first Spanish company to register as a holder of guarantees of origin, helping it obtain and manage Guarantees of Origin (GO) and Proofs of Sustainability (PoS) for gas from renewable sources. This company is currently part of the Enagás Group.
H2GREEM GLOBAL SOLUTIONS www.h2greem.com	A start-up that develops, manufactures and markets small and medium-scale hydrogen generators by electrolysis using its own PEM (Proton Exchange Membrane) technology, and which also offers associated operation and maintenance services. Its project portfolio includes the equipment manufactured for the Enagás Cartagena LNG terminal and the equipment installed in Europe's first fully renewable biorefinery in the Canary Islands.
BIOENGAS	Bioengas was a start-up focused on the promotion of biomethane generation projects across its entire value chain. After the launch of its first project (UNUE in Burgos) it was integrated into the Enagás subsidiary Enagás Renovable.

In addition to the aforementioned internal projects, 'Enagás Emprende' has also supported five external start-ups as an investor and has backed the creation of two investment funds to promote the energy transition.

External start-ups

DualMetha www.dualmetha.com	French start-up with proprietary patented technology for modular biogas plants that manage multiple types of waste, mainly agricultural; the objective of which is to generate biomethane to inject into the gas network. In 2024, it will have 2 plants in operation, one of them for Terega (TSO Frances).
TROVANT www.trovanttech.com	A Spanish start-up that has developed its own technology for the full biological upgrading of biogas. This technology aims to produce biomethane from biogas at small scales, where current technologies are not technically or economically feasible. It is already being applied at its first commercial-scale plant under construction in Valladolid. The start-up has received several entrepreneurship awards, is accredited as an Innovative SME by the Ministry of Science and Innovation and has European funding through the H2020 EIC Accelerator programme. Its partners include Repsol, FACSA, Easo Ventures, CDTI and Enagás Emprende.
SOLATOM www.solatom.com	Start-up dedicated to the manufacture of solar boilers to generate high-temperature thermal energy in industrial context (they generate steam up to 300ºC). The use of solar steam generated by boilers enables thermal-energy-intensive industries to reduce their energy bills and decarbonise their demand. Solatom has completed the construction of the Heineken project in Valencia, the second-largest industrial solar thermal plant in Europe.
SATLANTIS www.satlantis.com	Spanish start-up with its own technology (iSIM) for the development and operation of high-resolution multi-spectral cameras and small satellites for different uses in the visible and infrared range. These include the monitoring and quantification of methane emissions, with simultaneous high spatio-temporal resolution and geolocation. Since 2023, they have had five cameras and three satellites in orbit already capable of detecting methane emissions.
BASQUEVOLT www.basquevolt.com	This start-up, a Spanish public-private initiative backed by the Basque Government and CICenergiGUNE, aims to become the first European gigafactory to develop sustainable, safer and more competitive solid-state batteries, providing the best materials and cells for electric vehicles, heavy transport, renewable energies and electronic devices. The company aims to cover 10% of the European market and was named one of the '20 Most Innovative Companies of 2022' by the Business Worldwide magazine. It also won the prestigious 2023 Energy Globe Award in the energy efficiency category in Spain. Its technology will enable the mass deployment of electric transport, fixed energy storage and advanced portable devices.

Investment funds:

Klima	Venture Capital Fund promoted by Enagás and Alantra to boost the ecological transition and decarbonisation; it closed its fundraising with a total commitment of 210 million euros, exceeding its initial ambitions. Klima has so far invested in 5 companies that have contributed to the energy transition in different verticals.
Hy24 ARDIAN	'Infra Venture' global hydrogen fund with the objective of accelerating global hydrogen development with industrial and energy investors. Enagás participated together with two other European TSOs: Snam and GRTgaz, and has investors such as Total Energies and Vinci, among others. In 2022, this fund purchased a 30% stake in Enagás Renovable. With the investment made to date in the 7 companies that make up its portfolio, 14GW of H_2 projects under development globally have been financed.

09/2023

Enagás joins All4Zero - an industrial technology innovation hub created to develop decarbonisation and circular economy projects - as a partner.

All4Zero is committed to driving forward initiatives based on disruptive technologies, aimed at promoting renewable hydrogen, CO_2 conversion, renewable fuels and circular materials, among other proposals.

12/2023

For the 5th consecutive year, Enagás has been honoured at the Corporate Startup Stars Awards 2023, as one of the 100 most active companies in the world in open innovation.

Thanks to Enagás' work to support intrapreneurship and corporate entrepreneurship, it has also been awarded the 'Intrapreneurship Award (A Suite Approach to Open Innovation)', a special prize for 'Best Practice' worldwide which recognises our ability to drive innovation from within the organisation.

11/2023

Enagás launches its Digital Triathlon. This initiative, consisting of three events (Datathon, GenIAthon and Hackathon), aims to promote cultural change in the field of digitisation and train professionals to create technological tools that respond to real use cases and needs, fostering innovation, learning and collaboration.

In 2023, the first event - the Datathon - took place. In it, 32 company professionals with different profiles were divided into 7 teams, which worked to develop data-driven solutions to different challenges. The winning idea, which successfully demonstrated the ability of applied artificial intelligence to optimise the performance of the pipeline network's Regulation and/or Metering Stations, has already been put into production. In 2024, the other two events will take place.

Digital transformation

Enagás continues to advance along the path of digital transformation with the aim of driving the constant evolution of the company and its professionals, always providing optimal solutions to the needs of both internal and external users while maintaining the maximum levels of cybersecurity and efficiency required by our critical infrastructure and our mission to serve society.

Enagás believes that digitalisation and technology are drivers of sustainable growth that will enable us to achieve excellence in our operations and represent a competitive advantage for our company, generating a positive impact on the environment and society in which we operate.

In 2023, work was done on data governance and democratisation in order to extract business-valuable information and facilitate real-time decision-making while ensuring that company-critical data remains secure.

See the **Data Governance Policy** on the corporate website.

In addition, we undertook initiatives to train and empower our professionals in digitisation. To this end, the Digital Makers digital community was launched as a framework for deploying low code/ no code and data skills within the company, and a re-skilling plan for digitalisation and IT professionals has been put in place.

A Technological Innovation Observatory has been created to provide an agile, innovative response to business needs in an orderly, secure manner, as well as to effectively scale the highest-value solutions. Along these lines, and with the conviction that generative artificial intelligence is going to transform the way we work, an initiative has been launched to analyse and prepare the environment to welcome the advances of this disruptive technology to the extent that it responds to business needs.

Finally, work continued on the development of digital products to further modernise our technological solutions by building digital platforms that allow for the flexibility and scalability of these products.

Technological innovation

Technological innovation at Enagás is focused mainly on two areas:

[GRI 203-1]

- Evolution of the gas infrastructure in line with the decarbonisation of the energy sector, considering the inclusion of hydrogen and other renewable gases in a pure or mixed state in the company's infrastructures. In this field, collaboration projects with other TSOs and companies such as 'HyLoop+', 'HYREADY', 'HYSTORENEW' and 'SHIMMER' stand out.
- The improvement of various aspects of the company's current activity, such as natural gas and hydrogen metering; operational safety; the equipment and materials necessary for its activity, energy efficiency, technical efficiency or digitalisation. In 2023, the methane emissions detection and mitigation project notably continued within the framework of the European Gas Energy Research Group (GERG) (see the 'Climate action and energy efficiency' section in the 'Environmental, Social and Governance (ESG) Management' chapter).

In 2023, the amount invested in technological innovation amounted to 9.8[9] million euros (8.8 million euros in 2022), an increase in investment of 13% over 2022.

[9] This figure comprises the costs associated with the approved projects (amount entered as R&D expenses in the 'Other operating expenses' section of the Consolidated Annual Accounts), procurement of R&D, personnel expenses and the purchase of equipment and instruments.

3

Environmental, Social and Governance (ESG) Management

Sustainable Management Model

[GRI 2-14, GRI 2-12, GRI 2-13]

The Enagás Sustainable Management Model establishes the company's responsibilities as regards sustainability governance and defines the assessment tools for identifying the lines of action that are set out in the Sustainable Management Plan.

The Sustainability and Appointments Committee is the highest body with responsibility for sustainability (economic, environmental and social impacts). The Sustainability Committee, made up of members of the Executive Committee, reports to this committee and is responsible for approving initiatives in this matter (by delegation from the Sustainability and Appointments Committee). Both bodies meet at least twice a year.

At executive level, the Chief Executive Officer is responsible for managing the company's business, and is responsible for driving the company forward and the ongoing coordination of its activities.

Under the umbrella of the Chief Executive Officer and as a general rule, the Finance Department is responsible for managing financial matters, while the Energy Transition General Management handles climate and environmental matters, and the People and Transformation General Management, social matters.

See the **Sustainability and Good Governance Policy** on the corporate website.

Sustainable Management Model

GOVERNANCE MODEL

- Involvement of senior management:
  - Sustainability and Appointments Committee
  - Sustainability Committee
  - Working groups (excellence groups, Integrated Management System Committee...)
- Setting targets linked to variable remuneration

Involvement of senior management →

ASSESSMENT TOOLS

- ISO Standards for Quality, Health and Safety, Environment, Energy Efficiency, Waste, Carbon Footprint
- Sustainability indices and rating agency assessments (DJSI)
- Commitment and relations with stakeholders (needs and expectations)

Innovation and continuous improvement

SUSTAINABLE MANAGEMENT PLAN

Performance report

Improvements identified

Environmental aspects

Governance aspects

Social dimension

Commitment to stakeholders

Our commitment to stakeholders is reflected in the company's Sustainability and Good Governance Policy, approved by the Board of Directors, which includes, among other commitments, the establishment of procedures for relationships, dialogue and participation with the local environment that facilitate Enagás' social acceptance and integration in the communities where it operates (see the 'Local communities' section in this chapter) and a commitment to report regularly, transparently, in a timely and reliable manner to the various stakeholders. This is also a common element in all Enagás policies, which include - among the elements of the management model for fulfilling the commitments we have taken on - the implementation of stakeholder participation, dialogue and consultation processes to ensure that their needs and expectations are understood by the company and, where appropriate, incorporated into its regulations.

See the **Sustainability and Good Governance Policy** on the corporate website.

Enagás defines its stakeholder map by identifying the different groups that are influenced by and exert influence on the company's activities, based around the company's Strategy. Every year, internal supervisors at Enagás review these groups and their segmentation, the relationship channels with each of them, according to the company's strategy and organisational model. By this means, the stakeholder relationship model is defined: [GRI 2-29, GRI 3-1, GRI 207-3]

Our commitment to stakeholders is reflected in the company's Sustainability and Good Governance Policy

Stakeholders	Relationship channels	
Regulatory bodies (state, local and international)	• Regular meetings (face-to-face, telephone, e-mail) • Corporate website	
Investors (investment fund managers, rating agencies, analysts)	• Regular meetings (face-to-face, telephone, e-mail) • Roadshows • Corporate website • Shareholders' Newsletter	• Shareholder Information Office • Free shareholder helpline • Electronic mailbox • Meetings with minor shareholders and analysts • Whatsapp broadcast channel
Professionals (our professionals, social organisations)	• Regular meetings (face-to-face, e-mail) • Corporate Intranet • In-house magazine 'Azul y Verde' • Electronic newsletter 'Ráfagas' • Chatbot	• Internal communication campaigns • Notice board • Whistleblowing Line • Opinion surveys and associated improvement plans
Customers (distributors, shippers, transmission companies, direct consumers in the market)	• Account managers • Regular meetings (face-to-face, telephone, e-mail) • Main Control Centre • SL-ATR • Spanish Gas System Monitoring Committee	• Corporate website: SL-ATR 2.0 portal and SITGAS portal • Customer newsletter • Meetings with customers (Shippers' Day) • Customer satisfaction surveys and associated improvement plans • Service desk
Partners (business partners, strategic business partners and company management)	• Coordinators of affiliated companies • Regular meetings (face-to-face, telephone, e-mail) • Governing Bodies	
Media (general, economic, specialised in the sector, specialised in sustainability)	• Regular meetings (face-to-face, telephone, online, e-mail) • Corporate website, social networks and blogs	• Media hotline. • Media mailbox
Suppliers (critical and non-critical)	• Regular meetings (telephone, e-mail) • Corporate website: supplier portal • Supplier platform	• Contractor Access System. • Supplier mailbox
Financial institutions	• Regular meetings (face-to-face, telephone, e-mail)	
Representatives of local communities, associations and foundations (see the 'Local communities' section in this chapter)	• Corporate mailboxes. • Informative sessions. • Corporate website. • Consultation processes.	• Regular meetings derived from participation in groups and forums (face-to-face, telephone, e-mail)

[GRI 207-2]

Materiality [GRI 3-1, GRI 3-2]

Enagás identifies and prioritises material topics in the company's direct operations, according to the level of importance these have for Enagás and its stakeholders. The perspective adopted is that of "dual materiality", i.e., the impact on the value of the company and the impact on the environment of each material topic.

The materiality analysis is based on the company's activities, the strategy and operating context, as well as on the needs and expectations of its stakeholders. All this with a focus on the short, medium and long term, taking into account both own operations and the value chain, and in a manner consistent with the company's risk analysis.

In addition, Enagás reinforces this dual materiality perspective with reporting based on the GRI standard, to cover the impact on the environment (impact materiality), and with reporting based on the SASB and TCFD standards, to cover the impact of the environment on the company's financial value (financial materiality). See the 'About our Consolidated Management Report' appendix.

Material topics in the Enagás value chain

In line with the 2030 Strategic Plan and the Sustainability Strategy, Enagás updated its material topics in the Governance, Social and Environmental dimensions and their prioritisation in the materiality matrix shown in the following section.

In this way, the human rights issue is highlighted as a specific material topic, as it is an essential part of sustainability due diligence. This issue was already included in the areas of Ethics and Compliance, People (labour rights), Local communities (rights of communities), Health and Safety and Management of natural capital and biodiversity (right to use natural resources) (see the 'Human rights' section in this chapter).

ENAGÁS MATERIAL TOPIC

- Climate action and energy efficiency
- People
- Safety and health
- Natural capital and biodiversity management
- Good Governance
- Ethics and compliance
- Financial and operational excellence
- Local communities
- Human rights

Enagás material topic [GRI 3-1, GRI 3-2]

Enagás material topic	GRI 11 sectoral standard material topic: Oil and Gas Sector 2021
Good Governance	
Human rights People	• Labour practices • Non-discrimination and equal opportunity • Forced labour and modern slavery • Freedom of association and collective bargaining
Human rights Ethics and integrity	• Anti-competitive behaviour • Anti-corruption • Payments to governments • Public Policy
Financial and operational excellence	• Closure and rehabilitation • Asset integrity and critical incident management • Economic impacts
Human rights Health and safety	• Occupational health and safety
Human rights Natural capital and biodiversity management	• Atmospheric emissions • Biodiversity • Waste • Water and effluents
Climate action and energy efficiency	• GHG emissions • Climate adaptation, resilience and transition
Human rights Local communities	• Local communities • Land and resource rights • Rights of indigenous peoples • Conflict and security

Enagás ensures the company's sustainability by managing these aspects in its value chain, viz., both in its direct operations and in the operations of third parties with whom it has relationships: suppliers and affiliates.

Direct operations

Sustainable Management Model

Supply chain

Evaluation of material topics (consultations and audits)
See section 'Supply chain'

Affiliates

Evaluation of critical management standards (affiliates management model)
See section 'Affiliates'

The following chapters explain how we are creating value for our stakeholders through our performance in each material topic, including corporate governance, the supply chain and management of affiliates as key transversal aspects for value creation.

Update of the Enagás materiality matrix

Enagás, through its Sustainability Committee, reviews and updates the company's material issues prior to their approval by the Board of Directors, as follows:

- Updating of the materiality matrix at a global level for strategic updates or externalities with a significant impact. This update takes into account dual materiality, i.e., the impact on the value of the company and the impact on the environment of each material topic. This is the case of the update carried out as a result of the 2030 Strategic Plan and the Sustainability Strategy, which took into account the relevance that investors, through the main sustainability indices and rating agencies, and the regulator, through sustainability regulations, give to the different aspects of environmental, social and governance issues. The result is the variation in the prioritisation of the following material topics as follows:
    - Decarbonisation as the focus of the strategic plan and the increased need to accelerate decarbonisation imply an increased importance both for stakeholders and for Enagás.
    - People are considered a fundamental axis for achieving the objectives set out in the new strategy. Therefore, the importance of the material topic of "people" has been increased for Enagás.
    - The importance for stakeholders and, to a lesser extent, for Enagás, of the due diligence in the value chain (affiliates and supply chain) is increased.

   - Human rights is highlighted as a specific material topic, as it is an essential part of sustainability due diligence, along with climate change. The level of importance for stakeholders would be equivalent to that of climate action, although somewhat lower, and for Enagás it would be at a level equivalent to that of value chain issues. [GRI 3-1, GRI 3-2]

- Updating of the relevant issues for each of the material topics on the basis of the feedback received from our stakeholders through the channels indicated above. The result of this update can be seen in the topics included in the following sub-sections of this chapter corresponding to material topics. An example of a revision is the publication in 2021 of the GRI sector standard GRI 11: Oil and Gas Sector 2021. This allowed us to confirm that the relevant issues were those that the company had been reporting and additional issues have been included to complement what has already been reported (see the 'GRI Content Index', section in the 'Appendices' chapter). [GRI 3-1]

Enagás materiality matrix [GRI 3-2]

Direct operations

Good Governance

Ethics and compliance

Financial and operational excellence

Climate action and energy efficiency

Natural capital and biodiversity management

People

Safety and health

Local communities

Human rights

Value chain

Supply chain

Affiliates

Internal control over non-financial reporting system

Enagás has implemented an internal control system over non-financial information that reinforces the reliability of this information, equivalent to the internal control system over financial reporting (see Appendix 'Audit Opinion on Internal Control over Financial Reporting ("ICFR")' of the 'Annual Corporate Governance Report'). This system covers the company's areas of sustainability (environmental, social and governance) through the most representative indicators of material topics.

Since its implementation, Enagás carries out a yearly review with a focus on continuous improvement of this internal control system, increasing its scope and improving the traceability of the associated databases. Furthermore, each year this internal control system for non-financial information is externally reviewed by EY through an agreed-upon procedures report.

In 2023, the scope of the internal control system over non-financial reporting included the following indicators:

Material topic	Indicators
Good Governance	The Council's abilities and experience assessment process
	Board remuneration
	Executive Committee remuneration
Ethics and integrity	Communications received via the whistleblowing line
Climate action and energy efficiency	Scopes 1 and 2 greenhouse gas emissions
	Scope 3 greenhouse gas emissions (categories 4, 9 and 11 according to GHG Protocol)
	Energy consumption (self-consumption of natural gas)
	Taxonomic CapEx of activities significantly contributing to climate change mitigation and adaptation objectives (eligible and aligned activity and eligible and non-aligned activity)
	Taxonomic OpEx of activities contributing significantly to climate change mitigation and adaptation objectives (eligible and aligned activity and eligible and non-aligned activity)
Natural capital and biodiversity management	Biodiversity (area restored/revegetated)
	Volume of waste generated and managed
	Water capture, consumption and discharge
People	Diversity - Gender diversity (workforce, management positions and other professional categories)
	Pay gap
	Diversity - Professionals with disabilities
Health and safety	Accident rate indicators
Supply chain	Approved suppliers
	Suppliers assessed
Local communities	Social action contribution amounts
General	Receipt and external verification of the information points for the preparation of the Consolidated Management Report
	Review of the Consolidated Management Report

3.1 Climate action and energy efficiency

Improved energy efficiency and lower greenhouse gas emissions are major factors in the transition towards a low-carbon economy.

[GRI 3-3]

The most relevant aspects that we address in our climate change management model are public commitment and the setting of objectives, emissions reduction and offsetting measures, as well as reporting on our performance and results, following TCFD (Task Force on Climate-related Financial Disclosures) recommendations.

All of this is reported in a high level of detail in the CDP Climate Change questionnaire, available on the corporate website.

CDP A List 2023
Climate change

Sustainable Management Plan

Main lines in 2023

- Review and update of the financial impact of climate risks and opportunities.
- Electrification plan: replacement of turbocompressor with an electric motor at the Almendralejo and Coreses compressor stations.
- Renewal of the OGMP2.0 (Oil and Gas Methane Partnership) Gold Standard, which recognises, for the third year running, Enagás' commitment to reducing methane emissions and improving its data.
- Internal audit of greenhouse gas emission projections and scenarios.

2024 lines

- 2024 Energy Efficiency and Emissions Reduction Plan
- OGMP2.0 implementation plan for improved quantification and reduction of methane emissions.
- Turbocompressor electrification plan 2024.
- Strengthening internal control processes for assessing and reporting the financial impact of climate risks and opportunities.

-48%
Greenhouse gas emission (scopes 1 and 2) reductions with respect to 2014

294,649 t CO_2e
Greenhouse gas emissions (scope 1)
[GRI 305-1]

-42%
Reduction of methane emissions compared to 2015

0 t CO_2e
Greenhouse gas emissions (scope 2)
[GRI 305-2]
thanks to the 100% guarantee of origin contracts

Governance model for climate change management

[GRI 2-12, GRI 2-13]

At Enagás there is a governance structure led by the Board of Directors that supervises the company's climate change performance. The Board of Directors is informed on a quarterly basis about the risk control processes, where climate change risks and opportunities are integrated. The Sustainability and Appointments Committee, through the Sustainability Committee, approves and monitors the CO_2 emissions reduction targets linked to variable remuneration as well as initiatives that help achieve said reduction that are included in the Energy Efficiency and Emissions Reduction Plan.

Furthermore, the Audit and Compliance Committee supervises the efficiency of risk control and management systems and assesses the possible impact of climate change.

The Executive Committee establishes the overall risk management strategy and global limits for the company, and also reviews the level of risk exposure and corrective actions.

The Sustainability Committee is made up of the company's main General Managements, including the Energy Transition General Management. This General Management presides over the functions of Sustainability and Climate Action, Strategy and National and International Regulation, areas that provide the input for the definition of the decarbonisation strategy, as well as the identification of risks and opportunities derived from climate change.

The Health and Safety, Environment and Quality Committee periodically assesses and manages issues related to climate change associated with business processes, impact assessment studies and the evaluation of environmental aspects.

There are also various working groups reporting to these committees, such as the Energy Efficiency and Emissions Reduction Group, responsible for drafting and monitoring the Energy Efficiency Plan and setting the company's emissions reduction targets, among other matters.

In terms of risk management, business units are responsible for risk identification and measurement, the risk function controls and manages risks and the Internal Audit function supervises the effectiveness of the established controls to mitigate these risks (see the 'Risk management' chapter).

Consult the **Climate Action Policy** on the corporate website.

At Enagás there is a governance structure led by the Board of Directors that supervises the company's climate change performance

Management of risks and opportunities arising from climate change

[GRI 201-2]

At Enagás, the processes for identifying and assessing climate risks are integrated into the corporate risk control and management model, which is aimed at ensuring that the company's targets are met in a predictable manner and with a medium total risk profile. This model makes it possible to identify and quantify the risks likely to affect the company's performance, including those arising from climate change. These risks are framed within the company's risk taxonomy (basically, physical risks are 'operational and technological' risks and transition risks are 'strategic and business' risks). Quantifying these risks allows them to be integrated into company strategy and targets to be set in order to minimise risks and maximise opportunities.

Risk assessment methodology

Enagás follows the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) in its management of climate risks and has a methodology for their identification, prioritisation and economic quantification. In accordance with the classification provided by the TCFD standard, physical risks (extreme weather events, sea level rise) and transitional risks (regulatory, technological, market and reputational) are identified and assessed.

The assessment methodology allows to analyse the probability of occurrence, the time horizon and the impact under different temperature scenarios. As for the assessment time horizons, the short term is taken to run to 2026, aligned with the company's projections and regulatory period. The medium term runs to 2030, aligned with the company's Strategic Plan and the PNIEC, and the long term runs to 2050, aligned with European decarbonisation objectives and the PNIEC.

Measuring climate change-derived risks means estimating possible prospective climate and business scenarios that could eventually have a negative impact on the company's interests. 'Standard' methodologies are used for measurement according to the risk typology:

- Physical risks at the company's facilities are assessed through stochastic methods, using standard climate models (XDI tool, AEMET models) to evaluate exposure to climate factors (river and coastal flooding, fires, earth movements, extreme winds, earthquakes, etc.), performing sensitivity analyses and stress tests on the most significant RCP 4.5 and RCP 8.5 scenarios from the sixth report (AR6) of the Intergovernmental Panel on Climate Change (IPCC), for the 2050 time horizon. Expert assessments are also available to evaluate the need for additional adaptation and prevention measures.
- Transition risks (technological, regulatory, market, reputational) are assessed using deterministic methods, taking as a base scenario the company's projections and its strategic plan. Sensitivity analyses are performed on this based on the scenarios (STEPS, APS

and NZE) proposed by the International Energy Agency (IEA) in its World Energy Outlook 2021 report. These are completed with additional information on the relevant variables according to the business and geographical area for a 2030 horizon.

Reference scenarios [GRI 201-2]

IPCC physical scenarios	Transition scenarios (IEA/PNIEC)	Description
RCP 8.5	• No change - Business as Usual (BAU).	• Climate policies are not implemented. • Very significant increase in emissions.
RCP 6.0	• On trend - Stated Policies Scenario (STEPS). • PNIEC baseline scenario.	• Trend-aligned evolution of climate policies. • Emissions growth in excess of the Paris Agreement target. • Scenario compatible with an average temperature increase in the year 2100 of 2.7°C.
RCP 4.5	• Advertised policies - Announced Pledges Scenarios (APS).	• Significant policy changes, as needed to meet the Paris Agreement target. • The APS is compatible with an average temperature increase of 1.7°C, and Net Zero with an increase of 1.5°C by 2100.
RCP 2.6	• Neutrality by 2050 (NZE 2050). • PNIEC target scenario.	

Climate change risks [GRI 201-2]

	Risks: Factors	Risks: Events	Time horizon	Scenarios	Level of risk	Risk control and management measures
Physical risks	Natural disasters or adverse weather conditions: • River and coastal flooding. • Fires. • Earth movements. • Earthquakes. • Extreme winds, among others(1).	Operational cost overruns due to natural disasters that damage the company's infrastructure.	Long term	RCP 4.5	Medium scenario: **Tolerable** 7% net profit	• Environmental certifications (ISO 14001 and EMAS). • Emergency response action plans. • Procedures for the investigation and monitoring of incidents. • Development of demand scenarios that determine the infrastructure to develop in order to guarantee security of supply. • Material damage policy. • Insurance policy covering catastrophic damage. • Review of plans for adaptation to climate change in infrastructures and the associated investments.
				RCP 8.5	Stress scenario (remote)(2): **Tolerable** 13% net profit	
Transition risks	Increased demand for transparency and climate action from regulators, society, shareholders and others.	Reputational: Loss of relevance in sustainability indices due to not reaching the expected standard of climate management, or reputational damage resulting from climate change impacts, which may negatively affect the assessment of intangibles by stakeholders.	Short, medium and long term	NZE 2050	**Tolerable** (Qualitative assessment)	• Corporate positioning on climate change including 2040 Net Zero target and emission reduction pathways aligned with 1.5°C - 2°C scenarios of the Paris Agreement. • Leadership in the main sustainability indices, such as CDP Climate or DJSI. Priorities of the Strategic Plan. • Fluent, direct communication with stakeholders.
	Worsening financing conditions	The push for sustainable finance by regulators and investors (EU taxonomy, EIB investment policy, European Green Deal, and other similar measures) could affect the company's financing conditions.	Medium term	NZE 2050	**Tolerable** (Qualitative assessment)	• Development of renewable gas projects aligned with the EU Taxonomy and the ESG requirements of regulators and investors that will enable sustainable debt issuance and improved financing conditions
	The speed of renewable energy deployment will condition the offsetting of lower revenues from measures implemented by authorities and governments in response to climate change.	The value of the assets is recovered with the current remuneration life; in the long term, there may be possible lower revenues for the company due to lower remuneration associated to the extension of the assets' useful life (Spain business).	Long term	NZE 2050	**Tolerable** (Qualitative assessment)	• Promotion of the development of gas from renewable sources (biomethane and renewable hydrogen) and their integration in gas infrastructures. • Promotion of the development of new technologies and infrastructures for the capture, transmission and storage or use of CO_2 and small-scale liquefaction • Promotion of new services and uses of natural gas in the transportation (sea, rail and road), industrial and household sectors. • Use of natural gas as a backup for the electricity system.
		Lower contribution from investees due to non-renewal of commercial contracts.	Medium term	STEP APS NZE 2050	**Acceptable** 0.05% net profit	
	The delay or non-development of the turbocompressor electrification plan, the availability of biomethane for its use as well as the evolution of its prices.	Failure to meet the announced carbon neutrality commitments due to the materialisation of the above risk factors, among others.			**Tolerable** (Qualitative assessment)	• Energy Efficiency and Emissions Reduction Plan. • Promotion of the development of gas from renewable sources and its integration in gas infrastructures. • Promotion of the development of new technologies and infrastructures for the capture, transmission and storage or use of CO_2 and small-scale liquefaction. • Nature-based solutions for offsetting residual emissions.

(1) Although it is not considered as a climatic factor to be assessed, the risk of tsunami has been included in the analysis of the LNG terminals due to their location.
(2) The impact of a stress scenario (a scenario with a remote probability of occurrence) has been analysed for the case of tsunami and extreme damage from other climatic factors.

Level of risk: Acceptable | Tolerable | Significant | Critical

Climate change opportunities [GRI 201-2]

Opportunity	Lines of action	Impact
Hydrogen infrastructure	• Hydrogen Backbone. • Research and development of salt caverns for storage. • Joint Ventures for technological development and the promotion of renewable hydrogen production and transmission infrastructures. • Projects under consideration are focused on the methanisation of hydrogen for its injection into the network, use in mobility and application in auxiliary machinery.	High
New logistics services	• Design and development of new services in infrastructures, turning them into logistical centres for LNG supply. • Development of other new services: bunkering (refuelling LNG, between tanks or from a satellite plant to a tank), small scale (refuelling small LNG tanks), bulk breaking (refuelling LNG in medium-sized tanks and trucks), parking gas (long-term storage of gas in tanks). • Extension of the tank refuelling service. • Mobility: gas and hydrogen refuelling stations.	Medium
Transport and storage of CO_2	• Positioning as an independent operator of CO_2 infrastructures • Development of necessary CO_2 infrastructures in Spain in cooperation with customers, authorities, distributors and other partners (CO_2 backbone for Spain) • Build up Enagás' terminals as multi-molecular hubs. • Development of CO_2 transport and storage projects by Enagás affiliates.	Low

Our climate change performance

Enagás' carbon footprint is ISO 14064:2019 certified and is registered in the carbon footprint record of the Ministry for Ecological Transition and the Demographic Challenge.

Enagás, from 2014 to 2023, has reduced more than 48% of its Scope 1 and 2 emissions thanks to the measures included in its Efficiency and Emissions Reduction Plan. It should be noted that from the end of 2021, there were very significant changes in the context of the operation of the Spanish Gas System that have had an impact on the company's carbon footprint during 2022 (see the 'New energy paradigm' section in the Strategy chapter). The main changes that have remained in force in 2023 are highlighted below, together with their effects on energy consumption and therefore emissions:

- The cessation of imports from November 2021 from Algeria through the Maghreb pipeline to Europe implied a change in the configuration of the Gas System. The usual entry through Tarifa, which meant flow ran from south to north (the configuration for which the gas network was designed), was replaced by other entry points, mainly through LNG terminals and Almeria, with the flow direction becoming east to west, a more inefficient direction in terms of energy consumption needs and therefore emissions.
- The Russia-Ukraine conflict, which began in February 2022, has led to a strengthening of interconnections, increasing exports to France in line with the More Energy Security Plan, as well as the application of the requirements for filling underground storage facilities (Royal Decree-Law 6/2022 of March 29 and EU Regulation 2022/1032)[10].

Despite the energy efficiency measures implemented by Enagás, these milestones led to an increase in the company's emissions volume in 2022. During 2023, emissions were reduced by 23.5% compared to 2022 due to:

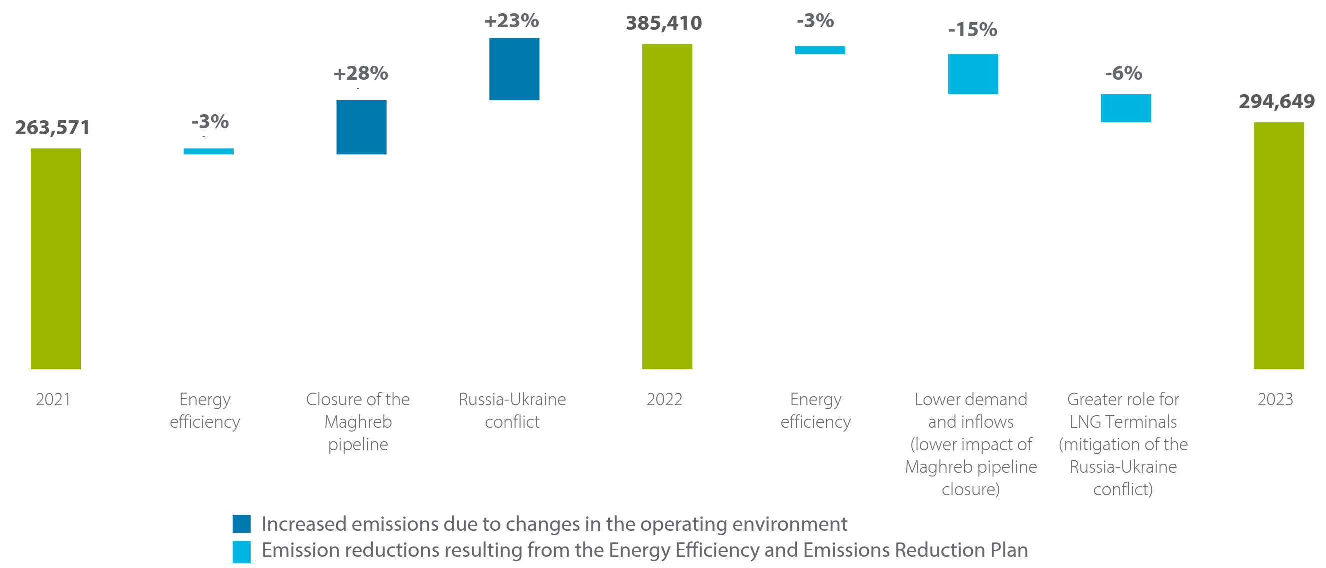
- A drop in demand (-11%) that entailed a lower volume of inflows to the system (-15%) through the Cartagena LNG terminal and through Almeria, mitigating the impact of the closure of the Maghreb pipeline. This has reduced the energy consumption needs of the compressor stations in these areas.
- A mitigation of the effect of the Russia-Ukraine conflict through a greater role for LNG terminals at the European level as a result of the conflict, highlighting the incorporation of the El Musel E-Hub LNG terminal into the Gas System as a logistics terminal at the service of the Member States. The start of regasification at this terminal has also reduced south-north transport via the Silver Route, which means less use of the stations associated with the area and therefore less energy consumption and associated emissions.

[10] Royal Decree-Law 6/2022, of March 29, increased the minimum security stock holding obligations for natural gas shippers and direct consumers in the market from 20 to 27.5 days of firm consumption. In addition, on June 29, 2022, the European Union adopted Regulation EU 2022/1032 of the European Parliament and of the Council of June 29 2022 amending Regulations (EU) 2017/1938 and (EC) No 715/2009 with regard to gas storage, imposing an obligation on Member States to reach a filling level of 80% of underground storage facilities by November 1, 2022, and 90% by the same date in 2023.

- The energy efficiency measures implemented, including the electrification of the turbocompressor at the Almendralejo compressor station.

These effects of the new operating environment will continue to be present in the coming years. However, Enagás will continue to work on mitigating its effects, mainly through its Energy Efficiency and Emissions Reduction Plan, which will allow the company to achieve its commitment to carbon neutrality in 2040 and meet its emissions reduction targets (see the 'Targets and roadmap to decarbonisation' section in the Decarbonisation and carbon neutrality chapter).

Scopes 1 and 2 CO_2 emissions (tonnes of CO_2e). Impact of the new operating context [GRI 305-1, GRI 305-2]



In a new operating context, Enagás maintains its emission reduction targets for 2026, 2030 and 2040

Scopes 1 and 2 CO_2 emissions (tonnes of CO_2e)[11]
[GRI 305-1, GRI 305-2]

	2021	2022	2023
Scope 1[(1)]	263,571	385,410	294,649
Scope 2[(2)]	0	0	0
Scopes 1+2	263,571	385,410	294,649

(1) Corresponds to the gross value of direct greenhouse gas emissions. The amount of offset emissions is reported separately (see the 'Emissions offsettings' section in this chapter), and in 2023 amounted to 8,520 tonnes of CO_2e.
(2) Scope 2 calculated according to market-based methodology. Scope 2 data calculated according to location-based methodology are: 46,368 tonnes of CO_2e in 2021, 59,653 tonnes of CO_2e in 2022 and 58,644 tonnes of CO_2e in 2023.

[11] The emission factors used in the calculation of Scope 1 and 2 emissions are:
- Emission factors for stationary combustion sources: Spain, GHG Inventories Report 1990-2021 (2023 Edition) https://www.miteco.gob.es/content/dam/miteco/es/calidad-y-evaluacion-ambiental/temas/sistema-espanol-de-inventario-sei-/es_nir_edicion2023_tcm30-560374.pdf) - Appendix 7 and the Organisational Carbon Footprint Calculator (Scope 1+2 v.28) (https://www.miteco.gob.es/en/cambio-climatico/temas/mitigacion-politicas-y-medidas/calculadoras.html).
- Emission factors sources Organisational Carbon Footprint Calculator (Scopes 1 and 2) and Royal Decree 1088/2010 (https://www.boe.es/boe/dias/2010/09/04/pdfs/BOE-A-2010-13704.pdf).
- Methane to natural gas conversion factor: IPCC (https://www.ipcc-nggip.iges.or.jp/public/gp/bgp/2_6_Fugitive_Emissions_from_Oil_and_Natural_Gas.pdf)
- MGM methane: https://cdm.unfccc.int/methodologies/inputsconsmeth/MGM_methane.pdf

Since 2021, Enagás has also reduced emissions from electricity consumption (Scope 2) by 100% at its facilities. This reduction has been possible thanks to:

- 100% of electricity supplied with Renewable Energy Guarantees of Origin in all facilities.
- Continually increasing power self-generation through efficient, clean and renewable sources with an emissions factor of zero.

Emission intensity (scopes 1 and 2) [GRI 305-4]

Enagás evaluates efficiency in terms of emissions (emissions intensity) through indicators aligned with the emissions derived from the most significant energy consumption and activity data with which Enagás has identified correlation. In this regard, the ratios for each type of facility are included below, as well as the overall ratio of total Scope 1 and 2 emissions with respect to the sum of compressed, injected and regasified gas.

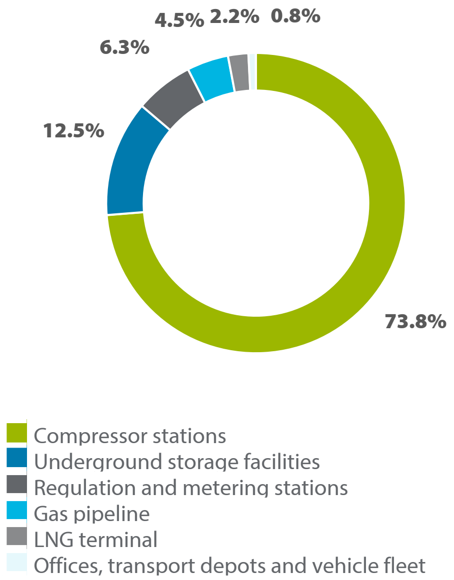
Emissions by type of installation

	2021	2022	2023
Emissions at compressor stations with respect to compressed gas at compressor stations (tonnes of CO_2e at compressor stations/TWh)	934.1	843.8	870.2
Emissions in storage facilities with respect to gas injected into storage facilities (tonnes of CO_2e in storage facilities/TWh)	4,566.9	4,762.3	5,095.2
Emissions at LNG terminals with respect to gas regasified at LNG terminals (tonnes of CO_2e at LNG terminals/TWh)	0.0	0.0	0.0
Total emissions with respect to total compressed, injected and regasified gas (tonnes of CO_2e/TWh)	855.5	773.30	780.7

The emissions intensity indicator calculated with respect to net profit (860 tonnes of CO_2e/million euros in 2023 and 1,683 tonnes of CO_2e/million euros in 2022)[12], despite being a standard and widely used indicator, does not represent the most accurate unit for measuring our environmental performance, as 97.5% of our revenues come from regulated activities and the current regulatory framework (see the '2030 Strategic Plan' section in the 'Strategy' chapter) establishes a methodology to determine such revenues. It does not include concepts related to the level of use of gas infrastructures, which is the parameter to which environmental impacts are related.

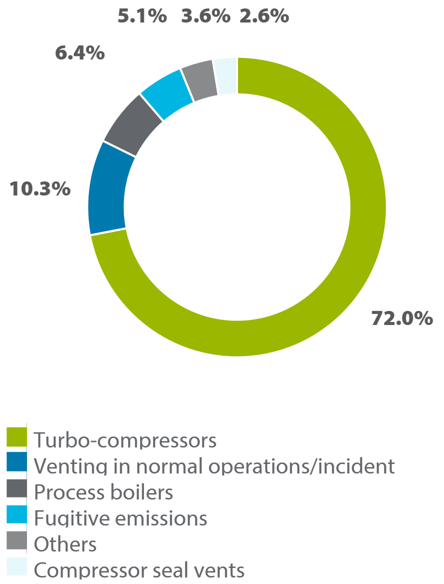
Scope 1 and 2 emissions by type of facility in 2023

[GRI 305-1, GRI 305-2]



Scope 1 and 2 emissions by source in 2023

[GRI 305-1, GRI 305-2]



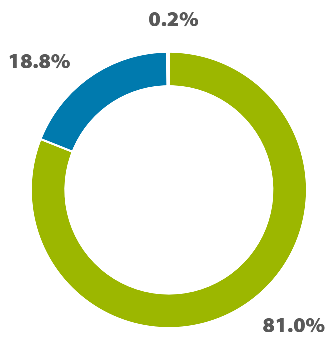
At a facility level, 73.8% of emissions are concentrated at compressor stations, followed by underground storage facilities, which account for 12.5%. In terms of emission sources, 72% of the total emission footprint (Scope 1 and 2) is generated by the self-consumption of natural gas in turbocompressors at compressor stations and underground storage facilities. In this regard, Enagás has an ambitious turbocompressor electrification plan to progressively replace natural gas compressors with electric compressors, thereby reducing emissions and helping to achieve the targets set out in the decarbonisation pathway (see the 'Decarbonisation and carbon neutrality' chapter).

[12] To calculate the intensity indicator, the adjusted net profit has been used without considering the result of investments accounted for by the equity method. In 2023, the net profit after tax was 342.5 million euros.

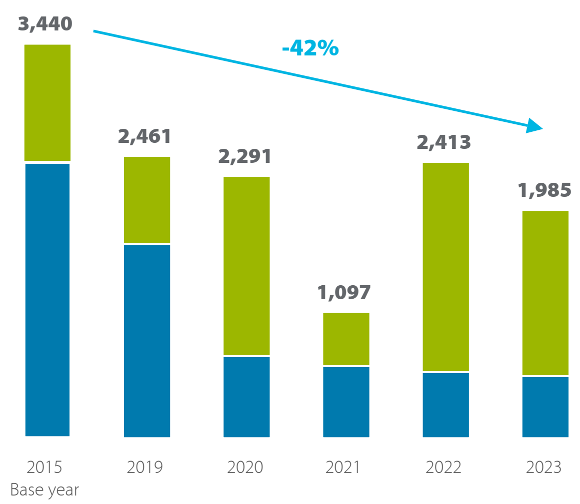
Infrastructure activity data [GRI 302-2]

		Unit	2022	2023	2023 vs. 2022 (%)
LNG terminals	Regasified gas, tank and ship loading at LNG terminals	GWh	171,640	138,870	-19%
Compressor stations	Compressed gas at Compressor stations	GWh	346,451	260,424	-25%
Underground storage facilities	Total net injection underground storage facilities	GWh	14,130	7,009	-50%
	Total gross withdrawal from underground storage facilities	GWh	3,901	8,194	+110%

Scope 1 and 2 emissions by gas type in 2023
[GRI 305-1, GRI 305-2]



Change in methane emissions (tonnes of CH_4)



81% of Enagás' carbon footprint (scopes 1 and 2) corresponds to CO_2 emissions, generated mainly during the combustion of natural gas in stationary sources, i.e. turbocompressors, boilers, flares, etc.

Methane emissions, which account for 18.8% of the footprint (scopes 1 and 2), are mainly due to natural gas venting (73%) and fugitive emissions (27%). Venting may occur as a result of operation and maintenance, operating safety, pneumatic valves and analysis equipment such as chromatographs. For their part, fugitive emissions correspond to uncontrolled gas leaks in the equipment (flanges, connectors, etc.). The latter have decreased by 7% compared to the previous year. With regard to gas losses, in 2023 they represented 0.010% and 0.033% in transmission and storage activities respectively.

Globally, emissions of this gas (CH_4) have decreased by 18% compared to 2022, mainly due to:

- Improved data recording on venting at LNG terminals and underground storage facilities and during transmission thanks to the development of a computer application that improves data collection and consolidation.
- Improvements in the quantification methodology, incorporating the guidelines that are being developed at the international level.
- Improvements to incident detection, quantification and reporting.

Enagás' adherence to the methane emissions reporting framework of the Oil & Gas Methane Partnership 2.0 (OGMP2.0), together with significant efforts to reduce the uncertainty of this data, entail a constant review of our quantification methodology. In this regard, the Enagás Implementation Plan for maintaining the Gold Standard involves the review of all our methane sources and, therefore, the possibility of incorporating possible new sources in the coming years. In addition, various measurements have been carried out with new technologies that allow data reconciliation. This comprehensive review may be extended until 2024, by which time Enagás expects to achieve the highest data quality in line with OGMP commitments and deadlines (see the 'Methane emissions reduction' sub-section in this section).

EU Emissions Trading System

70% of emissions included in the Carbon Footprint (scopes 1 and 2) are included in the EU Emissions Trading System (EU ETS).

In 2023, 50,881 emission allowances were received through free allocation and 274,000 emission allowances were purchased to cover the period's emission rights needs. [GRI 201-2]

Energy Efficiency and Emissions Reduction Plan

At Enagás, energy efficiency plays a key role in emissions reduction and considerable efforts have been made in this regard. In recent years, starting in 2014, we reduced by 48% our CO_2 emissions thanks to the implementation of energy efficiency measures, in which we have invested around 96 million euros since 2008. [GRI 201-2]

During the 2015-2023 period, the Energy Efficiency and Emissions Reduction Plan has enabled the avoidance of 1,002,990 tonnes of CO_2e.

These emissions include the accumulated emissions prevented as a result of the measures of the Energy Efficiency and Emissions Reduction Plan implemented from 2015 to 2023.

We are working to ensure the continuous improvement of the energy efficiency of our infrastructures. As such, we have an energy management system certified according to the ISO 50001 standard that allows us to identify opportunities to improve the energy performance of our facilities and to evaluate progress in the reduction of energy consumption. Enagás has been implementing regular campaigns to publicise and raise awareness on this issue for years.

Energy efficiency measures and emissions reduction measures implemented [GRI 302-4, GRI 302-5, GRI 305-5]

Energy Efficiency and Emissions Reduction measures (1)	Savings type	Energy savings achieved in 2023 (GWh)(2)	Emission reductions achieved in 2023 (tonnes of CO_2e)
Installation of photovoltaic plants in Almodóvar	Electric consumption savings	0.08	- (3)
Installation of solar panels for own consumption in Cádiz	Electric consumption savings	0.01	- (3)
Replacement of oil boiler in control building with heat pump at Gaviota	Diesel consumption savings	0.08	0.02
Implementation of conclusions and measures of the 'Study on the elimination of 4-position heating systems'	Natural gas savings	0.62	124.56
Installation of solar panels to power the heating system at MRS 34 Cenicero	Natural gas savings	0.24	49.50
Reduction of venting emissions from gas-operated valves at unit of measure H00. Vent connection to BOG system (Boil-Off Gas)	Natural gas savings	0.00	1.98
Electrification of the TC-1 turbocharger at Almendralejo	Natural gas savings	8.76	1,770.12
Campaign for detection, quantification and repair of fugitive emissions in Barcelona • In-house LDAR (Leak Detection and Repair) campaign	Natural gas savings	0.67	1,081.81
Campaign for detection, quantification and repair of fugitive emissions in Cartagena • In-house LDAR (Leak Detection and Repair) campaign	Natural gas savings	0.56	893.58
Campaign for detection, quantification and repair of fugitive emissions in Huelva • In-house LDAR (Leak Detection and Repair) campaign	Natural gas savings	0.17	276.97
Campaign for detection, quantification and repair of fugitive emissions at Musel E-Hub • In-house LDAR (Leak Detection and Repair) campaign • External bottom-up fugitive emissions campaign	Natural gas savings	0.08	129.47
Campaign to detect, quantify and repair of fugitive emissions at Gaviota: • In-house LDAR (Leak Detection and Repair) campaign • External bottom-up fugitive emissions campaign • External top-down NPL fugitive emissions campaign	Natural gas savings	0.56	906.45
Campaign for detection, quantification and repair of fugitive emissions at Serrablo: • In-house LDAR (Leak Detection and Repair) campaign • External bottom-up fugitive emissions campaign	Natural gas savings	0.31	491.33
Campaign for detection, quantification and repair of fugitive emissions at Yela • In-house LDAR (Leak Detection and Repair) campaign • External bottom-up fugitive emissions campaign • External top-down NPL fugitive emissions campaign	Natural gas savings	0.23	362.61
Campaign for detection, quantification and repair of fugitive emissions in transport • In-house LDAR (Leak Detection and Repair) campaign Haro external bottom-up fugitive emissions campaign • Haro external top-down NPL fugitive emissions campaign • Villar de Arnedo external bottom-up fugitive emissions campaign • Villar de Arnedo external top-down NPL fugitive emissions campaign	Natural gas savings	3.74	6,004.36
Removal of lines from old submerged combustion vaporisers E-2100AB	Natural gas savings	0.02	40.05
Sealing of the TK-3000 tank in Barcelona	Natural gas savings	0.08	133.87
Assembly of new depressurisation lines of ER-51/35	Natural gas savings	0.05	71.04
TOTAL		**16.26**	**12,353.87**

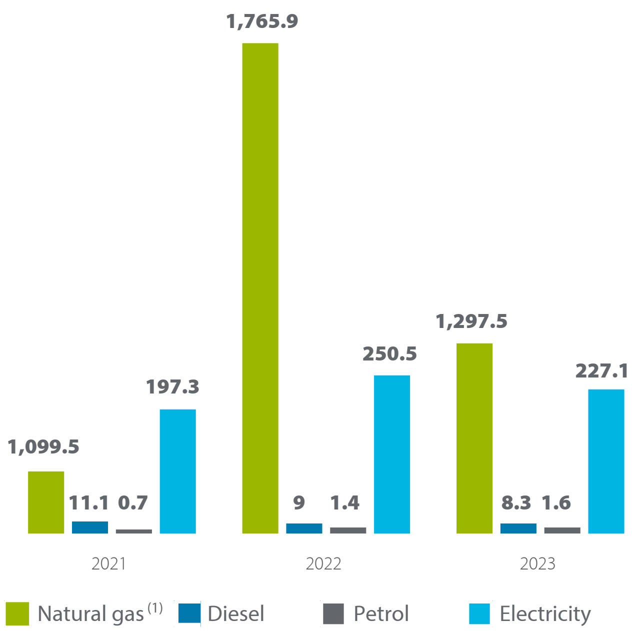
(1) Including those emissions reduction or efficiency measures verified in 2023 and completed in the last quarter of 2022 or before the last quarter of 2023, considering that sufficient time has elapsed for savings to be measured.
(2) The energy savings achieved are calculated on the basis of the energy consumption of the previous year.
(3) As we had a 100% Renewable Energy Guarantees of Origin contract in 2023, the reduction is not considered to be in emissions, but only in energy savings.

Enagás consumes electricity with guarantees of renewable origin in all its facilities

In 2023, the percentage of electricity with a guarantee of renewable origin over total electricity consumption from the grid was 100% in all facilities. In other words, all electricity consumed by Enagás has a zero emission factor.

In 2023, own electricity generation from renewable, clean or efficient sources reached 21 GWh, representing 9.1% of total electricity consumption. Part of the energy generated is delivered to the national grid and another part is consumed at Enagás' own facilities. The energy sent back to the grid (11.7 GWh) helps reduce 3,212 tonnes of CO_2 for third parties, contributes to reducing the national electricity mix factor and reinforces the principles of the circular economy, whereby Enagás' surplus electricity is used by third parties, thereby reducing their carbon footprint (see the 'Circular economy', sub-section in the 'Natural and biodiversity' section).

Energy consumption by source (GWh/y) [GRI 302-1]



(1) Does not include fugitive emissions, analyser venting, pneumatic valves or compressor venting.

Energy consumption (GWh/y) [(1)] [GRI 302-1]

	2021	2022	2023
Renewable energy consumed	164.5	215.5	206.6
Non-renewable energy consumed	1,144.1	1,811.6	1,327.9
Total energy consumed	**1,308.6**	**2,027.1**	**1,534.5**

(1) Data for 2021 and 2022 have been recalculated by classifying electricity generation produced through efficient and clean sources as non-renewable energy. [GRI 2-4]

The decrease in Enagás' activity, mainly at compressor stations, led to a decrease in natural gas consumption (-26.5%) compared to last year.

Energy intensity [GRI 302-3]

Enagás evaluates energy efficiency (energy intensity) through indicators aligned with the most significant energy consumption and activity data with which Enagás has identified correlation. In this regard, the ratios for each type of facility are included below, as well as the overall ratio of energy consumption with respect to the sum of compressed, injected and regasified gas.

Energy consumption by type of installation and activity

	2022	2023
Natural gas consumed at Compressor Stations with respect to gas compressed at Compressor Stations (GWh of natural gas at Compressor Stations/TWh)	4.0	4.1
Natural gas consumed at Storage Facilities with respect to gas injected into storage facilities (GWh natural gas in storage facilities/TWh)	23.8	28.1
Electricity consumed with respect to gas injected into storage facilities with an electric motor (GWh electricity in storage facilities/TWh)	5.1	6.1
Natural gas consumed with respect to gas regasified at LNG terminals (GWh of natural gas in LNG terminals/TWh)	1.2	1.5
Total energy consumed with respect to compressed, injected and regasified gas (Tep/TWh)[(1)]	349.7	923.7

(1) All types of energy consumed in the company are included (electricity, petrol, diesel, natural gas, renewable energy and self-consumption).

The energy intensity indicator calculated with respect to net profit (4.44 GWh/million euros in 2023 and 8.85 GWh/million euros in 2022), despite being a standard and widely used indicator, does not represent the most accurate unit to measure our environmental performance, as 97.5% of our revenues come from regulated activities and the current regulatory framework (see the '2030 Strategic Plan' section in the 'Strategy' chapter) establishes a methodology to determine such revenues. It does not include concepts related to the level of use of gas infrastructure, which is the parameter to which environmental impacts are related.

Reduction of methane emissions measures

[GRI 305-5]

During 2023, various methane reduction measures were implemented that enabled Enagás to achieve a 43% reduction in methane emissions compared to the 2015 base year considered for setting its targets aligned with the Global Methane Alliance initiative. These measures include:

- Detection, quantification and repair of fugitive emission points covering all our facilities, which enabled us to avoid the emission of 10,155 tonnes of CO_2e in 2023.
- Implementation of a vented gas recovery system at the Lumbier Compressor Station, which will lead to reductions of approximately 3,500 tonnes of CO_2e per year.
- Continued replacement of pneumatic actuators with electric actuators in the transmission network, which has prevented the emission of almost 210 tonnes of CO_2e into the atmosphere.
- Continued recovery of part of the compressor venting from the LNG terminals, which has prevented the emission of approximately 112 tonnes of CO_2e.

In addition, the company continues to make progress in reducing the uncertainty of methane emissions data under the OGMP2.0 (Oil and Gas Methane Partnership) initiative, to which it adheres. This is an initiative for the reporting of methane emissions in line with the European Union Methane Emission Reduction Strategy. In 2023 Enagás obtained the "Gold Standard" seal, which recognises the company's commitment to reducing methane emissions, as well as the company's plan to improve the reliability of methane data both for the assets over which Enagás has operational control and for its affiliates.

10/2023

The International Methane Emissions Observatory (IMEO) has recognised Enagás with the highest rating, 'Gold Standard', for the third consecutive year, highlighting its methane emissions plan as one of the most robust and detailed in the framework of 'The Oil & Gas Methane Partnership 2.0' (OGMP 2.0).

In this area, Enagás has carried out several actions applying continuous technological improvement, among which the following are noteworthy:

- Measurements with different top-down technologies (DIAL, Differential Absorption Lidar, from a truck and the GASTRAQ methodology from a drone) for subsequent reconciliation with Enagás inventory data. These measurements allow Enagás to compare localised emissions with bottom-up inspections, draw lessons learned in order to continue making further progress on mitigating these emissions in the framework of the OGMP2.0 reporting.
- Development and continuous improvement of a digital application to record venting and fugitive emissions in the transmission network. In 2023, this application allowed for the more detailed monitoring of venting at LNG terminals and underground storage facilities and during transmission and to obtain the information broken down in accordance with the OGMP2.0 reporting framework.
- Leadership in the research project promoted by GERG (European Gas Research Group). Enagás coordinated and led a pioneering global innovation project to provide guidelines on how reconciliation should be carried out at source and site level. After testing the performance of 12 cutting-edge technologies (nine top-down and three bottom-up), in order to assess their accuracy and reliability for methane emissions quantification, a first reconciliation pilot project was carried out, including testing of technologies at a site and source level at an operating compressor station in Belgium and a subsequent reconciliation analysis. Recommendations for operators are currently being finalised.
- In 2023, Enagás and SATLANTIS continued the calibration tests of high-precision optics in two compressor stations, which will be inserted in a constellation of space microsatellites, called GEISAT (Greenhouse Gases), to detect and quantify methane emissions on Earth.

09/2023

The journal Atmospheric Measurement Techniques has published an article with the results of a European project led by the company within the GERG (European Gas Research Group) for the quantification and subsequent mitigation of methane emissions.

This project aimed to identify how to improve the knowledge and use of new technologies to quantify and reduce methane emissions in midstream infrastructures.

The company also maintained its high level of collaboration with regulators and international organisations, with the following actions being of particular note in 2023: [GRI S11.2.4]

- Participation in CEN (European Committee for Standardisation) working groups to develop standards applicable to the future European Regulation on methane emissions reduction. Participation in specific LDAR (Leak Detection and Repair), quantification, venting and flaring groups.
- Active participation in various European Commission consultations on the legislative development roadmap, dealing with the content and monitoring, reporting and verification of methane emissions.
- Collaboration in the preparation of OGMP technical guidelines via comment submission.
- Participation in MARCOGAZ technical recommendations: 'Workshop on a regulatory approach on leak detection and repair of methane emissions in the oil and gas sectors', and 'Mitigating methane emissions: the role of the gas sector'. [GRI 305-5]

Emissions offsetting

Enagás' decarbonisation strategy is based on prioritising measures to reduce emissions and subsequently offsetting emissions that cannot be reduced for technical reasons.

Enagás follows certain criteria to offset its residual emissions:

- Mitigation hierarchy: only proceed to offset residual emissions once the maximum level of reduction has been achieved with the available technology.
- Offset against credits generated by projects that meet the following requirements:
    - Be located in geographic areas where the company is present.
    - Have quality certificates that guarantee the solvency and reliability of the projects.
    - Prioritise nature-based solutions.

Therefore, after applying these criteria, Enagás offset the emissions derived from its LNG terminals, the Euskadour compressor station, the corporate fleet and headquarters (8,520 tonnes of CO_2e), maintaining the carbon neutrality achieved in 2017 (in the case of Euskadour, since 2020). This compensation was carried out with avoided-deforestation projects in Peru and a reforestation project in Spain.

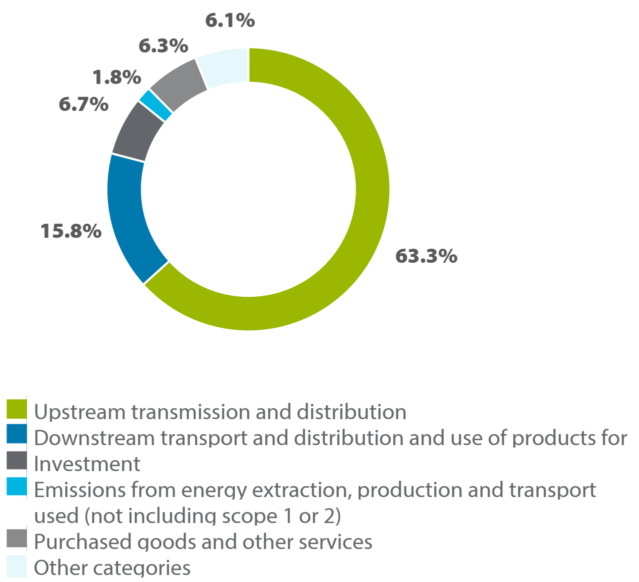
In addition, Enagás participates in the largest reforestation project in Spain, Motor Verde, developed by Repsol and Sylvestris, with which it will offset part of its residual emissions in the future.

Scope 3 emissions [GRI 305-3]

In addition to its activity chain's impact on emissions, Enagás includes the impact of the gas transported by the company in the natural gas value chain in its Scope 3 emissions. In this regard, it is important to note that the gas that Enagás transports through its infrastructures is not owned by the company; for this reason, the company includes in its Scope 3 emissions only the activities associated with the service it provides to its customers (gas transmission through company infrastructure), without including those associated with the product transported (natural gas), which include activities associated with conventional gas demand (domestic, commercial and institutional), among others.

The operating context of 2023, marked by the energy crisis (see the 'New energy paradigm' section in the Strategy chapter), has not only had an impact on Enagás' Scope 1 and 2 emissions, but also on its Scope 3 emissions. In this regard, there was a decrease in emissions from upstream transmission and distribution, specifically emissions from ships transporting natural gas arriving at Enagás' facilities. In 2023, the number of ship unloadings decreased by 44% compared to 2022, decreasing the associated emissions by 42%. Enagás sold some of its shareholdings in 2022, such as the GNL Quintero LNG terminal in Chile, the Morelos pipeline and Compañía Operadora de Gas del Amazonas (COGA) in Peru.

Scope 3 emissions classification in 2023 [GRI 305-3]



Scope 3 [(6)] [GRI 305-3]

ISO 14064: 2019 - Indirect emissions							
Category		**Subcategory**	**GHG Protocol - Scope 3**		**2022 ($t\ CO_2$)**	**2023 ($t\ CO_2$)**	**Change**
Category 3: Emissions caused by transport		Upstream transport and distribution of goods	4	Upstream transmission and distribution	788,130	458,204	-42 %
		Downstream transport and distribution of goods [(1)]	9	Downstream transmission and distribution	121,934	114,693	-6 %
		Cat. 5.1 Product use phase [(1)]	11	Use of sold products			
		Employee commuting	7	Employee commuting	451	447	-0.9 %
		Customer and visitor travel	6	Business travel	93	109	17 %
		Business travel	6	Business travel	934	1,086	16 %
Category 4: Emissions caused by products used by the organisation	Goods purchased by the organisation	Purchased goods	1.1	Purchased goods and services – Purchased goods	28,423	14,724	-48 %
		Capital goods	2	Capital or production goods, for example equipment, machinery, vehicles, buildings, factories, etc.	4,615	13,087	>100%
	Services used by the organisation	Solid and liquid waste disposal	5	Waste generated during operation	55	68	24 %
		Use of assets that are generated through equipment leased by the organisation	8	Upstream leased assets			NA [(2)]
		Other service uses	1.2	Purchased goods and services - Other services	1,892	31,011	>100%
Category 5: Indirect GHG emissions associated with the use of the organisation's products		Downstream leased assets	13	Downstream leased assets			NA [(2)]
		End-of-life phase of the product	12	End-of-life treatment of sold products			NA [(3)]
		Investment [(4)]	15	Investment	58,262	48,329	-17 %
Category 6: Indirect GHG emissions from other sources			3	Fuel and energy related activities not included in scope 1 and 2	57,526	42,228	-27 %
			10	Processing of sold products			NA [(3)]
			14	Franchises			NA [(5)]
TOTAL					**1,062,315**	**723,986**	**-32%**

(1) Emissions from Cat. 11 (Use of sold products) correspond to the same emissions as GHG Protocol Cat. 9 emissions from distribution companies. This is due to the nature of our business, as Enagás does not own or sell natural gas, and therefore we consider distribution companies to be end customers of our services, and their emissions to be the final ones linked to the natural gas we transport.
(2) This category is not applicable to Enagás as we do not operate any upstream or downstream leased assets.
(3) These categories are not applicable to Enagás as our activity is limited to the transmission of natural gas, classified within the midstream segment. Enagás is not the owner of the gas at any stage of the value chain and is not responsible for emissions related to the end-of-life treatment of products or the processing of products for sale.
(4) Includes emissions from Enagás' affiliates, specifically the Bahía de Bizkaia Gas (BBG) LNG terminal; Soto la Marina compressor station; Sagunto Regasification LNG terminal (Saggas); LNG terminal from the operator DESFA; Trans Adriatic Pipeline (TAP) and TLA Altamira LNG terminal. Does not include Tallgrass Energy emissions due to lack of data.
(5) This category is not applicable to Enagás because the company does not have franchises.
(6) In addition to the emission factors used in the calculation of Scope 1 and 2 emissions, the following emission factors have been considered for the calculation of Scope 3 emissions:

- Maritime transport: DEFRA, Page Fuels, Maritime Oil. 2023. version 1.
- Air transport: Aviation: COMMISSION IMPLEMENTING REGULATION (EU) 2018/2066 of December 19, 2018, on the monitoring and reporting of greenhouse gas emissions pursuant to Directive 2003/87/EC of the European Parliament and of the Council and amending Commission Regulation (EU) No 601/2012 (https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32018R2066). Using emission factor (Annex 3.2 Table 1) 3.10/ 3.10/ 3.15 tonnes of CO_2/tonnes of fuel for the density provided by the same source of 0.8 kg/litre (Article 53).

Enagás has reviewed the indirect emissions relevance analysis according to the criteria set out by the ISO 14064 standard, namely: volume of emissions in each category with respect to the total, level of influence, access to information, data accuracy and relevance. As a result of the significance analysis, the categories corresponding to upstream transmission and distribution of goods, downstream transmission and distribution, purchased goods, investments and fuel and energy related activities not included in scope 1 and scope 2 have been classified as relevant. It should be noted that, although only five categories were identified as significant, Enagás is aware of the importance of emissions linked to the value chain and reports all categories in a bid for transparency.

Reduction of Scope 3 emissions [GRI 305-3]

Enagás addresses the reduction of Scope 3 emissions throughout its value chain, especially those included in the company's carbon footprint, through the following actions:

- Development of renewable gases. Enagás is strengthening its participation in the development of renewable gas projects (renewable hydrogen) that will allow for their progressive incorporation into the energy model (see the 'Renewable Gases') sub-section) for the decarbonisation of the entire natural gas value chain.
- Promotion of the use of liquefied natural gas (LNG) in mobility (maritime transport) (see the 'Sustainable Mobility' sub-section).
- Collaboration with industry and associations on decarbonisation (see the 'Reduction of methane emissions' sub-section in this section). Promotion of decarbonisation at Enagás affiliates: emissions reduction and energy efficiency measures are among the critical management standards that Enagás extends to its affiliates (see the 'Affiliates' section). In addition, a climate action due diligence analysis has been performed on all our affiliates, which has allowed us to verify the progress of the companies in terms of setting emission reduction targets, as well as in terms of calculating and reporting methane emissions and evaluating best practices for reducing methane emissions. Regarding this last point, Enagás will continue to monitor methane emissions through the OGMP2.0 reporting framework (see the 'Reduction of methane emissions' sub-section in this section).
- Promotion of decarbonisation in the supply chain: Enagás has several platforms for the approval and evaluation of its suppliers' performance. In this way, Enagás evaluates its main suppliers in terms of climate action and identifies working areas aimed at reducing its carbon footprint (see the 'Supply chain' section).

3.2 People

People management is a key area for the company, since, as reflected in our Human Capital Management Policy, it enables Enagás to equip itself with the resources required for the deployment of its strategy.

[GRI 3-3]

The key aspects that we address in our people management model are the structure and sizing of our organisation (workforce), the development of skills and knowledge of professionals, job stability and quality and compliance with labour rights, with special attention to the areas of diversity and inclusion, work-life balance and shared responsibility, and equal opportunity.

1,354
professionals

Sustainable Management Plan

Main lines in 2023

- Negotiation of the fourth collective bargaining agreement of the Enagás Group.
- Definition of the action plan derived from the climate survey and launch of surveys for the assessment of work-life balance measures and for the follow-up of the 2022 results.
- Implementation of the Diversity and Inclusion Committee and the Diversity Allies Network.
- Leadership programme to develop the skills and competences of the management team.
- Corporate University Project.
- Specific programme on bias to strengthen the Diversity and Inclusion model.

2024 lines

- Signing of the fourth collective bargaining agreement of the Enagás Group.
- Continuation of the Leadership Programme for managers to develop the skills of the management team in line with the company's new Strategic Plan and Transformation Plan.
- Implementation of a new Remuneration Model in line with the company's challenges and targets, as well as ensuring its competitiveness based on best practices and market trends.
- Launch of the Enagás Corporate University and implementation of associated initiatives.
- Transparency and equal pay: completion of the analysis process on the premises of the European Directive for the calculation of an adjusted pay gap and definition of an action plan.

58.1
average training hours per employee (€1,096 investment per employee)

36
internal promotions (33% women)

78.4%
of the workforce underwent a performance assessment

41%
women in management and pre-management positions

Our professionals [GRI 2-7, GRI 2-8]

The following outlines the distribution of Enagás' 1,354 professionals[13] [14](1,346.3 FTEs[15]) by country, age group, professional group and gender at year-end.

Number of professionals per country at year-end [13]

Country	2021	2022	2023
Spain	1,327	1,353	1,352
Other countries (1)	17	12	2
Belgium	3	3	2
Kuwait	4	4	0
Peru	3	3	0
Greece	2	1	0
Mexico	3	1	0
France	1	0	0
Chile	1	0	0
TOTAL	**1,344**	**1,365**	**1,354**

(1) 100% of professionals outside Spain have a permanent full-time contract.

In addition, at the end of 2023, 13 professionals were hired through temporary employment agencies (9 in 2022) and 55 interns (45 in 2022) were working at Enagás in Spain. [GRI 2-8]

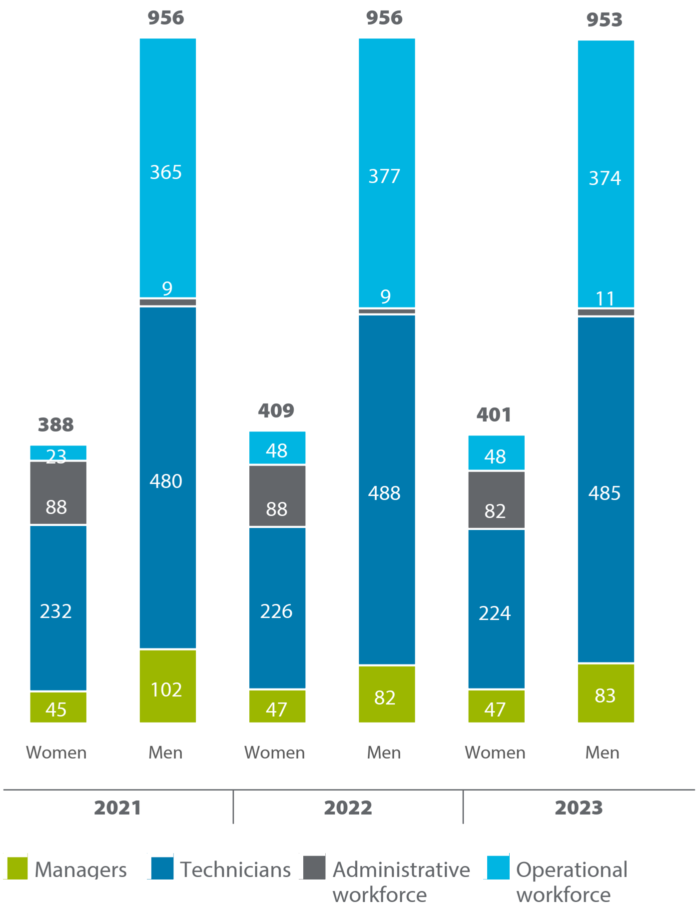
Number of professionals and managers by nationality at year-end (1)

	2021		2022		2023	
Country	No. of managers	Total no. of professionals	No. of managers	Total no. of professionals	No. of managers	Total no. of professionals
Spain	144	1,299	128	1,319	129	1,310
Venezuela	1	9	1	10	1	10
Germany	0	5	0	5	0	6
France	0	4	0	5	0	5
Argentina	0	3	0	2	0	3
Romania	0	1	0	2	0	3
Other nationalities(2)	2	23	0	22	0	17
TOTAL	**145**	**1,344**	**129**	**1,365**	**130**	**1,354**

(1) The country of birth is considered.
(2) In 2023, these nationalities pertain to the following countries: Belgium, Brazil, Canada, Colombia, Cuba, Ecuador, Italy, Morocco, Paraguay, Peru, Dominican Republic, South Africa, Switzerland and Uruguay.

[13] Enagás does not have any zero-hours contracts.
[14] Including the professionals at start-ups that are fully consolidated in the financial information and that have been excluded from the scope of the non-financial information (see the 'About our Consolidated Management Report' appendix), the number of professionals would rise to 1,390 (415 women and 975 men). See section '2.1 Operating profit, b) Personnel Expenses' of the Consolidated Annual Accounts.
[15] *Full-time equivalent.*

Number of professionals by professional group and gender at year-end [GRI 2-7, GRI 405-1]



Stable and quality employment [GRI 2-7]

Enagás maintains stable, quality employment levels with high percentages of permanent and full-time contracts.

Number of professionals by type of contract, working day and gender at year-end (1)

		Women	Men	Total	Total %
2021					
Type of workday	Full-time	367	945	**1,312**	**97.6%**
	Part-time	21	11	**32**	**2.4%**
Type of contract	Permanent	371	926	**1,297**	**96.5%**
	Temporary	17	30	**47**	**3.5%**
2022					
Type of workday	Full-time	387	944	**1,331**	**97.5%**
	Part-time	22	12	**34**	**2.5%**
Type of contract	Permanent	386	929	**1,315**	**96.3%**
	Temporary	23	27	**50**	**3.7%**
2023					
Type of workday	Full-time	378	938	**1,316**	**97,2%**
	Part-time	23	15	**38**	**2,8%**
Type of contract	Permanent	383	932	**1,315**	**97.1%**
	Temporary	18	21	**39**	**2.9%**

(1) Enagás does not have any zero-hours contracts.

Average annual number of permanent and temporary contracts broken down by sex, both full-time and part-time

[GRI 2-7]

	Permanent contract			Temporary contract		
	Full-time	Part-time	Total	Full-time	Part-time	Total
2021						
Women	346	24	**370**	15	0	**15**
Men	919	3	**922**	33	1	**34**
2022						
Women	355	20	**375**	18	0	**18**
Men	909	13	**922**	31	0	**31**
2023						
Women	360	21	**381**	20	0	**20**
Men	917	15	**932**	22	0	**22**

Average annual number of permanent and temporary contracts broken down by age, both full-time and part-time

	Permanent contract			Temporary contract		
	Full-time	Part-time	Total	Full-time	Part-time	Total
2021						
<=35 years	186	0	**186**	36	1	**37**
36-55 years	852	26	**878**	12	0	**12**
>55 years	227	1	**228**	0	0	**0**
2022						
<=35 years	185	1	**186**	35	0	**35**
36-55 years	828	29	**857**	14	0	**14**
>55 years	251	3	**254**	0	0	**0**
2023						
<=35 years	225	2	**227**	32	0	**32**
36-55 years	786	31	**817**	10	0	**10**
>55 years	266	3	**269**	0	0	**0**

Average annual number of permanent and temporary contracts broken down by professional group, both full-time and part-time

	Permanent contract			Temporary contract		
	Full-time	Part-time	Total	Full-time	Part-time	Total
2021						
Managers	146	1	**147**	0	0	**0**
Technicians	686	9	**695**	14	0	**14**
Administrative workforce	86	10	**96**	1	1	**2**
Operational workforce	347	7	**354**	33	0	**33**
2022						
Managers	139	3	**142**	0	0	**0**
Technicians	689	10	**699**	13	0	**13**
Administrative workforce	87	8	**95**	2	0	**2**
Operational workforce	349	12	**361**	34	0	**34**
2023						
Managers	127	3	**130**	0	0	**0**
Technicians	688	14	**702**	8	0	**8**
Administrative workforce	87	7	**94**	1	0	**1**
Operational workforce	375	12	**387**	33	0	**33**

The commitments undertaken by Enagás in its Human Capital Management Policy, and the measures and actions implemented, translate into high levels of satisfaction and motivation, as reflected by the low turnover rate, the results of the survey on workplace climate and the awards received by the company in this area.
[GRI 2-7]

See the **Human Capital Management Policy** on the corporate website.

Number of new hires during the financial year by age group, professional group and gender [GRI 401-1, 203-2]

		< =35 years	36-55 years	> 55 years	Total
Managers	Women	0	1	0	**1**
	Men	0	3	0	**3**
Technicians	Women	20	7	0	**27**
	Men	12	6	0	**18**
Administrative workforce	Women	1	5	0	**6**
	Men	0	2	0	**2**
Operational workforce	Women	20	5	0	**25**
	Men	28	17	0	**45**
Total		**81**	**46**	**0**	**127**

Hiring rate (1) during the financial year by age group, professional group and gender [GRI 401-1]

		< =35 years	36-55 years	> 55 years	Total
Managers	Women	0.0%	2.3%	0.0%	**2.1%**
	Men	0.0%	4.6%	0.0%	**3.6%**
Technicians	Women	27.8%	5.7%	0.0%	**12.1%**
	Men	15.6%	2.0%	0.0%	**3.7%**
Administrative workforce	Women	16.7%	9.4%	0.0%	**7.3%**
	Men	0.0%	40.0%	0.0%	**18.2%**
Operational workforce	Women	74.1%	25.0%	0.0%	**52.1%**
	Men	39.4%	8.1%	0.0%	**12.0%**
Total		**31.8%**	**5.7%**	**0.0%**	**9.4%**

(1) Hiring rate calculated as the ratio of new hires made during the year to the headcount at year-end (both include permanent and temporary contracts).

Number of absences during the financial year by age group, professional group and gender [GRI 401-1]

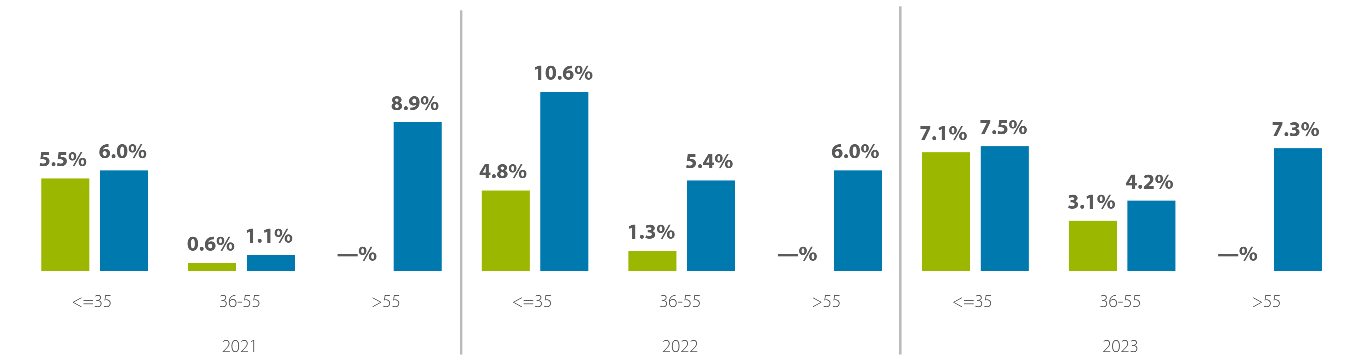
		< =35 years	36-55 years	> 55 years	Total
Managers	Women	1	2	0	**3**
	Men	0	4	2	**6**
Technicians	Women	6	15	1	**22**
	Men	8	7	7	**22**
Administrative workforce	Women	0	4	4	**8**
	Men	0	0	0	**0**
Operational workforce	Women	0	0	0	**0**
	Men	2	2	7	**11**
Total		**17**	**34**	**21**	**72**

Voluntary and absolute turnover rate by gender [GRI 401-1]

	2021			2022			2023		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Voluntary turnover rate (1)	1.9%	0.9%	**1.2%**	3.4%	1.0%	**1.7%**	5.7%	2.0%	**3.1%**
Absolute turnover rate (2)	3.0%	3.3%	**3.2%**	9.1%	6.0%	**6.9%**	8.6%	4.2%	**5.5%**

(1) Voluntary turnover rate calculated as the ratio of voluntary departures during the year to the workforce with permanent contracts at year-end.
(2) Absolute turnover rate calculated as the ratio of all professional departures (regardless of their nature) during the year to the workforce with permanent contracts at year-end.

Voluntary and absolute turnover rate by age group [GRI 401-1]



Voluntary turnover rate: Total permanent contract voluntary redundancies/total workforce (%)
Absolute turnover rate: Total permanent contract redundancies/total workforce (%)

Enagás has not carried out any restructuring in recent years, nor does it plan to do so. The company ensures the appropriate transmission of expert knowledge through planned and voluntary departures. In 2023, there were two involuntary departures[16] from the company (two men, one under 35 years of age and the other between 36 and 55 years of age). [GRI 2-7]

Transformation Plan [GRI 404-2]

In order to respond to the company's strategic challenges in accordance with the new Strategic Plan, Enagás is promoting a Transformation Plan which, through the development of cross-cutting and top management-sponsored initiatives, enables it to drive cultural change and the internal transformation of the company with a focus on people.

All of this is underpinned by pillars such as talent, diversity, new ways of working and digitalisation, among others.

This plan focuses on the following areas:

- Roles, profiles and agile resource planning model, as well as competency and capacity development to successfully cope with an environment that demands new skills and knowledge.
- Strategic management of diverse and inclusive talent, which places the professional at the centre, promotes self-driven growth and learning, and ensures the commitment, engagement and development of key talent.
- An agile, flexible and more adaptable organisation, with a more cross-cutting, fluid structure, oriented towards adding value and characterised by the adoption of agile values and new ways of working.
- Digitalisation and efficiency of processes, boosting customer orientation, improving response time and data-driven decision making. Fostering a safety culture in order to evolve towards being a more resilient organisation and ensure business continuity.
- New spaces and forms of intelligent work that provide greater flexibility in the current hybrid context, leveraging the use of new technological tools and promoting a culture of health that guarantees the physical and emotional well-being of professionals.
- Cross-cutting actions to respond to the company's strategic challenges with a focus on operational excellence and flexibility, sustainability and evolution resulting from the decarbonisation and energy transition context (hydrogen, other renewable gases, etc.), among others.

[16] In 2022, no involuntary departures took place; in 2021, there was one (a man, professional group 'Operator', aged 36-55).

All of this is complemented by a Communication and Change Management Programme, which activates the transformation by placing the professional as an active part of the action plan and ensures the success and measurement of the impact on results.

Major projects being pushed forward in 2023 include: the improvement of key business processes, simplification of reporting, development of leadership and training programmes at a company level, promotion of digitalisation and development of digital products (SL-ATR, Guarantees of Origin), listening actions and improvement of the employee experience, actions within the agile framework, health and safety and resilience change management and the adaptation of spaces around the new hybrid context.

Enagás has Corporate Guidelines on the Right to Digital Switch-Off, which moderate possible effects of permanent connectivity and promote a positive impact on people's productivity and well-being. . [GRI 404-2]

See the **Corporate Guidelines on the Right to Disconnect** on the corporate website.

Agility and new ways of working

In addition, Enagás is leading a programme of agility and new ways of working that aims to adopt agile principles throughout the company through specific actions in three areas:

- Evolve towards an organisation with greater transversality, customer orientation and process simplicity.
- Promote the use of methodologies that seek to adopt collaborative frameworks that foster early value delivery, continuous improvement and innovation.
- Promote new behaviours and attitudes that foster communication, transversality and agility training for professionals.

In 2023, from the 'Agility Hub', the company continued its commitment to agility and the adoption of new ways of working at the company, highlighting the launch and execution of the following initiatives:

- Organisational evolution of areas of the company based on structures and management models agile in defining transversal roles with a customer vision, promoting agile project offices and creating permanent product-oriented structures made up of agile cells.
- Methodological support to teams in the adoption of agility and new ways of working in day-to-day and project work through Communities of Practice and other associated specific actions.
- Promotion of internal communications to reinforce the dissemination of agile culture (effective meetings, sharing of best practices and internal company testimonials, among others).

At Enagás, in accordance with the drive for teams to adopt agility and new ways of working, reflection sessions have been implemented on the natural team and project team level, using an agile/scrum philosophy that allows for an 'informal' evaluation at the team performance level. These sessions are characterised by being 'spaces for reflection' in which the teams 'self-evaluate' by identifying areas for improvement that need to be strengthened from both an individual and collective point of view.

In addition, in order to continue disseminating agility and new ways of working to all Enagás professionals, a training plan on new methodologies was launched for all company workforce (see the 'Training' sub-section in this section).

Awareness of in-house talent [GRI 404-3]

The company has different evaluation models aimed at getting to know internal talent in order to effectively guide their training and professional development.

The performance assessment model is based on the corporate skills that make up the Leadership Model for each professional category, thus allowing the identification of strengths and areas for individual development of each professional. There is also a management-by-objectives model to align employees' individual performance and contribution with the company's strategic challenges, via the annual definition of measurable and defined objectives for each professional with regular monitoring by their managers, through the annual variable remuneration of professionals not covered by the collective bargaining agreement. These assessments are carried out annually and serve as a base for promoting continuous improvement and designing personal development plans.

Development Centre sessions are also held; in these, through various techniques and simulation exercises, participants obtain personalised feedback about their potential strengths and areas for development in the performance of different roles and responsibilities. In 2023, in response to the company's organisational needs during the year, 43 professionals (79 in 2022) participated in a talent identification programme and 16 (51 in 2022) received a skills-based assessment for possible promotion to management positions.

With the aim of continuing to promote feedback culture at the company and fostering open communication, Enagás has an online platform for all professionals to receive and give feedback to other professionals. This aims to encourage the identification of improvements at work and to recognise achievements.

Finally, it should be noted that in 2023, with the aim of adapting the management team's skills to successfully face the challenges of the Strategic Plan and the Transformation Plan, a Leadership Development Programme has been put in place. This has entailed the identification of critical knowledge and skills to be developed at the company to achieve our strategic challenges. 40 professionals (members of the Executive Committee and company Directors) have participated in a 360º evaluation process (evaluation by their managers, teams and peers and/or internal customers) to provide them with an expanded vision of their strengths and areas for improvement, thus focusing both the individual and collective actions we will take next to boost their development of skills that are critical for Enagás.

Percentage of professionals who have received performance assessment by professional group and gender (1)

[GRI 404-3]

		2021	2022	2023 (2)
Managers	Women	100%	100%	97.9%
	Men	100%	100%	100.0%
Administrative workforce	Women	96.6%	94.2%	89.7%
	Men	72.1%	69.9%	70.3%
Managers	Women	64.8%	64.8%	68.3%
	Men	77.8%	77.8%	54.5%
Administrative workforce	Women	39.1%	18.8%	20.8%
	Men	90.4%	87.5%	87.4%
TOTAL		82.6%	78.9%	78.4%

(1) Individual performance assessment. The percentage is calculated by dividing the number of professionals assessed by the number of staff at year-end. The Chief Executive Officer is not included, as he is not covered by the performance assessment.
(2) The data of the performance assessment of the group of professionals included in the collective bargaining agreement refer to the 2022 financial year, as the 2023 evaluation campaign ended after the approval of this report.

Professional development programmes

The information obtained from the various assessments of our professionals to date makes it possible to design individualised development plans tailored to the identified needs identified. These are approached from an integral perspective, following the 70:20:10 learning model, based on the fact that for this process to be as effective as possible, we must focus on three complementary areas: experience, exposure and education.

In relation to the first area of experiential learning, internal rotation programmes are fostered so that new knowledge can be applied to real situations, and participation in transversal projects or temporary assignments can also be taken advantage of. In 2023, there were 144 internal movements (163 in 2022), of which 36 were promotions, 103 horizontal movements and 5 expatriation. 46% of hirings selected internal candidates (43% in 2022). 21 interns also stayed on at the company (31 in 2022).

In relation to the second area, namely exposure or informal learning, there is the option of carrying out internal and/or external coaching and mentoring programmes. These programmes contribute to the achievement of the company's strategic objectives, and their main benefits are the development and retention of talent, increased satisfaction and motivation of professionals, improved internal communication and teamwork, increased productivity, leadership development and strategic vision, as well as the promotion of female talent and the increased presence of women in positions of responsibility.

- Enagás promotes personalised coaching programmes aimed at working on the capabilities and skills necessary for the performance of each professional, facing times of change or undertaking new roles. In 2023, 29 professionals participated in coaching programmes (six professionals in 2022). In addition, professionals in the company have received training and are certified in coaching; they are therefore qualified to carry out internal coaching processes.
- Enagás has continued to strengthen its internal mentoring programme aimed at all the company's professionals, which encourages two-way learning among colleagues. Enagás continued to strengthen its internal mentoring programme, aimed at all company professionals. In 2023, 54 professionals (27 mentees and 27 mentors) participated in the internal mentoring programme, and 46 professionals (31 mentees and 16 mentors) participated in the external mentoring programme. The aim of these external programmes is to encourage and enable professionals to reach senior management positions, to foster their development and to receive advice from more senior professionals from a company other than their own, allowing for a greater exchange of experiences.

Finally, the third area - education - promotes a culture of continuous learning, putting the employee at the centre, empowering them and providing them with the capacity for self-development through training ecosystems where they can access different learning programmes and initiatives.

In addition, there have been two career models at the company. On the one hand, there is the management career, where you are promoted vertically to positions of greater responsibility and based on team management. On the other hand, there is the technical career, aimed at creating and identifying experts in those areas of knowledge that are critical for Enagás.

Training [GRI 404-2]

Enagás is committed to training its professionals from when they join the company and throughout their professional career.

Training begins with the Enagás Welcome Plan, which includes communication and training activities. It includes e-learning training on aspects such as the Code of Ethics, a corporate defence programme, a corruption prevention programme, human rights and equality, among others, which are compulsory for all professionals, and face-to-face training on the Enagás value chain that offers professionals a global vision of the company's business. As a complement to this plan, new recruits participate in a buddy programme; during their Enagás onboarding process, they are accompanied by a colleague who guides and helps them as they take their first steps.

Besides, depending on the type of work the person performs, a training plan has been designed in areas related to operations, maintenance, security and administrative management.

The company's training is driven by the new Enagás Corporate University, where over 10% of the workforce participate as trainers in different programmes. Beyond classroom and on-the-job training, virtual training, e-learning, mobile training and communities of practice, we also promote the use of experiential technologies, allowing real cases to be simulated and people to learn from experience without putting people's safety at risk or modifying infrastructure operations.

Enagás' commitment to training all its professionals is evidenced by a training penetration rate[17] of 94.9% in 2023 (97.1% in 2022), an

[17] The training penetration rate is the number of professionals who have received at least one training activity during the year out of the total number of employees at year-end.

average of 58.1 hours of training per professional (55.1 hours in 2022) and an average investment of 1,096 euros per professional (1,239 euros in 2022).

Enagás assesses the satisfaction of professionals who have received training; this increased in 2023 compared with the previous year, reaching 8.8 out of 10 (8.7 in 2022).

Enagás professionals received an average of 58 hours of training in 2023

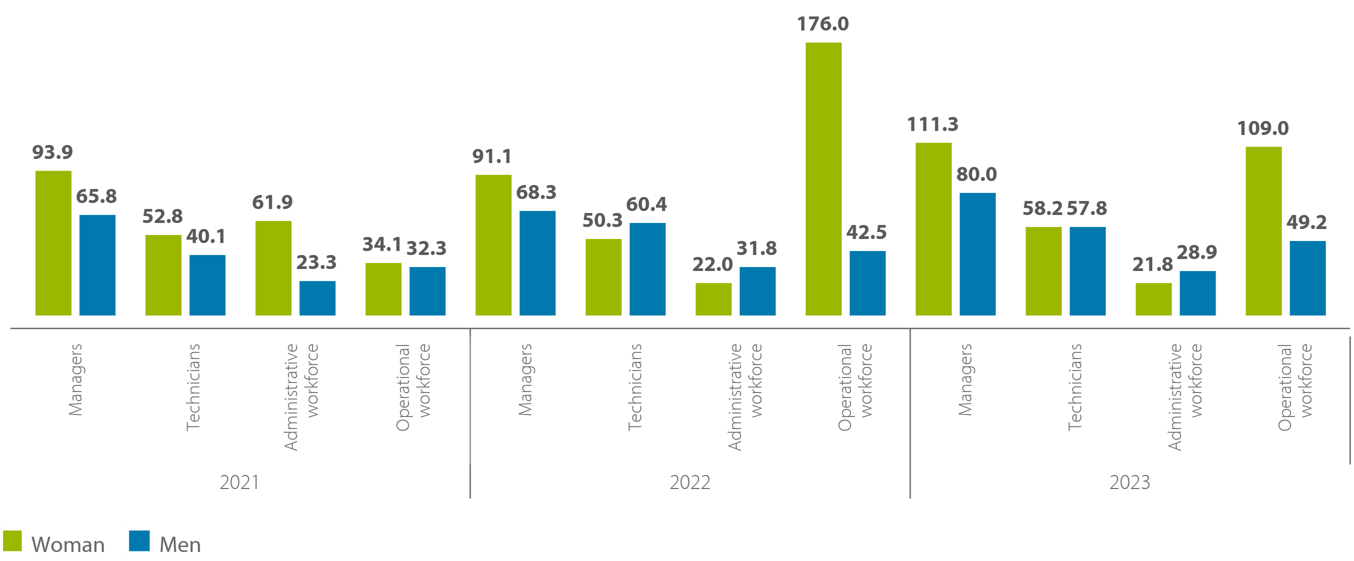
As part of Enagás' strategy to promote the continuous training of our professionals to guarantee success in the performance of their duties, there are customised training schedules for each of the company's profiles and levels. These schedules are set out to generate progressive improvement in our professionals' qualification levels, anticipating their short- and long-term needs, and include corporate, operation and maintenance, environmental and health and safety training. This year, they have been extended to strategic areas, including Agility and New Ways of Working, Digital Transformation and Hydrogen. The

training associated with these training schedules (training counted as compulsory) represents 19% of the training hours and 14% of the economic investment per professional.

Additionally, we have programmes based on the skills and behaviours established for each profile associated with our leadership model. We also have training, upskilling and reskilling programmes that provide technical training to new employees, allowing them to take on new roles and participate in new projects and initiatives. [GRI 404-2]

Within the framework of the Enagás Knowledge Management Model, with the aim of promoting the dissemination and transfer of critical knowledge generated within the company, especially in Infrastructure, the company has continued to work on a series of initiatives, including the promotion of social learning so that professionals can earn and share knowledge through the 'Expert Talk' programme. In this programme, experts and company leaders share their knowledge with the rest of the company's professionals through monthly lectures on relevant topics in the gas sector, and the creation of lessons on different subjects that other professionals can consult. Likewise, in order to minimise knowledge loss, we continue with the critical knowledge transfer plans linked to the relay plans.

Hours of training (1) received by professional, by professional group and gender [GRI 404-1]



(1) Average training hours out of total hours completed during the financial year in relation to the average number of employees.

Total hours of training courses completed during the financial year by professional group [GRI 404-1]

	2021	2022	2023
Managers	10,932	10,788	11,764
Technicians	31,494	40,688	41,197
Administrative workforce	5,654	2,225	2,143
Operational workforce	12,583	20,512	23,605
TOTAL	**60,663**	**74,213**	**78,709**

Diversity and Inclusion [GRI 3-3]

Enagás has a Diversity and Inclusion Policy that sets out the commitments and lines of action to position diversity management and inclusion as key elements of its global strategy. This policy promotes equal opportunities as the central axis around which human resources policies should be oriented, with the aim of creating strategic assets and promoting the full personal and professional development of company employees at all times, thus consolidating the right of all professionals to truly equal opportunities and equal treatment. It also includes the integration of diversity in the main human resources processes such as access to employment, personal progress and professional development and promotion, all while guaranteeing a management free of bias associated with differences.

See our **Diversity and Inclusion Policy** on the corporate website.

Enagás promotes a culture that ensures a diverse and inclusive environment, and fosters a working environment in which trust and mutual respect prevail and where integration and recognition of individual merit are hallmarks of the company.

Enagás has designed a Master Plan establishing two bodies to continuously promote Diversity and Inclusion at the company:

- Diversity and Inclusion Committee, whose goal is to involve the company's management and middle management in the Diversity and Inclusion strategy by promoting inclusion in their areas of responsibility, being active and prominent advocates of inclusive practices and leadership. This provides a space for sharing experiences, reflecting, finding synergies and proposing concrete actions to advance with a sustainable, inclusive and egalitarian model of people management. This Committee, which is composed of directors representing all areas of the company, has met twice since June 2023.
- Diversity and Inclusion Allies Network, to take the pulse of the organisation in terms of Diversity and Inclusion and ensure the implementation of a diversity and inclusion culture on a day-to-day basis, serving as a link between the Diversity and Inclusion Committee and the rest of the workforce.

The Enagás diversity allies network met for the first time on October 25. This network involves 90 professionals from all areas of the company who have expressed an interest in promoting an inclusive culture based on the six axes of diversity.

The Diversity and Inclusion Master Plan was implemented in 2023.

It also reflects the company's commitment to the promotion of policies and measures to enhance shared responsibility and work-life balance of its professionals. In the same way, and safeguarding freedom of management, Enagás extends this commitment to all its stakeholders, paying special attention to suppliers and contractors as indispensable partners in achieving the company's business objectives (see the 'Supply chain' section in this chapter).

Diversity leadership

In terms of management, Enagás has a specific People and Diversity Department, reporting to the People and Transformation General Manager. This General Manager is a member of the Executive Committee reporting directly to the CEO; his duties include the development and maintenance of Enagás' Diversity and Inclusion strategy.

Non-discrimination

Enagás expressly rejects any discrimination based on gender, age, disability, nationality or culture, race, religious beliefs, thought and sexual orientation, or any other personal, family, economic or social condition among its professionals, fostering work environments free of direct and indirect discrimination, harassment or other forms of intolerance at all levels of the organisation.

The company is determined to create diverse and inclusive work environments, where each and every person feels that they can be themselves and that they are valued, without prejudice, for their work and their talent. In 2023, Enagás launched a specific programme on cognitive biases aimed at Directors and managers to help develop a culture favourable to the diversity and inclusion model that the company seeks. Its goal is to help identify the presence of biases and assess their influence and impact on interpersonal interactions and management, providing team managers with both the necessary tools to be aware of their existence and the measures and actions available to eliminate them. In 2024, this training will be extended to the partner network, and training videos will be distributed to all professionals.

Enagás has a prevention and action protocol for any situation of harassment in the workplace, the aim of which is to set out guidelines for identifying a situation of harassment, whether psychological or moral, sexual, or gender-based, among others, in order to resolve a discriminatory situation, ensuring that the rights of the victims are guaranteed at all times. In this regard, in 2020, Enagás launched an online course on the Code of Ethics aimed at all professionals that addresses this matter.

Consult the **Prevention and action protocol for any workplace harassment situation** on the corporate website.

2023

In 2023, Enagás continued its communication campaign #EllasTeLoCuentan (#ShesTellingYou). Through the testimonies of company professionals, this aims to raise the profile of Enagás women's talent and create female role models to help build the number of women in technical and operational jobs. The campaign was launched in February 2022, and in 2023 testimonials by men were added, #EllasTeLoCuentan, con ellos (#ShesTellingYou, with them), to highlight the team cohesion without the gender of any of their members prevailing.

Enagás, aware of the richness that the confluence of different knowledge, skills and experiences brings to the organisation, has set out its Diversity and Inclusion Strategy based on the following pillars: [GRI 3-3]

Gender	Disability	Generational
To guarantee equal treatment and opportunities in the hiring, development and growth of men and women; to promote an environment and conditions in which all people aspire to, and are able to, achieve positions of responsibility.	To move forward with the full inclusion of people with disabilities in the workforce, ensuring that they have equal opportunities to integrate into all parts of life, to the best of their abilities and wishes.	To encourage different generations to work together in a favourable environment, to mix, to find common ground and to contribute their best, being true to themselves, both as individuals and as high-performing teams.
Cultural	**Thinking**	**LGTBIQ+**
To take advantage of the multiculturalism inherent to companies (different nationalities) to improve the employee experience, using the differences in habits, language and thinking that this implies, rather than letting these be a barrier to achieving team integration and goals.	To create a culture and professional environment where the uniqueness of beliefs, education, skills, thinking and preferences contributes to enhancing employee innovation, sound decision-making and commitment.	To make visible, integrate and normalise LGBTQI+ groups in the professional environment, improving their inclusion regardless of their sexual orientation, gender identity and gender expression.

This strategy is supported by a Diversity and Equality Action Plan which aims to ensure equality of opportunity by promoting a diverse, inclusive environment.

We have joined the European Diversity Month with testimonials from our company's Executive Committee management team

Gender diversity

In the area of gender diversity, Enagás guarantees equal treatment and opportunities in the hiring, development and growth of men and women; to promote an environment and conditions in which all people aspire to, and are able to, achieve positions of responsibility.

To this end, it has an Equality Plan that sets out a framework for action to promote effective equality, equity, merit, personal progress, shared responsibility and work-life balance among all professionals.

Enagás has also joined the commemoration of specific days including International Women's Day, European Equal Pay Day, International Day of Women and Girls in Science, International Women in Engineering Day, Women's Entrepreneurship Day and International Day for the Elimination of Violence against Women.

Consult the **2nd Gender Equality Plan** on the corporate website.

Gender diversity programmes

Enagás promotes measures aimed at increasing the participation of women in positions of responsibility, such as the 'Women with Talent' development programme, the 'Promociona' project and the 'Progresa' project. The latter ones are being developed in collaboration with the CEOE, and aim to create networking groups based on the sharing of experiences to provide high-potential women with the tools and skills necessary to boost their professional careers and take on positions of high responsibility in the future. It has also launched the Management Development Programme 'Women with High Potential', together with the EOI and the mentoring programme for managers, AED Lead Mentoring. These programmes contribute to the achievement of the company's strategic targets, recognising, promoting and developing female talent and guaranteeing the principle of equal opportunities and non-discrimination. In 2023, 18 women (also 18 in 2022) participated in one of the female management development programmes in which Enagás participates.

Other gender diversity indicators

Of 127 new recruitments,

46.4%

are women

Of 36 internal promotions,

33.3%

are women

Of 18 internal promotions to managerial and pre-managerial positions,

44.4%

are women

Company diversity targets

Enagás sets gender diversity targets as part of its annual and three-year company objectives. These targets are linked to the variable remuneration of all Enagás professionals, including the CEO, thus linking remuneration to diversity goals.

The Diversity and Inclusion Action Plan, as well as the company's 2nd Gender Equality Plan, define specific measures to ensure compliance with these targets.

Company diversity targets

Mechanism	Term	Indicator	Target value	Percentage achieved
Company targets 2023	2023	Percentage of women on short-list of external processes	50%	Compliant ✓
	2023	Continuation on benchmark indices (Bloomberg Gender Equality Index)	Continued presence in the top 5 of Spanish companies' ranking	Compliant ✓
Company targets 2024	2024	Percentage of promotion of the less-represented gender in management positions	40%	In progress
	2024	Number of persons of the less-represented gender hired as a percentage of total workforce	40%	In progress
Targets for long-term incentives 2022- 2024	2024	Percentage of women on Board of Directors	40%	Compliant ✓
	2024	Percentage of women on managerial and pre-managerial positions	40%	In progress
	2024	Percentage of promotions that are women in managerial and pre-managerial positions	20%	In progress

Remuneration

The Enagás remuneration model factors in considerations of equality and non-discrimination, establishing differences due solely to the worker's position in the organisation and professional experience. Furthermore, the Enagás Collective Bargaining Agreement sets out different salary levels based exclusively upon objective work criteria.

In 2023, Enagás' minimum wage, established by the Collective Bargaining Agreement, was 1.5 times the national minimum wage in Spain, regardless of gender (1.6 times in 2022) [GRI 202-1].

Evolution of the relationship between base salary of women and men by professional group [1] [GRI 405-2]

		2021	2022	2023
Managers	Chief Executive Officer [2]	N.A.	N.A.	N.A.
	Other members of the Executive Committee	0.93 [3]	1.00	1.00
	Other managers	0.91	0.95	1.00
Technicians		1.00	1.00	1.00
Administrative workforce		1.06	1.07	1.06
Operational workforce		0.89	0.80	0.83
TOTAL	**Ratio**	**0.98**	**1.01**	**1.03**
	Percentage [4]	**2.12%**	**-1.21%**	**-2.58%**

N.A. Not applicable
(1) Ratio of average base salary of women to average base salary of men. Base salary is defined as the fixed gross annual salary at December 31. This takes into consideration all professionals in Spain with a permanent or temporary contract, both full-time and part-time (100% of the workforce). In the case of part-time workforce, the base salary has been extrapolated to a full-time salary for comparability.
(2) There are no women in this professional group.
(3) Unrepresentative data, as there are less than three professionals in this group for one of the genders.
(4) Figure calculated as the difference between the average base salary of men and women divided by the average base salary of men.

Evolution of the relationship between average remuneration [1] of women and men by professional group [GRI 405-2]

		2021	2022 (year of settlement of long-term incentive plans) [2]	2023 [2]
Managers	Chief Executive Officer [3]	N.A.	N.A.	N.A.
	Other members of the Executive Committee	0.95 [4]	0.87 [4]	0.92
	Other managers	0.89	0.93	1.03
Technicians		0.95	0.95	0.95
Administrative workforce		1.09	1.07	1.10
Operational workforce		0.85	0.86	0.79
TOTAL	**Ratio**	**0.90**	**0.98**	**0.99**
	Percentage [5]	**10.14%**	**1.88%**	**1.29%**

N.A. Not applicable
(1) Ratio of average remuneration of women to average remuneration of men. Average remuneration includes: base year salary at December 31, variable remuneration, allowances, payments to long-term savings plans and any other item, such as overtime. Only the transfer allowance is excluded, as it is not considered remuneration as such; it accounts for less than 0.1% of the total amount of remuneration.
This takes into consideration all professionals in Spain with a permanent or temporary contract, both full-time and part-time, who have remained in the company throughout the year (93.7% of the workforce). In the case of part-time workforce, the base salary has been extrapolated to a full-time salary for comparability.
For 2022, given the appointment of the Chief Executive Officer in February 2022, the Chief Executive Officer's annual base salary was considered together with the actual remuneration received in the year for comparability purposes.
(2) In 2022, the long-term incentive plans (2019-2021) were settled, significantly increasing the remuneration of the company's professionals. The allocation of these incentive plans was structured according to the professional group's degree of contribution to the established targets. In 2023, the partial settlement of the term incentive plans (2019-2021) for senior management was finalised.
(3) There are no women in this professional group.
(4) Unrepresentative data, as there are less than three professionals in this group for one of the genders. Although there were three women on the Executive Committee in 2022, only two were taken into account for the wage gap calculation, as one of them was not with the company for the whole year.
(5) Figure calculated as the difference between the average remuneration of men and women divided by the average remuneration of men.

In 2023, the wage gap continued to decrease, but not materially. The wage gap in the year, considering total remuneration, was 0.99 (1.29% difference between men's and women's base salary).

When analysing the pay gap by occupational group, the difference in the 'Other Executive Committee members' group is due to differences in management seniority among the members of this group, which leads to differences in other remuneration without an identifiable pay gap in base salary among this occupational group (1.00).

The difference in the professional group "Other executives" (1.03) has decreased in recent years, in line with the development and promotion of female talent (women managers and pre-managers).

The difference in salary in the professional group of administrative workforce (1.10) is due to the fact that this is a category made up mostly of women (88%), in which some positions have function-related bonuses.

Similarly, the difference in the category of operational workforce (0.79) is explained by a greater presence of men (88.6%) with an average seniority greater than that of women (an average of 14.9 years for men compared to 4.3 years for women). In this regard, Enagás is promoting the incorporation of women in the technical specialist professional group through initiatives such as the search for female profiles in vocational schools.

In 2023, Enagás has launched a new study on the gender pay gap in anticipation of the transposition into Spanish law of the requirements of the EU Directive.

Changes in average remuneration (1) by professional group, age and gender [GRI 2-19, GRI 405-2]

		2021	2022 (year of settlement of long-term incentive plans) (2)	2023 (2)
Professional group				
Managers	Chief Executive Officer (3)	1,592,399	1,377,688	1,879,700 (4)
	Other members of the Executive Committee	561,410	595,687	641,438
	Other managers	150,128	176,791	161,048
Technicians		66,243	73,404	70,983
Administrative workforce		46,414	51,109	50,210
Operational workforce		53,067	58,686	57,289
Age range				
<=35 years		51,074	55,556	53,320
36-55 years		76,611	83,893	80,975
>55 years		95,912	93,164	91,534
Gender				
Women		70,493	80,573	78,195
Men		78,451	82,116	79,217

(1) Average remuneration that includes: base year salary at December 31, variable remuneration, allowances, payments to long-term savings plans and any other item, such as overtime. Only the transfer allowance is excluded, as it is not considered remuneration as such; it accounts for less than 0.1% of the total amount of remuneration.
This takes into consideration all professionals in Spain with a permanent or temporary contract, both full-time and part-time, who have remained in the company throughout the year (93.7% of the workforce). In the case of part-time workforce, the base salary has been extrapolated to a full-time salary for comparability.
(2) In 2022, the long-term incentive plans (2019-2021) were settled, significantly increasing the remuneration of the company's professionals. The allocation of these incentive plans was structured according to the professional group's degree of contribution to the established targets. In 2023, the partial settlement of the term incentive plans (2019-2021) for senior management was finalised.
(3) Data for 2021 is the average remuneration of the Executive Chairman and the Chief Executive Officer. Data for 2022 and 2023 do not include the Chairman, as he became a non-executive Chairman in April 2022, and only the Chief Executive Officer's information is included. As the appointment of the current CEO took place in February 2022, his annual base salary together with the actual remuneration received in 2022 was considered in the remuneration reported in that fiscal year.
(4) This amount differs from the amount reported in the Annual Report on Directors' Remuneration 2023, as the information reported in this table excludes interim income (50.9 thousands of euros for the Chief Executive Officer) and considers the annual base salary for comparison purposes.

Changes in average remuneration (1) by professional group and gender [GRI 2-19, GRI 405-2]

			2021	2022 (year of settlement of long-term incentive plans) (2)	2023 (2)
Managers	Chief Executive Officer (3)	Women	N.A. (4)	N.A. (4)	N.A. (4)
		Men	1,592,399	1,377,688	1,879,700 (5)
	Other members of the Executive Committee	Women	539,303 (6)	540,091	609,812
		Men	566,937	617,925	660,413
	Other managers	Women	138,519	168,460	164,276
		Men	155,737	181,614	159,222
Technicians		Women	63,862	71,043	68,305
		Men	67,333	74,445	72,129
Administrative workforce		Women	46,798	51,419	50,685
		Men	42,788	48,014	46,097
Operational workforce		Women	45,520	50,599	46,172
		Men	53,472	59,097	58,452
TOTAL		**Women**	**70,493**	**80,573**	**78,195**
		Men	**78,451**	**82,116**	**79,217**

N.A. Not applicable
(1) Average remuneration that includes: base year salary at December 31, variable remuneration, allowances, payments to long-term savings plans and any other item, such as overtime. Only the transfer allowance is excluded, as it is not considered remuneration as such; it accounts for less than 0.1% of the total amount of remuneration.
This takes into consideration all professionals in Spain with a permanent or temporary contract, both full-time and part-time, who have remained in the company throughout the year (93.7% of the workforce). In the case of part-time workforce, the base salary has been extrapolated to a full-time salary for comparability.
(2) In 2022, the long-term incentive plans (2019-2021) were settled, significantly increasing the remuneration of the company's professionals. The allocation of these incentive plans was structured according to the professional group's degree of contribution to the established targets. In 2023, the partial settlement of the term incentive plans (2019-2021) for senior management was finalised.
(3) Data for 2021 is the average remuneration of the Executive Chairman and the Chief Executive Officer. Data for 2022 and 2023 do not include the Chairman, as he became a non-executive Chairman in April 2022, and only the Chief Executive Officer's information is included. As the appointment of the current CEO took place in February 2022, his annual base salary together with the actual remuneration received in 2022 was considered in the remuneration reported in that fiscal year.
(4) There are no women in this professional group.
(5) This amount differs from the amount reported in the Annual Report on Directors' Remuneration 2023, as the information reported in this table excludes interim income (50.9 thousands of euros for the Chief Executive Officer) and considers the annual base salary for comparison purposes.
(6) Non-representative data, as there are less than three professionals in this professional group.

Generational diversity

The company is a partner of the Generation and Talent Observatory which encourages innovation and promotes active policies of generational diversity based on values and ethics. Enagás also collaborates in the dissemination of best practices in this area through Capital Radio's Human Resources forum, where it highlights the richness of the confluence of different generations in the workplace, and has sponsored and collaborated in various studies such as 'Diagnosis of generational diversity: analysis of intergenerational talent in companies', 'Intergenerational leadership' and 'Intergenerational health and well-being'.

Additionally, Enagás professionals have been provided with online training on generational diversity, deepening the intergenerational culture present at the company.

2022-2023

Enagás has collaborated with the Generation and Talent Observatory on the Diversity 360º model, the aim of which is to establish a tool for comprehensive diversity management in the workplace. Following the project's completion in 2023, the conclusions of the study will be presented in 2024.

Number of professionals by age group and professional group at year-end[18] [GRI 2-7, GRI 405-1]

	2021				2022				2023			
	<=35 years	36-55 years	>55 years	Total	<=35 years	36-55 years	>55 years	Total	<=35 years	36-55 years	>55 years	Total
Managers	0	122	25	**147**	1	108	20	**129**	0	108	22	**130**
Technicians	134	465	113	**712**	152	430	132	**714**	149	416	144	**709**
Administrative workforce	5	68	24	**97**	7	63	27	**97**	8	58	27	**93**
Operational workforce	77	227	84	**388**	107	227	91	**425**	98	230	94	**422**
Total	**216**	**882**	**246**	**1,344**	**267**	**828**	**270**	**1,365**	**255**	**812**	**287**	**1,354**

Percentage of professionals by professional group, age group and gender at year-end [GRI 405-1]

2021

	Managers		Technicians		Administrative workforce		Operational workforce	
Categories	Women	Men	Women	Men	Women	Men	Women	Men
<= 35 years	—%	—%	27.6%	14.6%	4.5%	11.1%	56.5%	17.5%
36-55 years	95.6%	77.5%	62.5%	66.7%	71.6%	55.6%	—%	62.2%
> 55 years	4.4%	22.5%	9.9%	18.8%	23.9%	33.3%	43.5%	20.3%

2022

	Managers		Technicians		Administrative workforce		Operational workforce	
Categories	Women	Men	Women	Men	Women	Men	Women	Men
<= 35 years	2.1%	—%	30.5%	17.0%	5.7%	22.2%	66.7%	19.9%
36-55 years	93.6%	77.1%	57.1%	61.7%	67.0%	44.5%	33.3%	56.0%
> 55 years	4.3%	22.9%	12.4%	21.3%	27.3%	33.3%	—%	24.1%

2023

	Managers		Technicians		Administrative workforce		Operational workforce	
Categories	Women	Men	Women	Men	Women	Men	Women	Men
<= 35 years	2.1%	—%	30.5%	17.0%	5.7%	22.2%	66.7%	19.9%
36-55 years	93.6%	77.1%	57.1%	61.7%	67.0%	44.5%	33.3%	56.0%
> 55 years	4.3%	22.9%	12.4%	21.3%	27.3%	33.3%	—%	24.1%

Disability

Enagás has procedures and policies in place to promote equal opportunities and non-discrimination for people with disabilities. The company works towards social and labour inclusion through direct hiring (seven people in the workforce at year-end[19]) and indirect job creation for severely disabled profiles, through collaboration agreements with foundations and special employment centres.

The company also supports corporate volunteering initiatives to promote the social integration of people with disabilities and to raise awareness among Enagás professionals of the needs of this group (see the 'Corporate volunteering programme', sub-section in the 'Local communities' section in this chapter), as well as training and disability awareness measures.

[18] At the close of the 2023 fiscal year, the distribution of Enagás professionals by age range and gender was: 37 women <30 years of age, 49 men <30 years of age, 256 women between 30 and 50 years of age, 552 men between 30 and 50 years of age, 108 women >55 years of age, 352 men >55 years of age.
[19] At the end of the 2022 and 2021 financial years, there were six and seven persons with disabilities, respectively.

Enagás commemorates the International Day of Persons with Disabilities; in 2023, the company launched its 'Por la Suma de Capacidades' ('For Total Ability') campaign, a project that aims to raise awareness and increase the visibility of disability situations. As a company committed to diversity, inclusion and the value of all people's talent, Enagás is offering this information to all its professionals to help overcome unfamiliarity and the possible prejudices associated with it.

In addition, Enagás has taken action to improve accessibility for people with disabilities, such as the progressive elimination of architectural barriers at our facilities and the 'AA' accessibility level of our corporate website.

01/2023

The Certification Committee of the Bequal Foundation, a non-profit organisation that recognises organisations that are socially responsible towards people with disabilities, has renewed Enagás' certification in the PLUS category. This certification recognises the company's commitment to people with disabilities as one of the main lines of action included in its Diversity and Inclusion policy.

10/2023

The Ministry of Equality, through the Women's Institute, has extended Enagás' equality award for the fourth time, in recognition of the company's excellence in implementing policies for equality between women and men.

Equality at the company since 2010

Bequal Plus Seal for its commitment to the social inclusion of people with disabilities

Signed the Diversity Charter (plurality of the company)

Signed the UN Women's Empowerment Principles

LGBTQI+ Diversity

The company has signed a collaboration agreement with REDI (Business Network for LGBTQI+ Inclusion).

As part of International LGBTQI+ Pride Day, Enagás has organised initiatives to raise awareness of LGBTQI+ people in the workplace, based, among other things, on the testimonies of people who have joined the Allies network for this axis of diversity at the company.

In June 2023, Enagás signed the United Nations Standards of Conduct to address discrimination against LGBTQI+ people in the workplace.

A preliminary proposal has also been drawn up that will lead to the establishment in 2024 of a content framework for the effective equality of trans people and to guarantee the rights of LGBTQI+ people.

Reconciliation and co-responsibility

[GRI 401-2]

For Enagás, work-life balance means reconciling professionals' needs and interests with those of the company.

The company has new working day and time parameters for the distribution of its 1,674 annual working hours. There are two periods, summer and non-summer, with a divided or continuous working day, flexible in both cases, to be chosen by the professionals depending on the area of activity to which they are assigned[20]. In addition, Enagás has established a teleworking system that allows it to respond to the current context, in which 91% of professionals whose position is compatible with this type of work voluntarily participate.

Enagás has been certified as an Family-Friendly Company since 2007; it obtained the highest rating (A+ Level) for excellence in work-life balance from the Más Familia Foundation. Work-life balance is a voluntary commitment that Enagás has made to contribute to the professional and personal success of its workforce.

To this end, the company has more than 125 measures aimed at reconciling the different aspects of people's lives. They support professional and personal development and facilitate a balance between the different dimensions of each person's life, as well as those of their immediate family. Work-life balance becomes a key instrument to guarantee equality of opportunity.

Enagás believes that the Family-Friendly Company model is integrated into the management of the business and is a valuable tool that has also allowed the company to be perceived as an excellent place to work. The Family-Friendly Company model is subject to an external audit, which evaluates, among other aspects, the return on investment of work-life balance and obliges the company to always be in a process of continuous improvement.

[20] Except shift personnel.

Family-Friendly Company certificate
A+ Level of Highest Excellence

Some of the relevant reconciliation measures available to our professionals[21] are as follows:

Family

- Flexible Remuneration Plan: includes health insurance, childcare, travel card and training
- Study allowance for children of professionals covered by the collective agreement.
- 80% subsidy on special schooling expenses for professionals who have children with disabilities.
- 'Día sin Cole' (No School Day) programme and subsidised urban summer camps in Madrid for professionals' children on workdays throughout the school year[22].
- Specific measures for female workers who are victims of gender-based violence.
- VivoFacil Family Support Programme:
    - 'Mi Asistente' (My Assistant) personal manager, which takes care of all necessary day-to-day procedures and information.
    - Free assistance with various administrative processes, such as procedures for vehicle purchase and sale, procedures for the birth of a child, renewal of driving licences, applications for or renewal of licences and visas, applications for certificates and reports and procedures involving municipal records.
    - Free service for selecting domestic helpers and healthcare personnel.
    - Services for making online wills and living wills, expert legal advice, signings before a notary public and registrations.
    - Specialised treatment (physiotherapy, speech therapy) and 56 free hours of home help service in the event of convalescence, illness or accident.
    - Digital erasure service to remove personal information from the Internet.
    - "My mediator" service, offering the assistance of a person authorised by the Ministry of Justice for conflict resolution.
    - Ecological washing of the professional's personal vehicle[21].

Work flexibility

- Flexibility in start times and lunch break.
- Flexible working (teleworking)[23].
- Shorter workday during the summer and every Friday throughout the year.
- Division of annual leave into a maximum of four periods.

Quality employment

- Annual medical check-up and flu vaccine campaigns.
- 90% subsidy on the cost of private medical healthcare insurance for professionals and 100% for their children. Medical cover on international trips.
- Meal subsidies (canteens, financial aid, restaurant vouchers).
- Temporary disability allowance: payment of 100% of the fixed gross annual salary in the event of illness, accident or parental leave and childcare.
- Extension of the period during which a reduction in working hours for childcare purposes can be requested (until the child is 14).
- Access to a programme of discounts and exclusive prices on a wide range of online products, services and leisure.
- Pension plans for employees with two years' effective or recognised service[21].
- Help towards sports activities.
- Lactation room [21].

[GRI 401-2]

09/2023

Enagás has renewed its commitment to the Telework and Flexibility Charter, promoted by the Másfamilia Foundation, for the next three years. Since 2020, the company has been a signatory to this charter, which aims to promote a flexible working culture to foster a more advanced society in line with the new times.

Enagás has over 125 work-life balance measures that favour the professional and personal development of its workforce

[21] Unless the scope is specified, these measures are aimed at 100% of the workforce of the category to which they apply, including both full- and part-time professionals.
[22] At corporate headquarters, where 44% of the company's professionals and 70% of its women are located.
[23] For all positions compatible with this type of work.

Social benefits most used by professionals in 2023
[GRI 401-2]

	% of costs borne by the company	% of workforce taking advantage of benefits
Meal subsidies (financial assistance and restaurant vouchers)	100.0%	90.5%
Group death and disability insurance(1)	100.0%	100.0%
Healthcare insurance for professionals and their dependants	91.7%	92.5%
Pension plans (2)	88.8%	88.2%

(1) Social benefit for newly recruited professionals, with less than two years' service. Subsequently, this benefit was included in the Pension Plan.
(2) Benefit for professionals with at least two years' service at the company.

In addition, in the event of special circumstances, Enagás improves and extends paid leave beyond that established in current labour legislation. With respect to childcare, in addition to the maternity/paternity leave established by law (currently 16 weeks for each parent), professionals of both genders can take fifteen working days of paid leave to care for a child under nine months of age (breastfeeding). Enagás has also extended the period during which a reduction in working hours for childcare purposes can be requested (formerly until the child is 12; now until the child is 14). [GRI 401-3]

Parental leave in 2023 [GRI 401-3]

	Women	Men	Total
No. of professionals entitled to parental leave in 2023	29	54	83
No. of professionals taking parental leave in 2023	29	54	83
No. of professionals who returned to work in 2023 after the end of parental leave	17	53	70
No. of professionals who returned to work after the end of parental leave in 2022 and who were still employed 12 months after returning to work	18	47	65
Return-to-work rate (1)	58.6%	98.1%	84.3%
Retention rate (2)	90.0%	95.9%	94.2%

(1) Total number of professionals who returned to work after parental leave divided by the total number of professionals who were required to return to work after parental leave.
(2) Total number of professionals retained 12 months after returning to work from parental leave among the total number of professionals who returned from parental leave in the previous period.

Enagás has a 'Reconexión' (Reconnection) programme, a support programme designed for Enagás professionals who return to the company after parental leave, a leave of absence to care for a child or dependent family member, or prolonged temporary disability, with the aim of facilitating their adaptation and return.

08/2023

For the seventh consecutive year, Enagás is offering its training programme 'Aliados con la educación' (Education Allies) together with the NGO 'Educar es Todo' (Education is Everything). This programme consists of four online training sessions that offer professionals the opportunity to learn and answer their education-related questions with different renowned experts.

Collective bargaining [GRI 2-30]

In 2020, the company signed the Enagás Group's third collective bargaining agreement to provide the company with a framework of employment stability over a three-year period in line with the current socio-economic context and the needs and development of the company. This collective bargaining agreement covers, among other matters, the health and safety of all Enagás Group professionals (see the 'Health and safety' section in this chapter). In 2023, Enagás began negotiating the Group's 4th collective bargaining agreement, having signed in December the pre-agreement issued by the Negotiating Committee.

In addition, Enagás enters into collective bargaining and carries out regular consultations with the workers' legal representation regarding working conditions, remuneration, dispute resolution, internal relations and issues of mutual concern. In 2023, various working group meetings were held with social representatives, including meetings to negotiate the Enagás Group's 4th Collective Bargaining Agreement and the ordinary meetings of the joint committees established in the Collective Bargaining Agreement, the Equality Plan and the Pension Plan. All of this has resulted in various agreements, notably including the pre-agreement issued by the Negotiating Committee for the Enagás Group's 4th Collective Bargaining Agreement and the system of misconduct and penalties applicable to the Enagás Group.

For professionals not included in the Enagás Group's collective bargaining agreement, the regulations governing working conditions in general are those outlined in the Spanish Workers' Statute. However, those conditions of the Enagás Group collective bargaining agreement that improve on those established in the Workers' Statute are applicable to 100% of the workforce.

Percentage of professionals covered by the Collective Bargaining Agreement by professional group at year-end (1)

	2021	2022	2023
Technicians	25.4%	26.2%	27.8%
Administrative workforce	84.5%	84.5%	86.0%
Operational workforce	100.0%	100.0%	100.0%
Total	**48.4%**	**50.8%**	**51.6%**

(1) These data refer to professionals in Spain.

See the **Enagás Group Collective Bargaining Agreement 2020-2022** on the corporate website.

Satisfaction and motivation of professionals [GRI 2-29]

As part of the Global Listening Strategy, and in line with the Company's Transformation Plan, Enagás launched the climate survey in 2022 with the aim of gathering the views of Enagás professionals on various issues that will enable the company to improve and advance as a whole. These surveys are carried out regularly every two years.

That year, participation by our professionals increased compared to the previous survey, reaching 77% (73% in 2020). Overall professional satisfaction stood at 72% (82% in 2020) and the sustainable engagement index at 82% (91% in 2020), the latter remaining in line with external benchmarks.

As conclusions of the results of the climate survey, 94% of professionals consider Enagás a good place to work, and most of them understand how their work contributes to the business objectives. In addition, the categories of 'stakeholder orientation', 'sustainable engagement' and 'internal relations' are highly rated. The categories 'inclusion and diversity', 'well-being' and 'stakeholder orientation' are the most stable categories compared to the previous survey.

In 2023, to continued with the Global Listening Strategy, the following actions were taken:

- Establishment of action plans derived from the areas for improvement found through the climate survey.
- Launch of a brief survey to monitor the organisation's climate; by randomly selecting a representative sample of the company (50% of the workforce), this survey aimed to gather the views of Enagás persons in order to continue identifying opportunities for improvement and deepen the degree of knowledge of the professionals on the projects implemented by the company. The initiative, in line with the Enagás Transformation Plan, aims to strengthen the commitment and development of people in order to continue growing as a company.

  This survey had a 68% participation rate and showed improvement in most categories compared to 2022, with a sustainable commitment of 85% (three points higher than 2022).
- Launch of a specific survey on social benefits and work-life balance measures aimed at all professionals; this had a 64% participation rate. The purpose of this survey was to give Enagás professionals the opportunity to share their thoughts on a series of measures provided by Enagás to support co-responsibility and facilitate work-life balance. This survey also allowed us to find out what impact these measures and social benefits had on the employee value proposition. 73% of professionals believe that the work-life balance measures offered by Enagás have a high impact on its employee value proposition. 85% of Enagás professionals positively value work-life balance measures/social benefits as an additional part of their salary.

In 2024, Enagás received the Top Employer certification for the fourteenth consecutive year

3.3 Health and safety

Health and safety is one of Enagás' values, as is reflected in the Company's Health and Safety, Environment and Quality Policy.

[GRI 3-3]

From an overall safety perspective, the Company seeks the involvement of leaders and the development of a behavioural model for health and safety that guarantees the operation and maintenance of the facilities, processes and equipment, in safe conditions, so that people can carry out their work in optimal conditions in this sense.

The key aspects that we address in our approach to overall health and safety are occupational and industrial risk management, road safety, crisis management, business continuity and emergencies, information security and the health and well-being of professionals.

Sustainable Management Plan

Main lines in 2023

- Awareness-raising talks to promote physical and mental well-being (mental health, prevention of suicidal behaviour, early detection of cancer, nutrition, etc.) in the framework of the 'HelloHeath! programme.
- Guide Project: improvement in the accident rate indicators for own workforce and contractors.
- Consolidation of resilience culture at the company through different lines of action.
- Development of health and safety requirements for the transformation of existing or new infrastructures for new energy (hydrogen) projects.
- Update to the Mobility and Road Safety Plan.
- Training, sensitivity-raising and awareness-raising for professionals regarding cybersecurity in order to enhance and improve their ability to detect and respond to possible cyberattacks.
- Increase the cybersecurity maturity levels of industrial and corporate systems.

2024 lines

- Facilitate health and safety management from the workplace itself (via mobile application) and improve user experience and accessibility.
- Updating of the information security management system to the new version in accordance with ISO 27001:2022.
- Enhancing physical and mental well-being: 'Hello Health!' campaigns.
- Guide Project: raising awareness of security processes through audiovisual media.
- Consolidation of resilience culture at the company through different lines of action.
- Development of health and safety requirements for new energies in the retrofitting of existing infrastructures and new projects.

0.04
Lost time injury severity rate (own workforce + contractors)
[GRI 403-9]

100%
of activity certified under ISO 45001
[GRI 403-1]

12,206
training hours in health and safety
[GRI 403-5]

3.89
Lost time injury frequency rate (own workforce + contractors) [GRI 403-9]

4.2%
Rate of absenteeism [GRI 403-9]

Health and Safety Management

Health and Safety Management System [GRI 416-1]

The Enagás Group Health and Safety Management System is certified under ISO 45001 and has procedures and systems that seek to prevent injuries and illnesses caused by working conditions in addition to the protection and health promotion of professionals. This system, which is subject to internal audits and external certification, covers 100% of the professionals and contractors (more than 3,850 people in 2023) who carry out work on Enagás infrastructures. [GRI 403-1, GRI 403-7, GRI 403-8]

Enagás also has a Road Traffic Safety Management System certified in accordance with ISO 39001. In this area, the company has a Mobility and Road Safety Plan, guidelines in this area and a protocol for vehicle use. There is also a Sustainable and Safe Fleet Management Manual and a Guide to Good Road Safety Practices for fleet management.

Enagás promotes safety throughout its supply chain and requires ISO 45001 certification in its approval process for suppliers of certain families of products or services (see the 'Supply chain' section in this chapter). Additionally, in order to guarantee the coordination of business activities and the coordination of health and safety on building projects, the company has the Enagás Contractor Access System (SACE) to manage the safety of its suppliers, contractors and the whole subcontracting chain. This system offers contractors the operating safety procedures applicable to the possible risks involved in the works they perform. [GRI 403-7]

Professionals and contractors have access to various channels through which they can participate in and consult the operation, implementation and assessment of the management system. These include the bulletin board, forms, meetings, internal memos, informational pamphlets, posters and/or electronic communications, as well as any other method that can be documented and guarantees receipt by the intended recipient. Additionally, there are cross-company and cascading communication channels that also cover health and safety issues. Enagás also has a chatbot (virtual assistant) to answer the most frequently asked health and safety questions (see the 'Commitment to stakeholders' section in the 'Sustainable Management Model' section in this chapter). [GRI 403-4]

Enagás has various employee representative bodies where they may exercise their participation and consultation rights. Different committees comprise health and safety officers and management representatives. The Health and Safety Committees[24] meet every three months, while the Group and Enagás Transporte SAU Intercentre Health and Safety Committees meet with a frequency set out in the Collective Bargaining Agreement. A chatbot and an email account for suggestions and questions are also available to all professionals. [GRI 403-4]

Awareness-raising [GRI 403-5]

In 2023, a total of 12,206 hours of health and safety training were provided (13,955 hours in 2022); 60% of employees received training (69% in 2022).

Health and Safety training is a key part of any preventative action to improve worker awareness and protection from the hazards that may be present in daily operations. This is why Enagás has designed a training schedule for all different job profiles at the company that sets out the specific training activities needed for each risk group. In 2023, these activities notably included training regarding work with dangerous goods, explosive atmospheres, storage of chemical products, hygiene and ergonomics, first aid and road safety, among others.

06/2023

For World Road Safety Day, which is commemorated every year on June 10, Enagás organised various initiatives to raise awareness among its professionals so that they exercise the greatest caution behind the wheel

During the 2023 financial year, more than 70 informational messages were sent to all Enagás personnel through the corporate mailbox with info bites promoting health programmes (the Steppers challenge, vaccines, etc.), offering talks on a range of topics (sleep hygiene, relaxation techniques, etc.), and more [GRI 403-4, GRI 403-6]

In 2023, Enagás carried on the "Guide Project" campaign to guide employees towards a culture of health and safety through the acquisition of knowledge and good habits that enable people to maintain their well-being in the professional and personal spheres. The actions launched within the framework of this project include an awareness-raising campaign on best safety practices promoted by the members of the Executive Committee, as well as informative videos on hydrogen safety challenges, what to do in case of a safety incident and work with electrical hazards.

Enagás is also providing training to all its contractors through the SACE platform. This training is complemented to the face-to-face chats at infrastructure facilities where particularly hazardous work may be carried out. In 2023, 5,480 hours of training (5,656 hours in 2022) were delivered through the SACE platform to 2,742 contractors from 732 contractor companies.

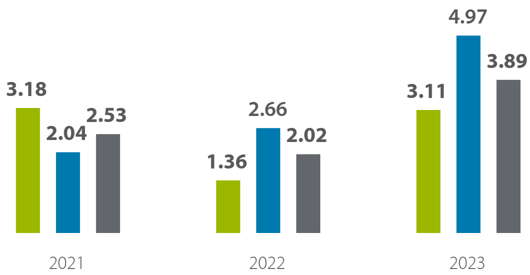
See the **Health and Safety, Environment and Quality Policy**, as well as the Prevention of Major Accidents Policy and the **Corporate Road Safety Guidelines** on the corporate website.

[24] Health and Safety Committees are established, as per regulation, for centres with more than 50 workers, in those centres with less than 50 employees at which there is a Prevention Delegate, health and safety meetings are held on a regular basis.

Health and safety indicators [25] [GRI 403-9]

Lost time injury frequency rate

Number of accidents resulting in lost time injuries per million hours worked (number of lost time accidents x 10^6 / number of hours worked)



- Lost time injury frequency rate (own workforce)*
- Lost time injury frequency rate (contractor workforce)
- Lost time injury frequency rate (own workforce + contractor workforce)

* In 2023, the lost time injury frequency rate by gender for own workforce was 3.79 for men (1.94 and 3.79 in 2022 and 2021, respectively) and 1.50 for women (0.00 and 1.62 in 2022 and 2021, respectively).

In 2023, there were seven lost-time accidents for own workforce[26] (six in men and one in women), none of them considered accidents with major consequences. The main causes were falls and blows. In relation to contractor personnel, in 2023, there were eight lost-time accidents[27], none of them considered accidents with major consequences. The main causes were mechanical hazards and falls and blows.

In 2023, there were no fatalities among our own workforce or the contractor workforce, so the workforce fatality rate per million hours worked was zero in both cases (in 2022, it was 0.00 and 0.44, respectively).

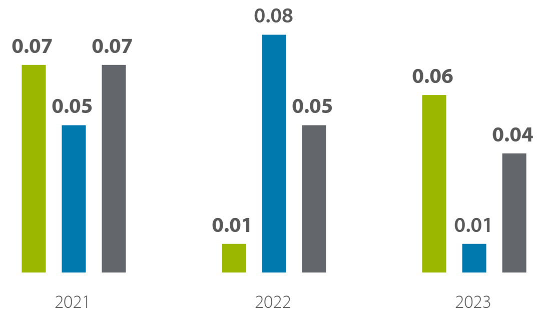
Enagás has a procedure of lessons learned where the method of dissemination is established that uses a cascade approach so that it reaches all personnel at the company.

In 2023, the number of hours worked was 2,249,734 hours for own workforce and 1,609,760 hours for contractors (in 2022, 2,203,622 and 2,255,910, respectively).

As regards reported workplace injuries, the rate per million hours worked in 2023 was 4.89 for own workforce and 6.21 for contractors (in 2022, 4.54 and 5.76, respectively)[28]. In addition, the injury rate for occupational accidents with major consequences (not including fatalities) is zero for both own workforce and contractors.

Lost time injury severity rate

Number of working days lost due to accidents per thousand hours worked (number of working days lost x 10^3 / number of hours worked)

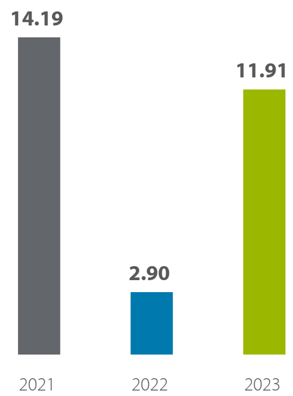


- Lost time injury severity rate (own workforce)*
- Lost time injury severity rate (contractor workforce)
- Lost time injury severity rate (own workforce + contractor workforce)

* In 2023, the lost time injury severity rate by gender among own workforce was 0.08 for men (0.02 and 0.09 in 2022 and 2021, respectively) and 0.01 for women (0.00 and 0.01 in 2022 and 2021, respectively).

Lost day rate [GRI 403-9]

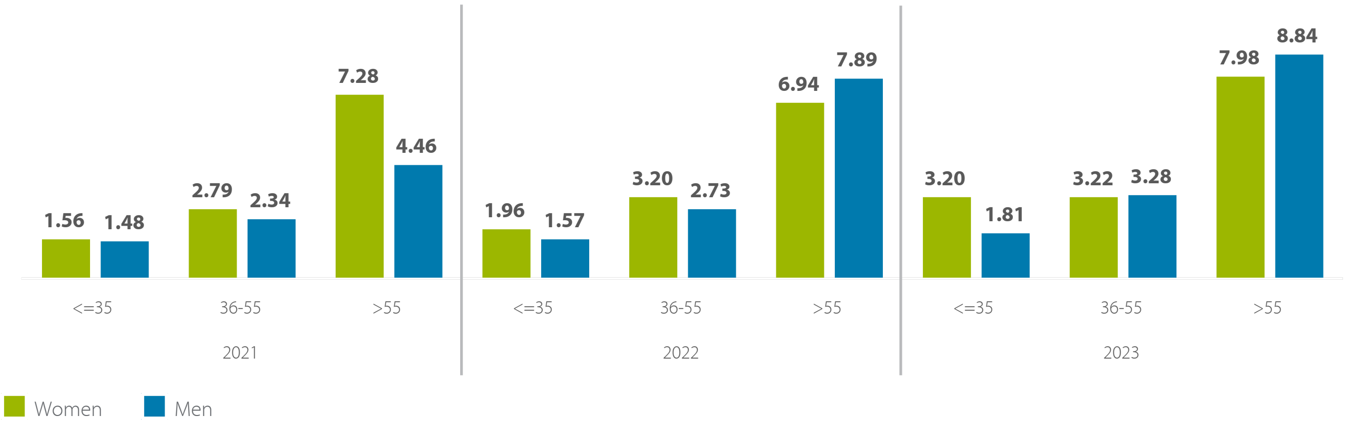
Total cases with lost days (own workforce) / total hours worked per 200,000



[25] From 2022, in order to improve the comparability of data, Enagás will align its accident recording criteria with those of the Occupational Safety and Health Administration (OSHA), considering the concept of activity-relatedness as a determining factor in its recordability.
[26] In 2022, three lost-time accidents occurred among own workforce (all of them in men); in 2021, seven accidents occurred (six in men and one in women). In both years, no accident was considered major.
[27] In 2022 and 2021, seven and six lost-time accidents occurred, respectively. In both years, none of the accidents were considered major, except for one accident in 2022 and one accident in 2021; each resulted in the death of a contractor.
[28] In 2023, there were 11 recordable occupational injuries for own workforce and 10 for contractors. In 2022, there were 10 recordable occupational injuries for own workforce and 13 for contractors.

Absenteeism rate by age and gender [GRI 403-9]

Absenteeism hours x 100 / theoretical hours (collective workforce x 1,674 hours)



The increase in the absenteeism rate in the last year is mainly due to long-term sick leave among men and women over 55 years of age.

Occupational illnesses [GRI 403-10]

Through its evaluation systems for health and safety-related risks, Enagás has not identified workers at risk of work-related diseases. Enagás has therefore not identified any cases of occupational illnesses either for its own workforce or for subcontractors in the last three years.

Risk assessments and incident handling [GRI 403-2, GRI 403-9]

Within its Health and Safety Management System, Enagás has a procedure for the identification of occupational hazards and subsequent risk assessment. Additionally, the following procedures are available:

- An internal procedure for occupational risk assessment using a method based on the Simplified Accident Risk Assessment System from the National Occupational Safety and Hygiene Institute, which assesses risks associated with both positions and the workplace. This methodology is used for both routine and non-routine work. In the latter case, the methodology is associated with a special operational instruction that makes it possible to quantify the magnitude of the existing risks and to define their correction priority.
- Procedures for the assessment of industrial risks based on different methodologies, such as HAZOP (Hazard and Operability Study), a risk and operability assessment technique that permits the identification of potential and operational risks produced by system deviations from design conditions; SIL (Safety Integrity Level), a technique for assessing safety levels by assigning the required safety integrity level to each instrumented safety function and verifying that it meets the safety requirements of that level; 'What If', a technique for easily identifying potential hazards, assessing the significance of hazards and the adequacy of existing safeguards; risk analysis methodology for facilities under the SEVESO Directive, a methodology for assessing explosion risk which enables the assessment of both the existence and likelihood of the formation of an explosive atmosphere and the existence and likelihood of activation for all possible sources of ignition.

  For routine work, in addition to the general risk assessment, specific risk assessments are available for newly implemented maintenance ranges or operating instructions.
- Safety inspections (planned observations, safety visits and safety walks) and work permits are other procedures that make up the Enagás management system, in which hazards are identified and risks evaluated.

These risk assessments are reviewed when there is a change that requires it or every five years, according to the associated procedures. These assessments are carried out by competent technicians according to national regulations, and the process is verified through internal and external health and safety audits.

The most representative risks of our activity are those related to work in classified areas (areas where there is a potential for explosion and/or fire due to the presence of gases, vapours or dusts in the atmosphere) and those associated with driving.

Following any risk assessment, corrective actions are established to mitigate the relevant identified risks, and the effectiveness of the action is subsequently evaluated. These results are reviewed by management and may lead to improvements in the management system.

The specific assessment for road safety and the mobility plan were also revised in 2023.

The review of psychosocial risk assessments planned for 2023-2025 has also begun. This fiscal year, 600 professionals were assessed using both quantitative and qualitative data, the latter involving more than 100 individual interviews. Preliminary results to date show favourable results in areas such as worker interest and compensation, psychological demands and autonomy. In 2024 and 2025, the psychosocial assessment of the rest of our professionals will continue, as will the establishment and implementation of corrective actions to manage the identified areas with the greatest room for improvement.

Enagás has an internal procedure for reporting risks or anomalies that any worker may detect during the course of their activity, without risk of possible retaliation. There are various channels for establishing these communications, such as Health and Safety Committees and meetings, workers' representatives, an electronic suggestion mailbox available to all professionals, and coordination meetings with contractors, through the prevention service or through those directly responsible, and a specific mailbox enabled on the SACE platform for contractors and suppliers. Along these lines, continuous sensitivity-raising and awareness-raising campaigns are carried out with the aim of promoting a culture of risk observation and hazard warnings where necessary.

If a situation involving an imminent, major risk is identified, professionals are obligated to stop working, remain in a safe location and notify their direct supervisor of the situation.

Enagás has a procedure for action, notification, investigation and statistical analysis of all incidents.

If the following circumstances arise, a specialised investigation using a cause analysis methodology is carried out, which generates a specific register:

- Incidents with a risk score above a specific level, established according to the method included in the procedure.
- By request of the Intercentre Health and Safety Committee and/or the Health and Safety Committee of the facility, the chain of command or the Prevention Service.
- Major or fatal accidents.
- Major accidents according to RD 840/2015.

Following the investigation, a report is produced including the causes of the incident, the potential risk assessment, the corrective actions identified, the persons responsible for carrying out and monitoring the corrective measures (including those that affect the risk assessment review or changes to the management system), as well as resources and timelines, following the procedure for managing corrective actions.

The criteria used for recording and consolidating reported accident data is based on the OSHA standard.

See the **Health and Safety, Environment and Quality Policy**, the **General Policy on the Integrated Security of Strategic Infrastructures** and the Prevention of Major Accidents Policy on the corporate website.

[GRI 403-2, GRI 403-9]

Resilience: crisis management, business continuity and emergencies

Enagás is moving towards a resilient management model, promoting improvements in different areas such as crisis management, business continuity management and accident and emergency management. This model makes it possible to increase the company's capacity to adapt to a changing environment, reducing the time required to act and recover from the possible appearance of a disruptive situation.

Enagás periodically updates its Crisis Management Standard, adapting it to new risks, policies and emerging businesses, establishing various action committees to control incidents depending on the degree of severity and consequences of each scenario. As part of its Global Security Plan, the company organises annual crisis management drills, which enable it to train its professionals at both the technical and highest executive level. Likewise, to facilitate its response capacity, Enagás has maps of both corporate and local stakeholders so that, in the event of a hypothetical crisis situation, both the key people and the communication channels are identified, enabling efficient management.

During the year 2023, we continued to promote business continuity, establishing different actions within the company's Transformation Plan that will enable it to achieve improvements in this area.

Enagás also periodically reviews its emergency and self-protection plans and establishes emergency collaboration agreements with the authorities in each Autonomous Community through the signing of agreements in order to achieve a rapid, effective response in the event of a possible crisis situation.

Emergency plans are sent to the relevant public administrations so that they can be taken into account in external emergency plans and in for any communication of information of public interest that may be required.

Enagás is moving towards a resilient management model, promoting improvements in different areas such as crisis management, business continuity management and accident and emergency management

Information security

Enagás has a Cybersecurity Policy approved by the Board of Directors and targeted at efficiently managing the security of information processed by the company's IT systems, as well as the assets involved in these processes. This policy is implemented at the company through internal procedures and controls.

See the **Cybersecurity Policy** on our corporate website.

The Enagás information security management model is applicable to cybersecurity, based on international and national regulations and the continued assessment of cyber risk. This provides, through all means within its reach and in proportion to the threats detected, the resources required so that the organisation has an environment that is aligned with business targets and the cybersecurity targets established. The Audit and Compliance Committee of the Board of Directors is responsible for supervising the company's cybersecurity, and therefore periodically reports to this Committee on the established cyber risk indicators and other relevant matters. [GRI 2-13]

Enagás also has a Cybersecurity Committee chaired by a member of the Executive Committee, which reports quarterly to the Audit and Compliance Committee and the Executive Committee on the actions taken to mitigate risk.

In 2022, Enagás approved its 2022-2024 Strategic Cybersecurity Plan, which establishes the policies to be followed to help ensure a secure, reliable cyberspace, using a 360º approach. For this reason, in 2023, the company has continued to carry out different informative and training actions that contributed to greater awareness and involvement among all professionals, aimed at improving professionals' detection and reaction skills.

Enagás has a cybersecurity management model with segregation of duties between government and operation, as well as a Cybersecurity Master Plan with a three-year scope that is reviewed annually. This plan has been updated in accordance with the requirements of Royal Decree 43/2021; it has designated a Chief Information Security Officer (CISO) with the relevant administrative body.

This Master Plan, based on the results of the risk analysis, is focused on improving the resilience of Enagás' information systems. It also facilitates secure teleworking without affecting the company's normal operations, works on digitalisation-related inertia and the growing migration to cloud solutions.

12/2023

Enagás has launched a Cyber Awareness platform to make cybersecurity content even more familiar to our professionals. Through this mandatory training space, Enagás professionals are trained to protect their digital lives, both professionally and personally.

In 2023, Enagás launched a Cyber Awareness platform to make cybersecurity content even more familiar to our professionals

Enagás has a reporting procedure that professionals can follow if they encounter any suspicious situation. Additionally, Enagás carries out periodic phishing simulation exercises to assess its professionals' awareness levels and tailor training measures as needed.

Currently, Enagás has renewed the ISO 27001:2013 certification for its logistics and commercial systems, gas pipeline control systems and industrial control systems for each type of infrastructure that it operates. In 2023 and 2024, Enagás is updating its management system to the new version of the ISO 27001:2022 standard.

Enagás has implemented procedures to prevent incidents in its technological infrastructure; likewise, it has implemented continuity plans to guarantee the continuity of normal systems operation in the event of changes and incidents and to guarantee rapid recovery. These plans are tested on an ongoing basis throughout the year.

Enagás also takes a series of other actions to ensure the soundness of its information security management systems and IT infrastructures, such as the simulation of cyber-attacks and vulnerability analysis by third parties, audits of the control environment of the information systems that support important processes during the audit of the company's accounts, and so on.

Enagás also manages cyber risks in the life cycle of its suppliers. This enables it to enhance cybersecurity measures in industrial information systems (see the 'Supply chain' section in this chapter).

As enhanced protection for the critical infrastructures operated by Enagás, a General Policy on the Integrated Security of Strategic Infrastructures has been defined in which the processes of physical and logical security have been combined for compliance with Law 8/2011 governing the Protection of Critical Infrastructure (LPIC) and Royal Decree-Law 12/2018 on the security of network and information systems (NIS). Enagás is working towards the full adoption of the requirements of EU Directive 2022/2555 on measures for a high common level of cybersecurity across the Union, as well as the Good Cybersecurity Governance Code published by the National Securities Market Commission (CNMV).

See the **General Policy on the Integrated Security of Strategic Infrastructures** on our corporate website.

Cybersecurity incidents

Enagás has a Security Operations Centre which serves to detect, analyse, report and resolve actual and potential cybersecurity incidents without interruption, 24/7. As in previous years, Enagás' IT systems were not subjected to any successful attacks in 2023.

Healthy Company [GRI 403-3, GRI 403-6]

Enagás is certified as a Healthy Company according to the protocol of the World Health Organization. The Management System encompasses aspects and information regarding the physical working environment, the psychosocial environment, personal health resources and community participation.

At Enagás, all job-specific risks with health impacts are assessed, and there are associated medical protocols to prevent and/or mitigate these impacts. [GRI 403-7]

In addition, there is an agreement with an external prevention service to provide coverage to the occupational medicine and health monitoring speciality at all centres.

Enagás' head office has a doctor to provide primary care to its own workforce and deal with emergencies among professionals and contractors. The Gaviota platform also has a nursing service and remote assistance from a medical service. Enagás also offers its employees private health insurance at a subsidised rate, and a physiotherapy service is offered for shift workers at LNG terminals. Through the 'VivoFácil' family assistance programme available to all professionals, there are also health benefits such as physiotherapy and speech therapy.

05/2023

Enagás launches the Steppers Challenge, part of the company's Hello Health! project, with the aim of beating the sedentary lifestyle and improving its professionals' health.

This year, the number of participants increased yet again, reaching 306 professionals divided into 51 teams. Participants reached 99,239,940 million steps taken during the four-week competition.

Enagás has a specific Emotional Well-being Programme

The 'Hello Health!' programme continued this year, promoting the physical and mental well-being of our professionals through measures such as encouraging healthy eating, regular physical activity and improving the health of professionals and their environment.

The company has a specific Emotional Well-being programme whose main objective is to provide professionals with tools to improve their emotional management and prevent stress at work. This programme includes a range of actions, such as stress management workshops (involving 80% of the company), a mindfulness programme, a digital well-being programme, emotional management improvement programme, relaxation and sleep hygiene workshops, interventions by a specialised psychologist to bring together work teams and awareness of digital switch-off.

Medical service actions

Besides the specific medical check-up for each position, Enagás also carries out voluntary basic analytics, a cholesterol breakdown, prostate cancer check-ups for men over 45 years of age, an electrocardiogram and a colon cancer diagnostic test. Enagás has also implemented a programme to encourage professionals to gather the necessary knowledge to become promoters of their own health.

- 401 medical consultations of Enagás workforce plus 49 of external personnel.
- 1,210 health examinations.
- 1,119 examinations for high blood pressure and cardiovascular risk (including 67 blood tests and 34 blood pressure measurements in the medical service, both at specific times and in follow-up).
- 457 tests of early diagnosis of prostate cancer.
- 246 tests of early diagnosis of colon cancer.
- 357 flu vaccinations and three hepatitis A and B vaccinations.

With the aim of promoting a healthy lifestyle among employees, Enagás provides professionals with healthy and natural food at the head office and in infrastructure canteens. Enagás also has a locker room, showers and bicycle parking facilities on its premises[29]. [GRI 401-2, GRI 403-6]

[29] Activities and services available to all professionals (both full and part-time).

3.4 Natural capital and biodiversity

Natural capital and biodiversity management is one of the key areas for Enagás, as is reflected in the company's Health and Safety, Environment and Quality Policy.

[GRI 3-3]

The control and minimisation of our impacts on the environment also produces direct internal benefits by improving the use of resources, ensuring the sustainability of our business and generating confidence in our stakeholders.

The key aspects that we address in our natural capital and biodiversity management model are as follows: an assessment of natural capital and biodiversity's impacts and dependencies, process circularity (circular economy), monitoring and control of environmental issues (atmospheric emissions, spills and waste control, noise control, light pollution, water management, biodiversity) and the implementation of impact prevention and mitigation measures.

100%
of activity certified in accordance with ISO 14001

Sustainable Management Plan

Main lines in 2023

- AENOR Zero Waste Certification.
- Signatory to the new IEEB Pact for Biodiversity and Natural Capital with the highest level of commitment.
- Application of the LEAP process of the TNFD framework to infrastructure operation.
- Review and update of risks arising from nature and its biodiversity.

2024 lines

- Programmes of environmental objectives and targets 2024.
- Plan to minimise waste generation and increase recovery/recycling treatments.
- Expansion of linear infrastructure areas with vegetation control through the use of extensive livestock.
- Transparency in risk and water management (CDP Water).
- Water monitoring plan for transport activity.

91.6%
of waste recovered/recycled

98%
spills recovered through corrective actions

100%
of facilities with biodiversity impact assessments (3.5 km^2)

-24%
Reduction of NO_x emissions

Natural capital and biodiversity management model [GRI 3-3]

Natural capital and biodiversity impacts and dependencies

Enagás, in line with Natural Capital Coalition's Natural Capital Protocol, assesses natural capital's dependencies and impacts in order to identify actions that enable us to minimise our environmental impact.

The environmental impacts are shown below, ordered by relevance and their origin, as well as the main actions Enagás carries out to prevent and reduce them.

See the **Health and Safety, Environment and Quality Policy** and the **Corporate Biodiversity Guidelines** on the corporate website.

	Environmental aspects		Impacts	Origin of impacts	Main preventative actions and impact mitigation
Most relevance	Gas emissions	• CO_2 emissions • CH_4 emissions • NO_X, HCFCs, CO, SO_X emissions	Reduction or deterioration of the quality of the atmospheric environment	Energy consumption for the operation, construction and maintenance of infrastructures (transmission, storage, regasification)	• Energy efficiency • Emissions offsetting • Preventive maintenance • Emission reduction targets linked to variable remuneration paid to employees
Medium relevance	Waste	• Non-hazardous waste • Hazardous waste • Spillage	Decrease in resources and soil and water quality	Infrastructure maintenance	• Recycling and re-use • Spillage prevention measures • Waste recycling and re-use targets
Least relevance	Seawater withdrawal (returning the water in similar conditions)		Deterioration in seawater volume and/or quality	LNG terminal operations	Use of cold before seawater is returned to the sea
	Land occupation		Impact on biodiversity	Construction and operation of infrastructures	Restoration and preservation of ecosystems to avoid deforestation
	Consumption of water from the municipal network and ground or surface water sources		Reduction of natural resources	• Fire fighting systems • Irrigation • Sanitation	General plan to reduce the consumption of water in facilities
	Noise pollution		• Noise pollution around the facility • Impact on biodiversity	Infrastructure operation	Silencers, insulation
	Light pollution		• Light pollution around the facility • Impact on biodiversity	Infrastructure operation	Reduction of night-time lighting

With regard to natural capital dependencies, Enagás depends on the ecosystems in which its infrastructures are located, so that alterations to these - such as earth movements, flooding, etc., caused by extreme temperature phenomena - constitute a physical risk.

On an environmental aspect level, energy consumption (natural gas and electricity) is key to carrying out our work and is therefore our main natural capital dependency, alongside the land on which our infrastructures are located. They are also the source of our main environmental impact, greenhouse gas emissions. Within the framework of its ISO 50001-certified energy management system, Enagás analyses the most significant energy consumption in terms of facilities and equipment, as well as their dependence on the main variables, enabling us to establish and prioritise the energy efficiency initiatives with the greatest impact (see the 'Climate action and energy efficiency' section).

Construction projects generate the company's main impacts on biodiversity. During these projects, Enagás carries out activities for the protection and conservation of flora and fauna species, in accordance with the impact mitigation hierarchy, aimed at preserving ecosystems and their biodiversity. Such activities start with on-site reconnaissance before any work commences in order to check for the presence or absence of species along the route. After construction work is complete, Enagás reclaims all the affected areas and reforests the area.

In 2023, a number of construction projects were carried out using the corridors of other existing infrastructures and existing accesses to the work area were also used, thus reducing the damage to soil and waters. These projects restored 100% of the affected land, returning it to its previous state as soon as possible after its alteration. This minimises the risk of erosion and helps re-establish the land's natural watershed, as well as the state of affected habitats and the landscape. In 2023, as a result of construction projects, 133,582 m^2 have been disturbed, of which 127,003 m^2 have been restored and 52,586 m^2 have been revegetated [30]. In addition, 31,301 m^2 corresponding to an area disturbed in 2022 have been revegetated in 2023. In 2024, Enagás will continue to work towards the reclamation of the remaining surface area. [GRI 304-2, GRI 304-3]

Biodiversity targets and strategy

[GRI 3-3, GRI 304-2]

Nature and biodiversity targets	
2040	No net loss of biodiversity for energy infrastructure construction and operation projects
	No net deforestation
2050	Positive impact on nature

Strategic drivers for biodiversity
Valuation and assessment of ecosystems and environmental matters that allow us to set out and prioritise our actions.
Adopting nature-based solutions to preserve, restore and manage ecosystems and species, contributing to climate change mitigation, resilience and adaptation with benefits for nature.
Collaboration with organisations, associations and companies to create shared value and maximise the impact of our actions.
Raise awareness to encourage action both individually and collectively, helping to bring other companies and entities on board.

05/2023

A commitment to biodiversity is reaffirmed as one of Enagás' priority lines of action. For this reason, the company has joined the new Pact for Biodiversity and Natural Capital with the highest level of commitment. This initiative is backed by the Spanish Business and Biodiversity Initiative (IEEB), which is coordinated by the Biodiversity Foundation of the Ministry for the Ecological Transition and the Demographic Challenge (MITECO).

Enagás' biodiversity strategy establishes the objective of no net loss of biodiversity by 2040 and net positive impact on nature by 2050

Applying the LEAP process of the TNFD framework to infrastructure operation

In order to make progress towards meeting our positive impact on nature targets, work was carried out during 2023 on the implementation of the LEAP (Locate, Evaluate, Assess, Prepare) process from the TNFD (Taskforce on Nature-related Financial Disclosures) framework. The results obtained are detailed in the following sections.

Enagás is, in turn, using this LEAP process as a base, especially in the location and evaluation phases. This allows it to start valuing the potential natural capital impacts associated with the development of the identified business opportunities starting from a project's very early phases (see section on climate risks and opportunities in the 'Climate action and efficiency energy' section in this chapter).

Sensitive locations

Knowing in which protected areas we work, as well as the species that live in the areas of influence of our facilities, is fundamental to being able to manage our activities properly, assessing the possible effects in order to prevent impacts and adopt mitigation measures or undertake recovery and conservation projects.

Our infrastructures are mainly located in terrestrial (41%) and freshwater (32%) biomes[31] Of the terrestrial ecosystems, 50% of the installations are located in cultivated areas and temperate forests. Of the freshwater biomes, around 60% are located in man-made ecosystems and wetlands.

Taking into account the different parameters associated with geographic information layers (GIS)[32], we identified that a high percentage of installations are located in sensitive areas, especially in places with high biodiversity intactness and water stress.

[30] In 2022, 536,619 m^2 of the 1,679,201 m^2 disturbed were restored.
[31] Source: UICN Global Ecosystem Typology.
[32] Ecosystem integrity: the World Database of Protected Areas (WDPA) GIS layer is used to show the presence of protected natural areas. Biodiversity importance: the GIS Biodiversity Inactness Index (BII) layer is used to show the presence of areas rich in biodiversity where there are high risks associated with the loss or deterioration of nature. Water stress: the Overall Water Risk (OWR) layer is used to show water-stressed areas, both in terms of water quantity and quality.

In 2023, Enagás' infrastructures occupied a surface area of 7.8 km^2 of land located in Protected Natural Spaces: Natura 2000 Network (LIC/ZEPA), Ramsar wetlands and Biosphere Reserve, representing 16.2% of the total area occupied by the company's facilities. Of the facilities located within critical biodiversity protection areas, the Gaviota and Serrablo underground storage facilities stand out, both of which have a specific biodiversity management plan covering the entire surface area of both facilities (0.11 km^2). [GRI 304-1]

Enagás conducts biodiversity impact assessments at all of its aboveground facilities (800 operating facilities, which occupy a surface area of 3.5 km^2), as well as at construction projects carried out at the facilities and in pipeline areas. The entire surface area is assessed for this on a regular basis (installations and construction projects).

Enagás has also identified the endangered species included on the IUCN Red List with habitats in the areas where it operates in order to prevent effects on them. The following table shows the number of IUCN Red List species identified around Enagás' facilities, without this signifying any impact or threat derived from the company's activity. [GRI 304-4]

	Critically endangered (CR)	Endangered (EN)
Underground storage facilities	6	12
LNG terminals	19	31
Compressor stations	8	23
Gas pipelines	72	126

The following table shows the infrastructures located in water-stressed areas: [GRI 303-3]

Infraestructures	Surface area in water-stressed areas (km^2)
Underground storage facilities	0.81
LNG terminals	0.74
Compressor stations	0.72
Gas pipelines	33.21

Priority locations

According to the TNFD reporting framework, a facility is a priority if it is located in a sensitive location and has a materiality relationship with one of the valued aspects of nature. Therefore, after identifying and assessing the impacts and dependencies during operation, based on the five drivers of biodiversity loss identified by the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES), we conclude that 56% of the pipelines are classified as priority because they are located in protected areas.

Impacts and dependencies on priority locations and monitoring metrics [GRI304-2]

The following table shows the impacts and dependencies identified in priority locations during infrastructure operation, as well as the monitoring metrics identified, both in terms of the state of nature (assessment of the variations in ecosystem conditions generated by Enagás via its activity) and ecosystem services (assessment of changes in the provision of environmental goods and services in places where the company operates).

Impacts and dependencies associated with operations

Impact driver	Impact or dependence: Type of impact or dependency	Impact or dependence: Valuation	Impact or dependence: Description	Main preventive and mitigation actions for impacts and risks
Climate change	Dependency	Moderate	Situations affecting operations: increase in natural disasters and adverse weather conditions (floods, landslides, fires, etc.)	• Environmental certifications (ISO 14001 and EMAS). • Emergency response action plans. • Procedures for the investigation and monitoring of incidents. • Development of demand scenarios that determine the infrastructure to develop in order to guarantee secure supply. • Material damage policy. • Emergency response action plan. • Insurance policy covering catastrophic damage. • Review of plans for adaptation to climate change in infrastructures and the associated investments.
Biodiversity and climate change	Negative impact	Low	Weed control and removal of vegetation along the pipeline route	• Ecosystem restoration and preservation • Pilot initiatives for vegetation control through nature-based solutions (extensive livestock management)
Change of land use	Dependency	Low	Regulation/standards related to pipeline maintenance work	

[GRI 3-3]

Metrics			
Type	**Description**	**Unit**	**Source**
State of nature	Sensitivity of the affected ecosystems	Not applicable	GCH (Global Critical Habitats)
Ecosystem services (nursery population and habitat maintenance services)	Extension of protected areas	km^2	RN2000 and regional figures

Risks arising from nature and its biodiversity [GRI 304-2]

From impacts and dependencies identified for both operation and construction phases, Enagás, in an integrated manner with the company's materiality analysis and risk assessment processes, identifies and assesses the risk level of each of the risks associated with nature and biodiversity with a scope based on the location of its infrastructure (for more information on ESG risks and their integration in the company's global risk model, see the 'Risk management' chapter). Thus, the physical risks identified are associated with dependence on ecosystems; the regulatory and reputational risks identified are associated with impacts on ecosystems, and some of them are associated with specific environmental aspects such as greenhouse gas emissions or protected species, as shown in the table below.

The scope of this analysis is limited to areas where our own operations are conducted, as well as adjacent areas. To carry out this analysis, Enagás has taken the TNFD framework as a base. [GRI 3-3]

Type of risk

Type of risk	Risk	Level of risk	Main mitigating actions
Physical risks	Operational cost overruns due to natural disasters	Tolerable	• Forecast contingencies associated with infrastructure development projects. • Monitoring of infrastructure development projects to identify potential cost overruns, detours or contingencies. • Previous experience in resolving this type of contingency. • Enagás' Health and Safety, Environment and Quality Policy, the principles of which are embodied in the Enagás Environmental Management System, certified in accordance with ISO 14001. • Environmental Impact Assessment (EIA) according to the typology and applicable regulations (subject to public record with stakeholder consultation processes). • Carrying out actions aimed at avoiding, minimising, restoring and rehabilitating, compensating for environmental impacts. • Sustainable Management Model, Sustainable Management Plan with lines of action for Natural Capital and Biodiversity Management.
Strategic and business risks	Cost overruns, delays or unavailability due to protection of protected species or biodiversity	Tolerable	
Regulatory risks	Delays or failure to obtain authorisations, licences or permits due to negative environmental impacts	Acceptable	
	Regulatory and legal non-compliance (environmental regulation), including liability for contractor non-compliance	Tolerable	
Reputational risks	Negative stakeholder perception of the natural capital and biodiversity management	Acceptable	

In addition, Enagás carries out assessments of environmental risks associated with accident scenarios.

As a result of the environmental risk assessments associated with accidental scenarios and their economic quantification (Law 26/2007), Enagás has provided a financial guarantee for the El Musel E-Hub LNG terminal (hypothetical scenario of oil spillage into surface waters) and the underground storage facilities at Serrablo and Yela (the main hypothetical risk scenario is fire affecting wild species and habitats).

Enagás has an environmental liability policy that covers the costs of preventing and remedying any damage to the environment inside or outside the company's facilities, with an annual aggregate liability limit of 20 million euros per claim. It also has an industrial liability policy that covers compensation payments to third parties arising from sudden, accidental and unforeseen pollution or contamination with a limit of 300 million euros per claim. [GRI 3-3]

Environmental management

Enagás undertakes its environmental commitments (as outlined in the Health and Safety, Environment and Quality Policy) via its environmental management system. 100% of Enagás activity is ISO 14001 certified.

Furthermore, the Serrablo and Yela underground storage facilities and the Huelva and Barcelona LNG terminals are EMAS certified.

In line with the ISO 14001 standard, Enagás analyses environmental impacts through assessments of environmental aspects for construction, operation and maintenance activities. Environmental monitoring is carried out through audits, environmental surveillance programmes, assessments of legal compliance at all facilities and monitoring of environmental indicators and improvement plans.

What is more, for infrastructure construction projects, and based on their type and on applicable regulations, environmental impact studies are carried out which include both the impacts themselves and the measures taken to mitigate them. All of this involves establishing consultation processes with stakeholders (see the 'Local communities' section).

All of this enables us to identify the natural capital assets in which we have the greatest impact at facility level and to therefore prioritise environmental actions based on them.

Natural capital management

Enagás has conducted an assessment of natural capital based on an analysis of environmental materiality at infrastructure level. In certain cases, a more detailed assessment is conducted to analyse the ecosystem services of the environment. This is the case of the Landscape Integration Study that was carried out prior to the construction of the Euskadour Compressor Station and which resulted in the identification of revegetation and recovery measures for soils, vegetation and water courses, with more than 900 species planted. [GRI 3-3]

Natural capital valuation study at the Euskadour Compressor Station [GRI 304-2]

Enagás has carried out a study to value and monetise environmental impacts at the facility. The project consisted of the following activities and conclusions:

- Identification of the ecosystem services present in the environment and their indicators: mainly regulating services and, to a lesser extent, supply and cultural services.
- Quantification of the variation of these services at three points in time: during construction, after the implementation of recovery and compensation measures, and after the permit period (25 years). It was found that the impact of construction on the ecosystem services provided by the environment was low thanks to the design and construction criteria used (as established in the Enagás Corporate Biodiversity Guidelines). In addition, measures implemented after construction and in the operating phase have resulted in a significant impact reduction, 64%, in regulating services, a percentage that will increase to 70% by the end of the period due to the effect of the measures.
- Monetisation of residual debt, with a result of 1,457.55 euros and 1,234.38 euros at the beginning and end of the concession period, respectively.
- Proposed compensation actions to neutralise this debt, which have been included in the company's biodiversity plan.

Collaborative projects and nature-based solutions

Since 2016, Enagás has been working on collaborative projects with different stakeholders (environmental companies, other companies, Public Administrations and farmers) to carry out vegetation control through the pasturing of range livestock (horses) along gas pipelines. [GRI 304-3]

The results obtained over the years have demonstrated the effectiveness and benefits of the use of livestock, for example in the growth of plant cover resulting from the animals' activity.

This is the case for gas pipeline sections located in the province of Huesca, attached to the Caspe Transmission Centre and the Sabiñánigo Transmission Centre, and the sections located in the Alto Bernesga Biosphere Reserve (León). In these sections, regular grazing is used as the most sustainable solution for vegetation control, due to its high positive impact on the environment and the community:

- Fertilisation and soil disturbance by livestock has a favourable effect on flora and fauna, increasing biodiversity. For this reason, the International Union for Conservation of Nature (IUCN) is assessing its classification as a nature-based solution.
- It means giving visibility to the ability of the livestock sector to provide ecosystem services.

During 2023, the assessment of the natural capital impact of these actions began, with the aim of learning about differential biodiversity rates in areas with livestock activity compared to areas without it.

To this end, several samplings were carried out during the year to measure the following parameters:

- Richness of plant biodiversity (herbaceous (including floristic richness), shrub and tree species) and arthropod biodiversity.
- Visual vegetation cover.
- Arthropod abundance.

Previous results obtained after sampling were favourable, reinforcing the positive effect of livestock on the biodiversity of the grazed area.

2023

Enagás maintains a collaboration agreement with the environmental company Agrovidar and Red Eléctrica to replace the usual pruning and felling methods for biomass control with the use of extensive livestock pasturing. Two female farmers and their herds of cattle and horses will maintain 17 hectares of the Alto Bernesga biosphere reserve through which a Red Eléctrica and an Enagás line run.

Regular grazing was shown to be the most sustainable alternative to regular logging and pruning because of its high positive impact on the environment and the community.

The project is open to other companies, public entities, livestock farms and shepherd schools to replicate it in natural areas affected by infrastructures.

Circular Economy [GRI 306-2]

At Enagás, we have signed the 'Circular Economy Pact', committing ourselves to promoting the transition towards a circular economy. To this end, we are working along the following lines:

Actions aimed at process circularity: [GRI 306-2]

Energy use and reducing the carbon footprint of our own and third-party production processes	• Enagás' Energy Efficiency and Emissions Reduction Plan, which has enabled us to reduce our carbon footprint by 48% compared to 2014 (see the 'Climate action and energy efficiency' section). • Electricity generation projects for our own and third-party consumption, using renewable energies, cleaner technologies and more efficient processes, through which we generated 9.1% of the electricity consumed in 2023 (see the 'Climate action and energy efficiency' section). • A project to make use of the residual cold produced by liquefied natural gas (LNG), making it possible for the residual cold produced in the regasification process of the LNG terminals to be used in third-party air conditioning installations or industrial processes, producing energy savings in energy costs and a reduction in the carbon footprint.
Use of renewable energy	• Integration of renewable gases into the Spanish and European Gas System through infrastructures, the promotion of a future hydrogen network in Europe and the creation of a market for renewable gases (see section 'Renewable gases' in the 'Decarbonisation and carbon neutrality' section of the 'Our commitment to the energy transition' chapter). • Hydrogen generation projects at LNG terminals for own consumption (see the 'Innovation and corporate venture' section in the 'Our commitment to the energy transition' chapter). • 100% of electricity consumption from guaranteed renewable energy beginning in 2021 (see the 'Climate action and energy efficiency' section).
Life cycle optimisation for products and facilities. Recovery and extension of the useful life of auxiliary substances and incorporation of eco-design principles	• Methanol water treatment plant at the Serrablo underground storage facility, which in 2023 recovered 8,366 litres of methanol. • Extension of the useful life of oils and lubricants used in the equipment of its facilities by cleaning and filtering these products. • Recycling of triethylene glycol (TEG) used in the gas drying process at underground storage facilities by subjecting it to a distillation process that optimises the life cycle of this product. • Incorporation of eco-design criteria in construction projects. • Use of the gas pipeline network route to install fibre optics.
Water saving and efficiency	• Implementation of mechanical weeding in fields to replace water-diluted herbicides. • Rainwater capture systems in facilities used for fire suppression and irrigation. • Replacement of lawns with native vegetation at facilities for more responsible water use, which will allow us to reduce water consumption by up to 80% at two of the facilities with the highest consumption.
Ecological remediation and ecosystem restoration	• Biodiversity Strategy: adopt nature-based solutions to preserve, restore and manage ecosystems and species, contributing to climate change mitigation, resilience and adaptation with benefits for nature. • Reclamation and revegetation at 100% of infrastructure development projects with impacts on biodiversity. • Vegetation control through extensive livestock management along pipelines.
Waste recovery and recycling	• Waste recovery and recycling treatments required of waste managers, enabling us to recover 91.6% of waste in 2023. • Methanol water treatment plant at the Serrablo underground storage facility, which in 2023 treated 75,754 litres of this waste, recovering the methanol. The resulting water was injected back into the storage facility.
Product reuse	• Signing of a collaboration agreement with Oroel to research the development of new personal protective clothing from material already in use in order to give them a second useful life. • In 2023, disused furniture, outdated corporate material and more than 450 pairs of safety footwear were donated for further re-use. In addition, gifts left over from the General Shareholders' Meeting 2023 were donated.
Raising awareness on the importance of moving towards a circular economy	• Introduction of the concept of circular economy in environmental training courses. • Awareness-raising campaigns for contractors and Enagás professionals about separating and managing waste. • Awareness-raising campaigns on responsible consumption, highlighting campaigns to reduce water and energy consumption.

Consumption of auxiliary materials

Enagás does not consume raw materials in its production process; only ancillary materials are used. Enagás is committed to promoting the circular economy through the efficient use of these materials, reducing consumption, pollution, waste generation and its impact on the environment while encouraging innovation.

Consumption of main auxiliary materials

Auxiliary material	2021	2022	2023
Tetrahydrothiophene (THT) (kg)	432,202	440,839	391,783
Sodium hypochlorite (kg)	541,812 (1)	523,882 (1)	554,282
Chlorine dioxide (kg)	26,940	45,695	9,946
Methanol (litres)	589,247	265,030	431,894
Triethylene glycol (TEG) (litres)	9,369	2,050	3,127

(1) Data recalculated to include the consumption of the Castor underground storage facility. [GRI 2-4]

In 2023, there was an increase in methanol consumption (63% compared to 2022) and in triethylene glycol consumption (53% compared to 2022). These products are used in the gas extraction process in underground storage facilities, and their variation is directly related to the increase in extraction activity (which increased more than 110% compared to 2022). The sum of the consumption of chlorine dioxide and sodium hypochlorite, substances used as biocides in LNG terminals, did not change significantly compared to the previous year.

Waste generation and management

[GRI 3-3, GRI 306-1]

The waste generated by Enagás is mostly associated with the maintenance of facilities and equipment, and is mainly liquid waste.

Enagás has implemented a system of segregation, management, storage and delivery to authorised managers of hazardous and non-hazardous waste who manage the waste outside the company's facilities. However, in 2023, 2.56% of waste was treated in-house at Enagás (75,754 litres of water with methanol treated in the methanol regeneration unit of the Serrablo underground storage).

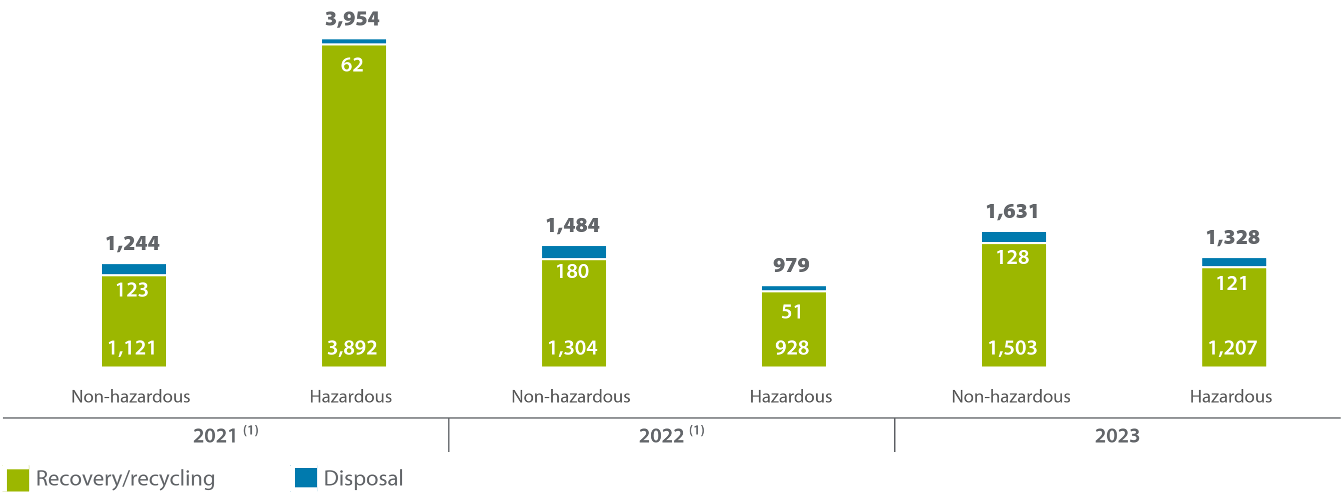
In 2023, Enagás obtained the 'Zero Waste' certification from AENOR[33], which recognises the company's progress in maximising the volume of waste recycled or recovered, as well as minimising the waste generated. Therefore, in its various contracts with waste managers, the company has set out the treatments to be applied to each waste product in line with applicable legislation and its commitments, which include the target of treating (recycling/recovering) a percentage equal to or greater than 90% of all hazardous and non-hazardous waste. In addition, Enagás has a plan with actions aimed at increasing the percentage of waste recovery at infrastructure facilities as well as concrete actions and objectives to minimise waste generation. These improvement actions are identified in the quarterly and annual monitoring that Enagás carries out of all waste at its facilities, as well as during the waste environmental aspect assessment. Enagás provides all the necessary resources, both material and human, to ensure they are carried out.

In 2023, Enagás implemented a waste management platform that guarantees better traceability of the treatment of the waste generated, greater control of management documentation in accordance with the requirements of each autonomous community and optimal communication with government.

For years, Enagás has been implementing measures to reduce waste generation and improve waste treatment, as well as holding regular campaigns to raise awareness of this issue. [GRI 306-2, GRI 306-4, GRI 306-5]

Enagás has recycled/recovered 91.6% of all waste generated

Waste generated and managed by type of waste (tonnes) [GRI 306-3, GRI 306-4, GRI 306-5]



(1) Data recalculated to include the waste generated at the Castor underground storage facility. [GRI 2-4]

[33] Waste management certification for 2022, which resulted in a 'Zero Waste' certificate for Enagás Transporte S.A.U. (the Barcelona LNG terminal is outside the scope of this certification) and a 'Towards Zero Waste' certificate for Enagás S.A.

91.6% of the waste generated has been recycled/recovered. The waste that has been disposed of is of various types, many of which are difficult to recover (asbestos, aqueous cleaning liquids and aqueous waste containing hydrocarbons). Enagás continues to work with waste managers to increase this percentage as much as possible.

In 2023, the hazardous waste generated increased by 36% compared to the previous year due to the increase in waste water with methanol (liquid industrial waste), which represents more than 60% of Enagás' hazardous waste. This waste is generated in underground storage facilities during the extraction period. Therefore, this waste is generated proportionally to the storage extraction activity, depending also on the amount of water contained in the wells. In 2023, extraction activity increased more than 110% compared to the previous year; consequently, the amount of this waste has increased. In 2023, the volume of waste water containing hydrocarbons also increased significantly due to a specific incident that occurred during the start-up of the El Musel E-Hub LNG terminal. A quantity of oil was spilt, which, although initially relatively little, became a larger volume due to heavy rainfall in the area.

On the other hand, the volume of non-hazardous waste generated increased by 10% compared to the previous year, mainly due to the increase in septic tank sludge (non-industrial liquid waste). 100% of this waste has been recycled/recovered.

Waste generated and managed by waste typology and waste destination (t)

[GRI 306-3, GRI 306-4, GRI 306-5]

Type of waste	Waste destination		2021	2022	2023
Non-hazardous	Recovery / recycling	Preparation for re-use	0.00	0.00	0.00
		Recycling	1,068.10	1,285.05	1,391.53
		Other recovery operations(1)	52.50	19.14	111.91
	Total recovery/recycling		**1,120.60**	**1,304.19**	**1,503.44**
	Disposal	Incineration (with energy recovery)	0.00	0.00	0.00
		Incineration (without energy recovery)	0.00	0.00	0.00
		Transfer to a landfill	25.07	28.53	22.13
		Other disposal operations(1)	98.28	151.87	105.63
	Total elimination		**123.35**	**180.40**	**127.76**
Total waste			**1,243.95**	**1,484.59**	**1,631.20**
Hazardous	Recovery / recycling	Preparation for re-use	0.42	0.09	0.01
		Recycling(1)	3,855.96	893.57	1,120.75
		Other recovery operations(1)	36.15	34.64	86.21
	Total recovery/recycling		**3,892.53**	**928.30**	**1,206.97**
	Disposal	Incineration (with energy recovery)	0.00	0.00	0.00
		Incineration (without energy recovery)	0.80	0.49	1.80
		Transfer to a landfill	6.62	4.91	15.64
		Other disposal operations	54.72	45.73	102.93
	Total elimination		**62.14**	**51.13**	**120.37**
Total waste			**3,954.67**	**979.43**	**1,327.34**

(1) Data for 2021 and 2022 have been recalculated to include the waste generated at the Castor underground storage facility. [GRI 2-4]

Solid waste generated and managed by treatment (tonnes) (1) [GRI 306-3, GRI 306-4, GRI 306-5]

		2021	2022	2023
Recovery/recycling (2)(3)		**544.07**	**727.55**	**681.41**
Disposal	Incineration (with energy recovery)	0	0	0
	Incineration (without energy recovery)	0.80	0.45	0.12
	Transfer to a landfill	30.03	33.32	38.07
	Other disposal operations	5.37	7.63	11.78
Total elimination		**36.20**	**41.40**	**49.97**
Total solid waste		**580.27**	**768.95**	**731.38**

(1) Excludes contaminated soils produced by accidents and soaked sepiolite (clean-up material for small spills).
(2) Includes energy recovery, capture, recycling and other recovery treatments.
(3) Data for 2021 and 2022 have been recalculated to include the waste generated at the Castor underground storage facility. [GRI 2-4]

Spillage control [GRI 306-3]

Enagás has preventive measures in place to avoid spills, such as the placement of containment buckets and trays. The following accidental spills occurred in 2023[34].

Main spills in 2023

Spilled material	Spill volume (litres)	Location of the spill
Fuel	3.5	Spills at the Huelva LNG terminal (2 litres of diesel) and at the El Musel E-Hub LNG terminal (1.5 litres of diesel).
Chemicals	19.5	Spills at the El Musel E-Hub LNG terminal (2 litres of coolant) and at the San Fernando Compressor Station (17.5 litres of tetrahydrothiophene).
Other (oil)	473.5	Oil spills at the Huelva LNG terminal (2 spills of 127 litres in total), at the Barcelona LNG terminal (2 spills of 200.5 litres in total), at the El Musel E-Hub LNG terminal (3 spills of 39 litres in total), at the Gaviota Underground Storage Facility (3 spills of 72 litres in total), at the Seville Compressor Station (1 spill of 25 litres) and at the Zamora Compressor Station (1 spill of 10 litres).

In case of a spill, Enagás carries out corrective actions that include, among others, damage assessment, land decontamination and replenishment if necessary, removal and treatment by the waste management company and preparation of the incident report. In 2023, 98%[35] was recovered thanks to these corrective measures, and there was therefore no environmental impact.

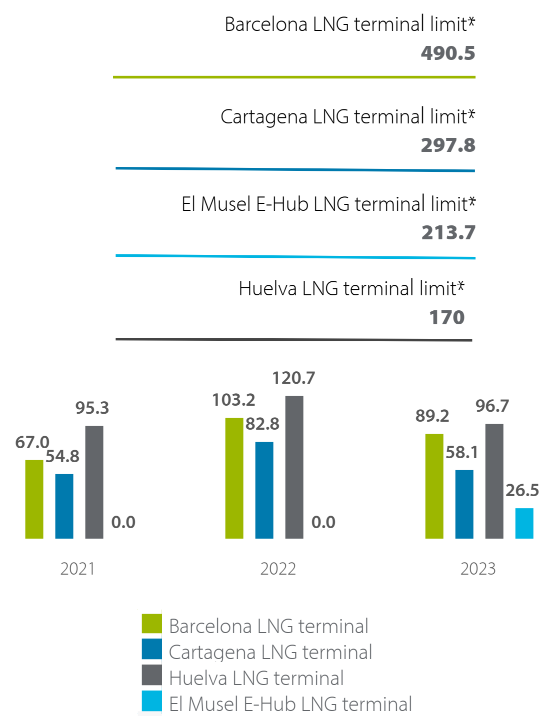
Water management [GRI 3-3, GRI 303-1]

At Enagás, we do not consume water in our production processes. The company has therefore not stated significant aspects linked to water shortages in the yearly assessments that are conducted in line with the environmental management model.

The main withdrawal of water that Enagás carries out is that of seawater for use in floodwater vaporisers or at LNG terminals. The volume of water taken is directly proportional to the quantity of gas regasified. This seawater accounts for 99.9% of the total water withdrawn and is returned in such a way that its nature is maintained (the decrease in temperature is minimal and does not affect the marine ecosystem). [GRI 303-3, GRI 303-4]

Seawater withdrawn and returned to its source (hm^3)

[GRI 303-3]

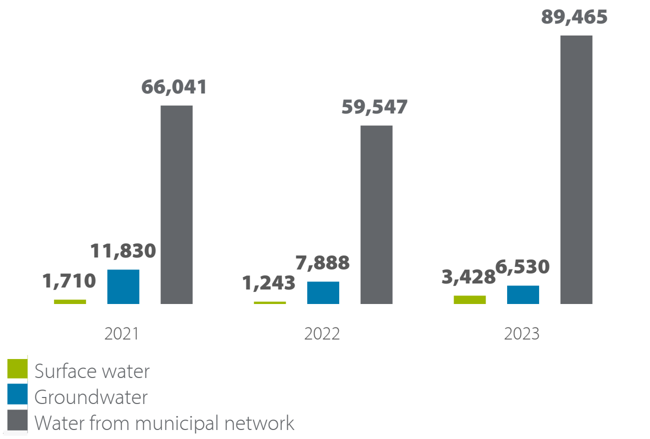


*Legal extraction limit established for each LNG terminal.

In 2023, seawater extracted at LNG terminals has decreased by 12% compared to 2022, in line with the lower level of regasification activity at these facilities, which was 19% lower than in 2022.

[34] The following accidental spills occurred in 2022: five fuel spills (60.7 litres in total), one chemical spill (2 litres in total) and nine oil spills (751 litres in total).
[35] It has not been possible to decontaminate or treat 12 litres of oil due to the nature of the spill.

Water drawn from other sources (m^3)(1) [GRI 303-3]



(1) Data for 2021 and 2022 have been recalculated to include water withdrawn at the Castor underground storage facility. [GRI 2-4]

In 2023, water drawn from the municipal network increased due to the start-up of the El Musel E-Hub LNG terminal (whose consumption increased by 120% compared to 2022) and minor leaks and incidents at several facilities, all of which have been resolved. This has prevented the achievement of the 5% municipal water reduction target set for 2023. Enagás also draws water from other sources, mainly for sanitary use, irrigation and fire-fighting equipment. Of the 99,423 m^3 of municipal water used in 2023 for these applications, 18,398 m^3 have been discharged. This water is mainly discharged into the sewage system and septic tanks, in the latter case complying with all the limit values established by the relevant authorities. As a result, no improvements in wastewater quality have been identified. [GRI 303-4]

Water consumption in 2023 was 101,136 m^3 (including the 9,254 m^3 of seawater captured at the Barcelona LNG terminal for desalination)[36], a figure that represents only 0.04% of the total water withdrawn. [GRI 303-5]

Enagás also has fire suppression water tanks at its facilities, with an estimated volume of stored water of 10,857 m^3. At the Denia and Lumbier compressor stations, these basins are filled using recycled rainwater.

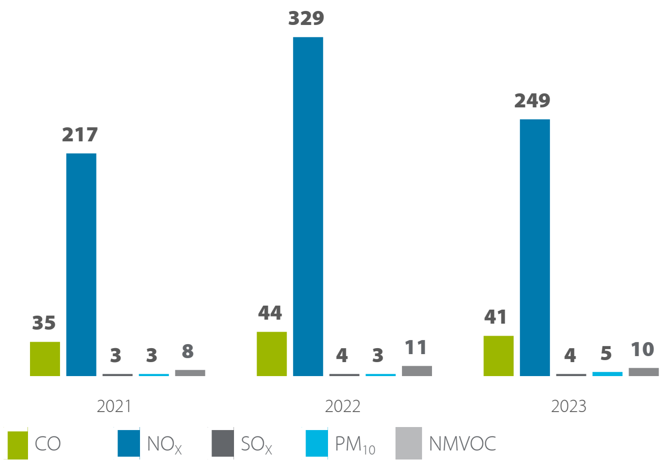
Enagás' main water intake is seawater, which is fully returned in the state which it was withdrawn

Enagás has been implementing measures to reduce water consumption for years, as well as holding regular campaigns to raise awareness of this issue, including the implementation in 2023 of mechanical weeding in fields to replace water-diluted pesticide application at two facilities (its extension to other applicable facilities is being assessed), as well as the continuation of measures to reduce consumption in the event of drought at the Barcelona LNG terminal. Each year, Enagás carries out individualised monitoring of quarterly consumption trends at its facilities in order to identify improvements in water efficiency. On the basis of this monitoring, Enagás has set targets to reduce water consumption at facilities that exceed the average consumption of the last three years. Together, this means that 2024's overall target will reduce domestic water consumption by 2% compared to 2023. [GRI 3-3, GRI 303-1, GRI 303-2]

Air pollution [GRI 3-3, GRI 305-7]

The main non-greenhouse gases emitted at our facilities are CO, SO_X, NO_X, PM_{10} particles and Non-Methane Volatile Organic Compounds (NMVOC). These emissions are produced by the consumption of natural gas and diesel by various pieces of equipment and, therefore, are directly related to CO_2 emissions. Energy efficiency measures and CO_2 emission reduction targets (see the 'Climate action and energy efficiency' section) are directly related to the reduction of these atmospheric emissions.

Non-GHG emissions (tonnes) (1)(2)



(1) Enagás does not emit the following compounds: Persistent Organic Pollutants (POPs) and Hazardous Air Pollutants (HAPs). The source of the emission factors used for the calculation of these emissions is the EMEP/EEA air pollutant emission inventory guidebook 2023, by the European Environment Agency.
(2) The data for 2021 and 2022 have been recalculated to include emissions from the Castor underground storage facility. [GRI 2-4]

In 2023, the decrease in non-greenhouse gas emissions compared to the previous year is directly related to the decrease in natural gas consumption (see the 'Climate action and energy efficiency' section), which has enabled Enagás to meet its 2023 target of reducing NO_x emissions by 5% compared to 2022.

[36] Of the 79,581 m^3 withdrawn in 2021 for these uses, 14,365 m^3 were discharged, meaning that water consumption totalled 69,770 m^3 (an amount that includes the 4,554 m^3 of seawater pumped at the Barcelona LNG terminal for desalination). Of the 68,678 m^3 withdrawn in 2022 for these uses, 16,602 m^3 were discharged, meaning that water consumption totalled 52,076 m^3 (an amount that includes the 1,350 m^3 of seawater pumped at the Barcelona LNG terminal for desalination).

By 2024, Enagás has set a target of reducing its NO_X emissions by 5% compared to 2023, which it will achieve mainly through its Emissions Reduction and Energy Efficiency Plan. This will enable the company to achieve its commitment to carbon neutrality by 2040 and meet its emissions reduction targets.

Enagás carries out regulatory and voluntary atmospheric checks (self-checks) at all its combustion sites. The control actions are as follows:

- Periodic regulatory inspections (conducted by an authorised inspection organisation (AIO).
- Annual TESTO check carried out with their own resources (Analysing team and Enagás employees).

Both the regulatory inspections and the internal TESTO checks are planned annually for every facility as part of the 'Atmospheric Monitoring Programme'.

Noise at Enagás' facilities is produced by the operation of regulators, turbines, vaporisers and pumps among others. Regular environmental noise measurements are carried out at all facilities, where legally required, around their perimeter to ensure that noise levels remain within the limits established in applicable legislation. In those cases where deviations are found, corrective actions are implemented (acoustic screens, silencers, soundproofing, etc.).

With regard to light pollution, Enagás has also reduced night-time lighting at its facilities by switching off the lighting at night, with the exception of LNG terminals, where minimum perimeter lighting is maintained. [GRI 3-3]

3.5 Good Corporate Governance

Good Corporate Governance is a primary concern for the company, as is reflected in the Enagás Sustainability and Good Governance Policy.

This policy confirms that a good governance model allows us to create value in the short, medium and long-term for shareholders, customers, suppliers and other stakeholders. It also strengthens the company's control environment, reputation and credibility for third parties.

The key areas on which our governance model is structured are the company's strategy and objectives (see the 'Our commitment to the energy transition' chapter), the structure and functioning of our governing bodies (independence, diversity, etc.), performance and the system of incentives for decision-making.

40%
Women on the Board of Directors
[GRI 405-1]

Sustainable Management Plan

Main lines in 2023

- 2023 Board renewals, taking into account Good Governance recommendations regarding the number of Board members and gender diversity on the Board.
- Increase in the Board's level of independence.
- Establishment of the number of members of the Board of Directors at fifteen.
- Renewing the certification of the 2023 General Shareholders' Meeting as a sustainable event in accordance with ISO 20121.
- Update to the Conflicts of Interest Policy.

2024 lines

- Planning for the 2024 Board renewals, taking into account Good Governance recommendations regarding the number of Board members and gender diversity on the Board.
- AENOR Good Corporate Governance Certification.
- Maintaining the Board's level of independence.
- Renewing the certification of the 2024 General Shareholders' Meeting as a sustainable event in accordance with ISO 20121.

33.3%
Women on the Executive Committee
[GRI 405-1]

15
Members of the Board of Directors

73.3%
Independent Directors

51%
Quorum at 2023 GSM

Board of Directors and Committees [GRI 2-9, GRI 2-11]

Name of the Director	Position on the Board of Directors	Type of Director	Position on the Audit and Compliance Committee	Position on the Sustainability and Appointments Committee	Position on the Remuneration Committee
Antonio Llardén Carratalá	Chairman	Other External			
Arturo Gonzalo Aizpiri	Chief Executive Officer	Executive			
Ana Palacio Vallelersundi	Independent Leading Director	Independent		Chairwoman	
José Montilla Aguilera	Director	Independent	Chairman		
María Teresa Arcos Sánchez	Director	Independent			Chairwoman
Santiago Ferrer Costa	Director	Proprietary		Member	
SEPI - Sociedad Estatal de Participaciones Industriales (represented by Bartolomé Lora Toro)	Director	Proprietary	Member		
José Blanco López	Director	Independent		Member	
Natalia Fabra Portela	Director	Independent	Member		
Cristóbal José Gallego Castillo	Director	Independent		Member	
Clara Belén García Fernández Muro	Director	Independent			Member
Manuel Gabriel González Ramos	Director	Independent			Member
David Sandalow	Director	Independent		Member	
Patricia Úrbez Sanz	Director	Independent	Member		
María Teresa Costa Campí	Director	Independent		Member	
Diego Trillo Ruiz	General Secretary		Secretary	Secretary	Secretary

03/2023

The General Shareholders' Meeting, held both in person and online, approved the 2022 accounts, the Management Report and all the items on the Agenda, including setting the number of members of the Enagás Board of Directors at fifteen. At this event, Enagás highlighted its progress in implementing its Strategic Plan and the robustness and confidence in the Gas System.

Enagás' 2023 General Shareholders' Meeting has been certified as a sustainable event in accordance with the ISO 20121 standard for the fourth consecutive year.

See the **Communication of information, contacts and engagement with shareholders, institutional investors, asset managers, proxy advisors and other stakeholders policy** on the corporate website.

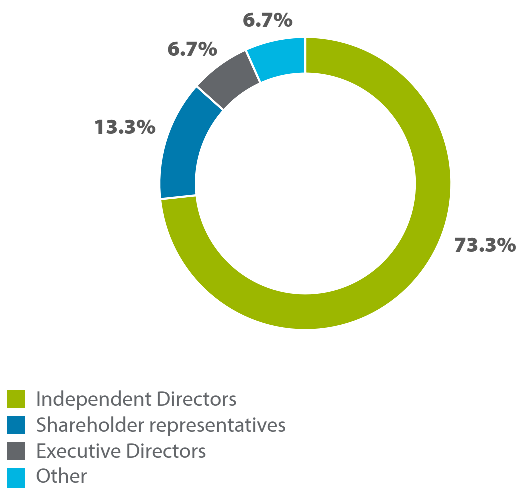
See the **Rules and Regulations of the Organisation and Functioning of the Board of Directors of Enagás** and the **Regulations of its Committees** on the corporate website.

Board structure: independence and diversity

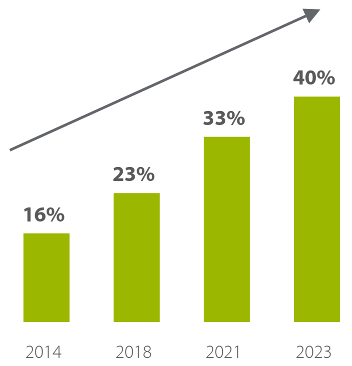
[GRI 2-9, GRI 2-10, GRI 405-1]

The Rules and Regulations of the Organisation and Functioning of the Board of Directors of Enagás includes conditions which must be met by Board members in order for them to be considered independent. An additional target has been defined to have at least half of the Board consisting of independent directors.

Board of Directors



Percentage of women on the Board of Directors



Percentage of Board members by age range and gender

	Women	Men	Total
<=35 years	-	-	-
36-55 years	50.0%	22.2%	33.3%
>55 years	50.0%	77.8%	66.7%
TOTAL	**40.0%**	**60.0%**	**100%**

In 2023, the Enagás Board of Directors has 15 Directors, 73.3% of whom are independent. The average age of the Directors is 59.5 years old and their average tenure is 5.5 years.

The Board Diversity and Director Selection Policy sets out the principles on which the selection processes for members of the Board of Directors are based:

- Principle of diversity in the composition of the Board.
- The principle of non-discrimination and equal treatment, so that the selection procedures for members of the Board of Directors are not subject to implicit bias which could entail any discrimination of any kind, whether due to race, sex, age, disability, etc.
- Compliance with laws in force and with the Enagás corporate governance system; likewise, with the recommendations and principles of good governance adopted by the company.

In 2023, and in line with its commitment to promote gender diversity and the recommendations of the National Securities Market Commission (CNMV), Enagás' Board of Directors was again 40% women, thus meeting the target of 40% women on the Board by 2024 included in the 2022-2024 Long-Term Incentive Plan. [GRI 2-9, GRI 2-10, GRI 405-1]

See the **Board Diversity and Director Selection Policy** on the corporate website.

40% of the Board of Directors are women, thus meeting the target set out in the 2022-2024 Long-Term Incentive Plan

Functioning of the Board

[GRI 2-12, GRI 2-15, GRI 2-18]

Enagás' Sustainability and Good Governance Policy establishes compliance with national and international recommendations and best practices in the area of corporate governance, in aspects such as the training and assessment of Directors, as one of its commitments.

See the **Sustainability and Good Governance Policy** on the corporate website.

Enagás has established the necessary mechanisms to detect and resolve possible conflicts of interest in which Directors and shareholders of the Group, as well as their respective related parties, may find themselves. This is all in accordance with the Conflict of Interest Policy, the provisions of current corporate and regulatory regulations and the Enagás Corporate Governance System, with the ultimate aim of avoiding potential conflicts of interest and ensuring full transparency in this regard. For more details on these mechanisms, see the 'Annual Corporate Governance Report', section D.6.

See the **Conflict of Interest Policy** on the corporate website.

Every year, an assessment of the Board is performed with the participation of an independent external expert. This assessment is performed objectively and from a best-practice viewpoint by means of questionnaires completed by all members of the Board. The conclusions of this phase are checked in interviews with the same Directors. The aim is to sustain and bolster the performance of the Board of Directors. For more details on the results of the assessment carried out during 2023, see the 'Annual Corporate Governance Report', sections C.1.17 and C.1.18.

As a result of the assessment, it was concluded that the Board of Directors performs its duties in accordance with best corporate governance practices. In accordance with the priorities identified by the members of the Board of Directors in the previous year's performance review, the following lines of action were pursued in 2023:

- Increase the duration of sessions.
- Report information on a quarterly basis regarding developments in risk assessments, compliance actions and the monitoring of actions to mitigate cybersecurity risks.

Knowledge, skills and professional experience of the Board of Directors [GRI 2-9, GRI 2-17]

			Audit and Compliance Committee				Sustainability and Appointments Committee						Remuneration Committee		
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Senior management	x	x	x	x		x	x	x		x	x	x	x		x
Industry experience	x	x	x		x	x	x		x	x	x	x	x	x	
International experience	x	x	x	x	x	x	x		x	x	x	x	x	x	
Audit and finance	x	x	x	x	x	x	x	x			x	x	x	x	x
Risk management	x	x	x	x		x	x					x	x		
Strategy	x	x	x	x	x	x	x	x		x	x	x	x		x
Institutional experience and public service	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
Legal, regulatory and corporate governance	x	x	x		x	x	x	x		x	x	x	x		x
Technology		x	x	x		x		x	x	x		x	x		
Innovation		x	x	x		x				x	x	x	x		
Cybersecurity and the digital transformation		x	x		x	x		x		x			x		
People, culture, talent and human rights management	x	x	x	x	x	x	x	x		x	x	x	x	x	x
Sustainability, climate change and environment	x	x	x		x	x	x	x	x	x	x	x	x	x	x

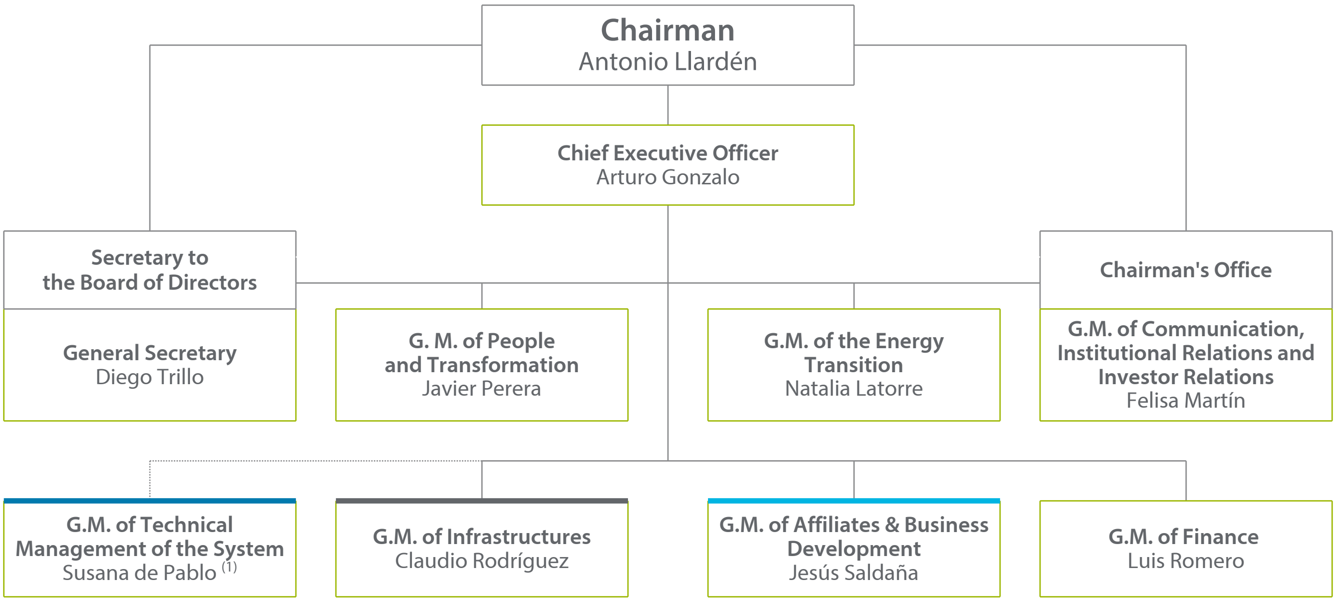
Twelve meetings of the Board of Directors were held in 2023 with an average attendance of 100%[37] and the following critical issues were addressed. [GRI 2-16]

Topic	Type	Resolution
Transparency in non-financial information and diversity	Corporate Governance, Environmental and Social	Unanimously approved
Annual Corporate Governance Report and Consolidated Management Report (Non-Financial Information Statement)	Corporate Governance	Unanimously approved
Evaluation of the Board	Corporate Governance	Unanimously approved
Decarbonisation strategy: monitoring of greenhouse gas emissions and progress against targets.	Environmental	Unanimously approved
Diversity and inclusion governance model and associated action plan	Social	Unanimously approved
Positioning in sustainability indices and Sustainable Management Plan	Corporate Governance, Environmental and Social	Unanimously approved
Regulatory aspects with impact on ESG areas	Corporate Governance, Environmental and Social	Unanimously approved

Among the issues dealt with by the Board of Directors were sustainability matters

[37] All Board members attended all Board meetings and their respective Committee meetings in 2023, with the exception of Mr David Sandalow, who did not attend the April 2023 Sustainability and Appointments Committee meeting.

Executive Committee [GRI 2-13, GRI 405-1]



Enagás GTS S.A.U.
Enagás Transporte S.A.U.
Enagás Internacional S.L.U., Enagás Emprende S.L., Enagás Service Solutions S.L.
Members of the Executive Committee

(1) The Technical System General Manager shall have her participation in the Executive Committee limited, depending on the issues to be discussed.

In line with the company's commitment to gender diversity in management and pre-management positions, Enagás' Executive Committee comprises 33.3% women.

Percentage of professionals who are members of the Executive Committee by age range and gender

	Women	Men	Total
<=35 years	0.0%	0.0%	0.0%
36-55 years	100.0%	50.0%	66.7%
>55 years	0.0%	50.0%	33.3%
TOTAL	**33.3%**	**66.7%**	**100.0%**

Remuneration of the Board of Directors [GRI 2-19, GRI 2-20]

The Enagás Board of Directors is empowered to adopt resolutions on Directors' remuneration. The Remuneration Committee proposes the remuneration criteria, within the limits set forth in the Articles of Association and pursuant to the decisions taken at the General Shareholders' Meeting. The Committee also monitors the transparency of remuneration. Thus, in 2021, the General Shareholders' Meeting approved the new Directors' Remuneration Policy 2022-2024. This is largely a continuation of previous policies, maintaining their fundamental premises around the criteria of independence, stakeholder involvement (the remuneration report is put to a consultative vote at the General Shareholders' Meeting) and internal and external advice, incorporating best practices. The new Directors' Remuneration Policy 2025-2027 will be approved at the General Shareholders' Meeting in 2024.

Remuneration of the Board of Directors in 2023

[GRI 2-19, GRI 2-20]

The remuneration of the members of the Board of Directors for their Board membership and those corresponding to the Chairman and the Chief Executive Officer for the exercise of their executive and non-executive functions, respectively, during 2023 were approved by the General Shareholders' Meeting held on May 27, 2021 as part of the "Directors' Remuneration Policy for 2022, 2023 and 2024", and was modified by the General Shareholders' Meeting held on March 31, 2022, as Item 8 of the Agenda.

The Chairman, Mr Antonio Llardén Carratalá, was beneficiary of the 2019-2021 Long-Term Incentive Plan approved by the General Shareholders' Meeting on March 29, 2019 as Item 8 of the Agenda. During the 2022 and 2023 fiscal years, the aforementioned incentive was settled; a total of 25,061 gross shares were awarded in 2022 and 27,398 gross shares in 2023 (valued at 502 thousand euros), which will not vest until April 2024.

The Chief Executive Officer is a beneficiary of the 2022-2024 Long-Term Incentive Plan approved at the General Shareholders' Meeting held on March 31, 2022 as item 9 of the Agenda, assigning him a total of 96,970 rights relating to shares. These rights do not entail the acquisition of shares for the time being, since the termination of the programme and the right to accrue the final incentive, which depends on the degree of achievement of the programme's objectives, will be generated within thirty days following the approval of the 2024 annual accounts by the General Shareholders' Meeting to be held in 2025.

Members of Senior Management (members of the Management Committee) are equally beneficiaries of the 2019-2021 Long-Term

Incentive Plan. In the terms approved at the General Shareholders' Meeting, in the settlement of this incentive in the 2023 financial year, 29,239 gross shares and a cash incentive amount of 205 thousands of euros corresponded to them.

Members of Senior Management (members of the Executive Committee) are equally beneficiaries of the 2022-2024 Long-Term Incentive Plan. As approved at the General Shareholders' Meeting, the Board has assigned them a total of 145,764 rights relating to shares as well as an incentive in cash amounting to approximately 1,000 thousands of euros. These rights do not entail the acquisition of shares for the time being, since the termination of the programme and the right to accrue the final incentive, which depends on the degree of achievement of the programme's objectives, will be generated within thirty days following the approval of the 2024 annual accounts by the General Shareholders' Meeting to be held in 2025.

The Group has outsourced its pension commitments with respect to its Senior Managers through a mixed group insurance policy for pension commitments, including benefits in the event of survival, death, and employment disability. The Chairman was part of the group covered by this policy and of the total premium paid for this during 2022, 62 thousands of euros corresponded to him. The Chief Executive Officer does not have a pension commitment instrument, as he does not have an employment relationship with the company, but rather a commercial relationship. The Chief Executive Officer maintains an assimilated individual savings insurance at a cost of 222 thousands of euros.

The members of the Senior Management also form part of the group insured under the mixed group insurance policy for pension commitments. The total premium paid for the same during the financial year amounts to 698 thousands of euros.

The aforementioned remuneration, broken down for each member of the Board of Directors, without taking into account insurance premiums, is as follows:

Remuneration of the Board of Directors (thousands of euros) [GRI 2-19]

Director	2023 (5)	2022
Mr Antonio Llardén Carratalá (Chairman) (1)	730	1,594
Mr Arturo Gonzalo Aizpiri (Chief Executive Officer) (3) (4) (5)	2,152	969
Sociedad Estatal de Participaciones Industriales (Proprietary Director) (4)	160	160
Mr José Blanco López (Independent Director) (4)	160	160
Ms Ana Palacio Vallelersundi (Independent Leading Director) (4)	190	190
Mr José Montilla Aguilera (Independent Director) (3) (4)	175	175
Mr Cristóbal José Gallego Castillo (Independent Director) (4)	160	160
Ms Eva Patricia Úrbez Sanz (Independent Director) (4)	160	160
Mr Santiago Ferrer Costa (Proprietary Director) (4)	160	160
Ms Natalia Fabra Portela (Independent Director) (3) (4)	160	160
Ms María Teresa Arcos Sánchez (Independent Director) (3) (4)	175	170
Mr David Sandalow (Independent Director) (3) (4)	160	114
Ms Clara García Fernández- Muro (Independent Director) (3) (4)	160	113
Ms María Teresa Costa Campi (Independent Director) (3) (4)	160	114
Mr Manuel Gabriel González Ramos (Independent Director) (3) (4)	160	113
Mr Ignacio Grangel Vicente (Independent Director) (3) (4)	0	44
Mr Gonzalo Solana González (Independent Director) (3) (4)	0	44
Mr Antonio Hernández Mancha (Independent Director) (3)(4)	0	44
Ms Isabel Tocino Biscarolasaga (Independent Director) (3) (4)	0	44
Mr Marcelino Oreja Arburúa (former Chief Executive Officer) (2) (3)	0	431
Total	**5,022**	**5,119**

(1) The remuneration of the Executive Chairman for the exercise of his executive duties during 2022 was approved in detail by the General Shareholders' Meeting held on May 27, 2021 as part of the "Directors' Remuneration Policy for the 2022, 2023 and 2024 financial years" as approved as Item 10 of the Agenda as amended by the General Shareholders' Meeting held on March 31, 2022 under Item 8 of the Agenda to cover his remuneration as non-executive Chairman as from that date. In 2023, the Chairman obtained fixed remuneration of 600 thousands of euros. He also obtained remuneration for Board membership amounting to 130 thousands of euros, totalling 730 thousands of euros, and a individual savings insurance at a cost of 62 thousands of euros.

(2) The remuneration of the Chief Executive Officer for the 2023 financial year was approved in detail by the General Shareholders' Meeting held on May 27, 2021 as part of the "Directors' Remuneration Policy for the 2022, 2023 and 2024 financial years", approved as Item 10 of the Agenda and modified by the General Shareholders' Meeting held on March 31, 2022, as Item 8 of the Agenda. During financial year 2023, he obtained fixed remuneration of 1,000 thousands of euros and has accrued a variable remuneration of 583 thousands of euros. In addition, he obtained remuneration in the amount of 130 thousands of euros for Board membership, as well as other remuneration in kind amounting to 89 thousands of euros (the changes in remuneration in kind with respect to previous years are exclusively a result of measurement differences without there having been any additional items included in the remuneration), in addition, the company has implemented a 2022-2024 ILP of which the current Chief Executive Officer is beneficiary and whose settlement will take place as from 2025, under the terms explained in this report. During 2023 the Chief Executive Officer has accrued 350 thousand euros for this concept, totalling 2,152 thousand euros. In addition, he was also the beneficiary of a life insurance policy with a premium of 73 thousands of euros for the year. The Chief Executive Officer is a beneficiary of the 2022-2024 Long-Term Incentive Plan approved at the General Shareholders' Meeting held on March 31, 2022. Item 9 of its Agenda states that the meeting assigned him a total of 96,970 performance shares or rights relating to shares. These rights do not entail the acquisition of shares for the time being, since the right to accrue the final incentive, which depends on the degree of achievement of the programme's targets will be generated within thirty (30) days following the approval of the 2024 annual accounts by the General Shareholders' Meeting to be held in 2025. In addition, the CEO maintains an individual savings insurance at a cost of 222 thousands of euros.

(3) The remuneration for these Directors relating to Board and committee membership was approved in detail by the General Shareholders' Meeting on March 31, 2022 as part of the proposal to modify the "Directors' Remuneration Policy for the 2022, 2023, and 2024 financial years".

(4) On February 21, 2022 the Board of Directors co-opted Mr Arturo Gonzalo Aizpiri as Executive Director to fill the vacancy caused by the resignation of the former Chief Executive Officer, Mr Marcelino Oreja Arburúa, on that date. On March 31, 2022, Mr Antonio Hernández Mancha, Mr Gonzalo Solana González, Mr Ignacio Grangel Vicente and Ms Isabel Tocino Biscarolasaga stepped down from their posts, while Mr David Sandalow, Mr Manuel González Ramos, Ms Clara García Fernández-Muro and Ms María Teresa Costa Campi were appointed as new Directors.

(5) The average remuneration of Directors in 2023, broken down by sex, amounted to 343 thousands of euros for men and 168 thousands of euros for women. The difference in remuneration is due to the fact that the Chairman and the CEO are men (remuneration averaged 162 thousands of euros for men, excluding the Chairman and the CEO).

3.6 Ethics and integrity

Ethics and integrity are of the utmost importance to our stakeholders and also to the company, as reflected in the Code of Ethics and Compliance Policy.

[GRI 3-3]

Guaranteeing the honest behaviour of our professionals, and of the third parties with whom we form relationships; even when this behaviour is not set out in the legislation, is one of our priorities. This commitment allows us to guarantee appropriate decisions are made, creating trust in our stakeholders and facilitating the sustainability and good governance of the business.

The key aspects of our ethics and integrity model are the policies, standards and procedures applicable at Enagás, with the Group's Code of Ethics being the framework that establishes the principles of action necessary to promote ethics and integrity as well as a culture of compliance at Enagás.

7
communications received via the Whistleblowing Line

Sustainable Management Plan

Main lines in 2023

- Update of the Code of Ethics.
- Internal communication campaign to reinforce the Enagás Whistleblowing Line.
- Adaptation of the company's Whistleblowing Line to the requirements of the new whistleblower protection regulations.
- Awareness-raising for contractors and suppliers on the Code of Ethics.
- Approval of an Enagás Group Activity Separation Policy and an Internal Reporting System Policy.Anti-corruption training for the Board of Directors.

2024 lines

- All professionals are asked to sign the new Code of Ethics.
- Adaptation of the Compliance Management System to the requirements of the new regulations on artificial intelligence.
- Corruption prevention training for procurement professionals.

98%
of professionals received training on the Code of Ethics

97%
of professionals have received training on the Corporate Defence Programme

94%
of professionals have undergone training on the Corruption Prevention Programme
[GRI 205-2]

100%
of communications received have been resolved

Code of Ethics

[GRI 2-23, GRI 2-24, GRI 2-25]

The Enagás Code of Ethics (Enagás Group Code of Ethics and Enagás GTS Code of Conduct) sets out the conduct that is expected from all professionals in the company, irrespective of their responsibilities and their geographical or functional location.

- The Enagás Group's Code of Ethics is structured in accordance with the company's values and includes Enagás' principles in matters related to each of its values.
- The purpose of the Enagás GTS Code of Conduct is to ensure that the duties of the Technical Manager of the System are carried out independently of the rest of the Group's activities.

See the **Code of Ethics and Policies** section on the corporate website. [GRI 2-23, GRI 2-24, GRI 2-25]

In 2023, Enagás updated its Code of Ethics to incorporate best practices and ethical standards, highlighting the following aspects:

- Adaptation of the Code of Ethics to the challenges posed by the development of the company's 2022-2030 Strategic Plan.
- Adaptation of the Whistleblowing Line (Ethics Channel) to regulations which require that communications through it can be anonymous and will be handled confidentially; Enagás was already in compliance with this regulation.
- Reinforcement of the message of the separation of Enagás' activities in the different areas in which it operates.
- Inclusion of a section on sanctions, whereby Enagás reflects its firm commitment to comply with national and international sanctions and embargo regulations, as well as other regulations related to financial and commercial sanctions, and any others that may be applicable to us.

In line with this update, in 2024, all Enagás professionals will be asked to confirm via signature that they have read, are familiar with and understand the content of the new Enagás Group Code of Ethics (98% of professionals signed this declaration for the previous version).

The Enagás Group's Code of Ethics is developed through policies, guidelines, standards and procedures. As for the corporate policy management model, the Board of Directors is responsible for approving said policies, while the organisational units involved in the different matters are responsible for ensuring the implementation of the various commitments and their integration into internal procedures.
[GRI 2-12. GRI 2-13, GRI 2-24]

In 2023, Enagás updated its Code of Ethics to incorporate best practices and ethical standards

Enagás has the following procedures in place associated with the Code of Ethics:

- Procedure for the functioning of the Ethical Compliance Committee. The Committee, functionally and directly dependent on the Board of Directors' Audit and Compliance Committee, has competencies relating to the Code of Ethics.
- Procedure for managing the offering and acceptance of gifts, which states that professionals who offer or receive gifts are obligated to report them. This procedure establishes as a general rule that payments in kind - or any other benefit that, due to its value, properties or circumstances, is more than purely symbolic - may not be made, offered or received.
- Procedure for management of consultations and reporting regarding irregularities or breaches of the Ethics and Compliance Model in order to encourage compliance with the Code of Ethics and the regulations that govern its implementation. For this purpose, the company enables Enagás employees and the company's suppliers, contractors and those who collaborate with it or act on its behalf, including business partners, to resolve any doubts or to report any irregularities or breaches through one of the following channels or any other means the company may set up in the future (Whistleblowing Line), informing the party who made the report of the status of their report at all times.
[GRI 2-26, GRI 207-2].

Whistleblowing contact information

[GRI 2-26, GRI S11.15.4]

Electronic mailbox: canal.etico@enagas.es

Post addressed to the Chairman of the Ethical Compliance Committee, sent to Paseo de los Olmos 19, 28005 - Madrid, Spain

Form available on the corporate intranet and on the corporate website.

In addition to the formal channels indicated above, Enagás professionals can always:

- Go to their immediate hierarchical superior.
- Contact the person in charge of specific compliance functions in their area.
- Personally address the Compliance area (compliance@enagas.es).

In relation to the Whistleblowing Line, Enagás has approved an Internal Reporting System Policy, which sets out the principles and commitments in this area in accordance with Law 2/2023, of February 20, regulating the protection of persons who report breaches of regulations and the fight against corruption. In this area, although Enagás already had an Whistleblowing Line, it adapted it in 2023 to the new regulations, allowing communications to be anonymous and to be handled confidentially (they may not be disclosed to the reported party or to any third party without the consent of the informant, thus guaranteeing the confidentiality of the informant's identity).

See the **Internal Reporting System Policy** on the corporate website.

The procedure for handling notifications and queries regarding irregularities or breaches of the Ethics and Compliance Model sets out the stages for handling received messages:

- Receipt of report: all reports are received by the Secretary and the Chairman of the Ethical Compliance Committee simultaneously.
- Prior analysis of the report and study of the information provided: the Secretary and Chairman of the Ethical Compliance Committee shall assess whether the report is to be accepted or rejected.
- Deliberation on notification and information to the reporter: the Secretary and Chairman of the Ethics Compliance Committee shall respond to the reporter within the legally established time frame on the decision taken on the report.
- Analysis and assessment of the message: carried out by the Ethical Compliance Committee, together with the Enagás managements or bodies that it considers appropriate in each case. It may be supported by third parties.
- Resolution and notification: The Ethical Compliance Committee will take the relevant decisions regarding the notified case. The Secretary and/or Chairman of the committee will communicate the conclusions to the reporter.

Enagás is committed to resolving all reports received. In 2023, the average time for handling notifications submitted to the Whistleblowing Line, from the time the reporter sends the report to the time the reporter is notified of the agreed resolution and the conclusions and actions reached, was less than 50 days.

Any non-compliance with the Code of Ethics and with the regulations that implement it shall be analysed by the Ethical Compliance Committee. When it is found that a person has contravened the Code of Ethics, the Ethical Compliance Committee, together with the People and Transformation General Management, will propose the corresponding disciplinary measures based on the regulations in force and the applicable labour framework.

In 2023, seven notifications were received (three communications in 2022) through the different modalities of the Whistleblowing Line: [GRI 205-3]

- Five messages about labour matters:
  - A message relating to a case of possible workplace harassment; after due assessment and the launch of an information-gathering investigation, it was concluded that although no workplace harassment took place, there were acts of disrespect and professional discredit. The People and Transformation General Management issued a written warning to the person to whom the message pertained and ordered a follow-up of the requested attitude change, warning that if no change was seen, punitive measures would be taken.
  - A message concerning a case of possible workplace harassment and false accusations; after due assessment and the launch of an information-gathering investigation, it was concluded that although no workplace harassment took place, there were false accusations towards another employee, and a written reprimand was issued by the People and Transformation General Management to the person to whom the message pertained.
  - A message concerning a case of possible discrimination and access to private correspondence; after due assessment and the launch of an information-gathering investigation, this complaint was dismissed as spurious.
  - A message concerning a case of possible inappropriate treatment of an employee; after due assessment and the launch of an information-gathering investigation, this complaint was dismissed due to a lack of evidence supporting the reported facts.
- A message to the Legal Services and Compliance Department from the Business Development and Affiliates General Management regarding potential wrongdoing by an employee of one of our affiliates. The compliance officer of the affiliate was notified in order to manage the report in accordance with their own whistleblowing procedure, as it was an affiliate over which the Enagás Group did not hold effective control, in accordance with the provisions of our Code of Ethics; the report was dismissed due to a lack of evidence provided.
- A message concerning a case of a regulatory infringement by a contractor of an affiliate; after due assessment and the launch of an information-gathering investigation, this complaint was dismissed as spurious.

The commitments to responsible business conduct set out in the Code of Ethics are translated into specific policies and corporate guidelines. These policies, which are approved at the highest Company level, by the Board of Directors, apply to all employees, executives and administrators of all companies that make up the Enagás Group, including those affiliates over which it holds effective control, within the limits set out under applicable regulations. For those affiliates in which the Enagás Group does not hold effective control, the company shall encourage principles and guidelines that are consistent with those set out in these policies. With regard to third parties with which Enagás maintains business relations (regular suppliers and national or international business partners), Enagás shall promote principles and guidelines consistent with its Code of Ethics and its Policies, so that third parties have a framework of ethics and integrity aligned with that existing at Enagás.

As a result of the Whistleblowing Line messages described above, two labour-related infractions of the Code of Ethics were identified in 2023: one infraction for lack of respect and professional discrediting and another for false accusations (no infraction in 2022 and 2021). Both infractions were dealt with and appropriate action was taken, which consisted of issuing a warning to the persons responsible for the infractions.

Compliance Management System

[GRI 2-23, GRI 2-24, GRI 2-25]

The Enagás Compliance Management System is overseen by a specific functional area, which is supported by synergistic functions and other corporate support areas including the participation of local compliance officers located in certain countries where Enagás operates.

The Board of Directors of the Company entrusts the exercise of the Compliance Function to the Ethical Compliance Committee (ECC), a chartered, high-level body with autonomous initiative and control powers of an executive and decision-oriented nature. The Committee has a Chief Compliance Officer (CCO), as its executive unit.

The Head of the Compliance Function (the Legal Advice and Compliance Director), who is a member of the Ethical Compliance Committee, reports organically to the General Secretariat and functionally to the Board of Directors through the Audit and Compliance Committee, with which they communicate and report on their activities, thus becoming a high-level Enagás committee.

The Compliance Function is autonomous, carrying out its tasks in accordance with the Compliance Policy and the standards and procedures that implement it. It is endowed with the utmost independence, so that its judgement and its way of proceeding are not conditioned by issues that prevent or hinder it from freely carrying out its essential tasks in order to achieve Compliance objectives. [GRI 2-13]

The appointment and eventual dismissal of the Head of Legal Counsel and Compliance shall be carried out through Enagás' existing procedures for such purposes, also requiring the approval of the Audit and Compliance Committee.

The Enagás Compliance Management System is built around the Compliance Policy and the rules and procedures that implement it.

In 2023, Enagás updated its Compliance Policy to emphasise the independence of the Compliance Function, which proactively and autonomously oversees the proper functioning and effectiveness of its Compliance Management System and the effectiveness of its controls, without prejudice to the supervisory responsibilities corresponding to other entities and divisions within the company. The addition of the foundational elements that show the independence of the Compliance Function and the suitability of the members of the Ethical Compliance Committee and the Head of the Compliance Function are particularly notable.

In 2023, Enagás updated its Compliance Policy to emphasise the independence of the Compliance Function

The Compliance Function is in charge of managing the Compliance System in accordance with the provisions of the Policy and the General Compliance Standard, also identifying those responsible for other synergistic areas or areas that may regulate matters subject to monitoring on its part, in order to coordinate with these managers the prevention, detection and management of any non-compliance risks associated with their activities. The Compliance Function also assumes other responsibilities related to the System, including but not limited to training and raising awareness in compliance matters and the management of non-compliance risks.

The Management System also sets out a double reporting line for the Compliance Function: one through the corporate areas and the other managed by Compliance Officers at the different subsidiaries in countries in which they have been appointed. The Compliance Function thus coordinates compliance risks globally, avoiding information losses and inconsistencies.

The General Compliance Standard establishes a sanctions procedure to implement the most important aspects of external due diligence at Enagás with regard to the rules on embargoes and sanctions imposed by international bodies that may be imposed on third parties with which Enagás has a relationship.
[GRI 2-23, GRI 2-24, GRI 2-25]

See the **Compliance Policy** on our corporate website.

Corporate Defence

As part of in the Compliance Management System, Enagás has a Corporate Defence Programme. It acts as the core of the company's criminal compliance, notwithstanding the existence of policies, procedures and controls that illustrate its content and contribute to preventing crimes being committed by any person who is part of Enagás as well as, in their respective areas of relation, by contractors, suppliers, business partners and any third party that collaborates with or acts on their behalf.

This programme is based on the company's Corporate Defence Policy, which includes commitments on crime prevention that reflect the company's resolute opposition to the commission of any criminal offences and its will to combat such acts, in line with the company's principle of "zero tolerance" towards the commission of crimes.

The Corporate Defence Programme in Spain includes the following elements:

- Criminal risks, taking into account the activities carried out by the company and its exposure to the commission of different crimes. These include Money Laundering, establishing specific controls to prevent and detect possible acts that could cause this risk to become a reality.
- Roles and responsibilities defined by a governance structure aligned with Art. 31 bis 2.1 and 2 of the Spanish Criminal Code. In this respect, the role of the Audit and Compliance Committee of the Board of Directors has been defined as the Crime Prevention Body.
- Map of criminal risks and activities exposed to those risks.

Within this map, Enagás has taken into account some particularly important risks and included them in the Bribery and Corruption Risk in a broad sense (such as bribery, corruption in business and money laundering), so as to ensure special vigilance and control of activities that could lead to conducts related to these crimes, without falling under the specific criminal type. In this regard, Enagás has updated its risk map in 2023, adapting it to the regulatory changes that have modified the Spanish Criminal Code and expanded the catalogue of offences attributable to legal entities.

- Inventory of controls, both general and specific, that help prevent potential crimes from being committed at Enagás.
- Disciplinary system articulated around compliance with the Code of Ethics which ensures compliance with the model via disciplinary measures.

In addition to its Corporate Defence Programme, in line with the Spanish Criminal Code, Enagás has specific Corporate Defence Programmes for Mexico and Peru, adapted to each country's local regulations governing the liability of legal entities for the commission of crimes.

In 2023, Enagás engaged in monitoring for the compliance programmes of its affiliates, contributing to their promotion and participation in various meetings and working groups, as well as monitoring the development of its whistleblowing lines as a fundamental tool in the fight against crime prevention.

See the **Corporate Defence Policy** on the corporate website.

Anti-fraud, Corruption and Bribery

Enagás has an Anti-Fraud, Corruption and Bribery Policy in place which reflects the company's vehement opposition to the committing of illicit or unlawful acts and its firm will to combat and prevent them, for the purpose of fulfilling its zero tolerance principles. It is the Board of Directors that approves the Anti-Fraud, Corruption and Bribery Policy, and therefore 100% of the Board members are informed about the commitments set out in the Policy and the rules and procedures that implement it. [GRI 205-2]

All activities have been analysed for potential corruption risks and the company has put in place a framework of controls in order to prevent and mitigate them. In particular, the risk of corruption in relations with public officials or other third parties with which Enagás has dealings. In this context, Enagás has established clear guidelines for action: to accurately record all payments to third parties and not to accept or make inappropriate payments, such as facilitation payments, payments in kind or commissions, or advantages or privileges of any kind for unethical purposes. These measures also contribute to the prevention of potentially more serious acts, such as money laundering. Of course, in order to avoid any appearance of money laundering, both the offer and the acceptance of payments in cash or equivalent are expressly prohibited. Enagás pays special attention to suspicious payments from third parties, such as payments by bearer cheques, payments in currencies other than agreed currencies, payments from persons or entities domiciled in tax havens, payments from entities where it is not possible to identify the parties or the final beneficiaries, among others.

Enagás also collaborates with the authorities if they require help to investigate possible cases in the markets in which Enagás operates. It also provides the information they may request in a transparent manner. [GRI 205-1]

The Enagás Corruption Prevention Programme is based on the ISO 37001 standard on anti-bribery management systems, and is laid out in the Enagás Anti-Fraud, Corruption and Bribery Policy, and the internal regulations which implement it.

In 2023, Enagás has externally certified its Corruption Prevention Programme based on ISO 37001, the anti-bribery management system standard.

An anti-corruption risk reassessment was also carried out in 2023, reviewing the corruption risk events that may affect the different areas of the company, as well as the controls in place to prevent the materialisation of such risks.

Furthermore, the established anti-corruption principles have been extended to our suppliers by expressly communicating the Anti-Fraud, Anti-Corruption and Anti-Bribery Policy to them.

Finally, the Compliance Function has strengthened the information on the system provided to senior management for review and to the Governing Body for oversight.

The Corruption Prevention Programme has been externally certified under ISO 37001

See the **Anti-fraud, Corruption and Bribery Policy** on the corporate website.

In 2023, no cases of corruption were identified in the company, as in the previous two years. [GRI 205-3]

Antitrust

As part of the Company's Compliance Management System, Enagás has implemented an Antitrust Programme whose purpose is not only to avoid or reduce any possible administrative sanctions in this issue, but also to promote a corporate culture of ethics and compliance that respects the regulations that defend free competition.

The pillars of the Antitrust Programme are:

- The Antitrust Policy establishes the bases and mechanisms to promote a culture of business ethics that is conscious and respectful of the principles of free competition, and sets out the essential guidelines for corporate and employee behaviour in this regard.
- The Antitrust General Standard describes in a structured manner the elements that Enagás has established for the prevention, detection and management of risks, in order to comply with the provisions of antitrust regulation and to achieve the company's strategic and operational goals and objectives where Compliance is concerned.

This Standard is aligned with the recommendations in this area of the National Commission on Markets and Competition. To this end, the main purpose of the Standard is to structure an environment of prevention, detection and early management of antitrust risks, as well as to reduce any undesired effects in the event that they do materialise, contributing to the creation of a culture of ethics and respect for the law among all professionals in all applicable areas, so that all can reflect it in their daily conduct.

See the **Antitrust Policy** on the corporate website.

In 2023, Enagás approved a guide to best practices in antitrust matters. This has been made available to all professionals; it enables them to prevent, detect and react in a timely manner to conduct likely to be anti-competitive or generate liability for the company in its relations with other economic operators and/or affect its reputation. In addition, antitrust training courses have been held for those employees considered to be at a higher risk in this area.

In addition, an Action Protocol has also been approved and made available to all professionals to guarantee the independence of our work to develop hydrogen and other renewable gas transport infrastructures from the activity of the affiliate Enagás Renovable, S.A.

Responsible tax practice

[GRI 207-1, GRI 207-2, GRI 207-3]

Enagás adopts a focus of responsible tax practice based on prudence and aligned with the recommendations set out in the OECD Guidelines for Multinational Enterprises.

The Responsible Tax Practice Policy, approved by the Board of Directors, sets out the strategy and principles that must guide the conduct of all employees, senior managers and directors of Enagás, as well as third parties with whom the company has relationships.

Enagás adheres to the Code of Good Tax Practices, and presents a Fiscal Transparency Report in line with the company's commitment to tax transparency. The Board of Directors reviews and approves this report on an annual basis.

Moreover, in accordance with the public reporting commitments set out in the Fiscal Policy, the company publishes in this report the total tax contribution and the taxes paid in the different jurisdictions where the company operated through affiliates (see the 'Financial and operational excellence' section in this chapter).

With regard to tax havens, and in accordance with the Tax Policy, Enagás does not use opaque structures in order to reduce its tax burden, nor does it carry out artificial operations not linked to its business activity to reduce taxation. Likewise, it will not make investments in or through territories classified as tax havens according to current Spanish tax regulations in order to reduce its tax burden. The Enagás Group does not currently have a presence or carry out any activities in territories classified as tax havens in accordance with current Spanish legislation.

Enagás adopts a focus of responsible tax practice based on prudence and aligned with the recommendations set out in the OECD Guidelines for Multinational Enterprises

As for audits of applicable taxation, at the end of 2023, audits were pending for the years 2020 to 2023 for the taxes applicable to the Group, with the exception of Corporate Income Tax, which is pending audit for the years 2019 to 2023. During financial year 2021, Enagás, S.A. and Enagás Transporte, S.A.U. were notified that the Central Economic Administrative Court (TEAC) had rejected the claims filed in relation to the assessments signed challenging the Corporate Income Tax for the years 2012 to 2015. A contentious-administrative appeal was filed in 2022 against these findings of the TEAC before the National Court. However, it is not expected that any liabilities will arise that will significantly affect the Enagás Group's equity situation.

In 2023, Enagás, S.A. recorded a provision of 5.6 million euros (this amount includes the fee and interest on arrears) that has its origin in the disputed tax assessments due to the non-acceptance of part of the deduction for technological innovation (TI) applied in the 2012-2015 fiscal years. This risk has been considered likely due to the publication of several rulings by the National High Court, in which the High Court changes the criterion for the classification of software and therefore generally accepts the thesis of the Tax Authority 's IT team with regard to the classification of software for the purposes of applying the deduction for technological innovation.

See the **Fiscal Policy** on the corporate website.

European Transparency Register

[GRI 2-28, GRI S11.2.4]

The company is enrolled in the European Transparency Register, to which it periodically reports information on its activities and resources in order to contribute to the improvement and progress of European Union legislative and regulatory frameworks, especially in those developments that have a direct or indirect impact on the gas transmission and storage business, liquefied natural gas, renewable gases and the Spanish and European gas industry in general. Enagás has adhered to the Code of Conduct of the European Transparency Register, compliance with which is mandatory in order to be included in the register.

Enagás has four professionals participating part-time in different activities related to the transparency register, including a permanent representative in Brussels. Annual costs in 2023 were between 200,000 and 300,000 euros (in line with 2022), distributed as follows: personnel expenses (63%), membership fees (24%), consultancy costs (7%), representation, public relations and travel costs (4%), office and administrative costs (2%) and operating costs (<1%).

Similarly, Enagás is a member of and participates in commercial associations, business associations and groups such as chambers of commerce and think tanks. The amount allocated in 2023 was 200 thousands of euros (393 thousands of euros in 2022).

In relation to lobbying at a European level, the main associations in which Enagás participates and which carry out this activity are:

- **GIE (Gas Infrastructure Europe):** European Association of Gas Infrastructure Operators, which also promotes the use of renewable and low-carbon gases (contribution of 40,000 euros).
- **Hydrogen Europe:** Association representing companies and organisations with an interest in different parts of the hydrogen value chain, dedicated to promoting policies and initiatives at European level for the better development of the hydrogen sector (total contribution of 18,000 euros, of which approximately 5,000 euros are earmarked for lobbying).
- **ENTSOG:** European TSO Network that aims to facilitate and enhance cooperation between national gas transmission system operators across Europe, fulfilling the tasks entrusted to them by European regulation, and ensuring the development of a pan-European Gas System aligned with European energy and climate objectives (total contribution of 605,870 euros, of which approximately 9,500 euros are earmarked for lobbying).

In addition, financial contribution was made to the following initiative:

- **Gas for Climate:** Consortium of European TSOs and other associations promoting the development of renewable and low-carbon gases (total contribution of 38,750 euros, of which approximately 21,600 euros are earmarked for lobbying).

Enagás also contributes actively to other associations and groups active in Europe, such as, for example: Marcogaz, GasNaturally, ERGaR, EASEE-gas, CEOE, CCE, among others. [GRI 2-28, GRI S11.2.4]

Training in and dissemination of ethics and compliance [GRI 205-2]

Enagás professionals are provided with the opportunity to undergo training on the Code of Ethics. The training is structured according to the company's values and covers issues of particular relevance such as the fight against fraud, corruption and bribery, fiscal responsibility and respect for human rights, among other topics. In 2023, online training on the Code of Ethics was completed by 98.2% of professionals (97.8 % in 2022). It is a tool to prevent irregularities, including those that are more serious and that could lead to the commission of crimes.

In recent years, Enagás has provided specific training on:

- **Corporate Defence Programme:** in 2023, this training has been completed by 96.5% of professionals (95.9% in 2022). The course includes general information on the Corporate Defence Programme and practical cases related to the most relevant crimes related to the company's activity.
- **Corruption Prevention Programme:** in 2023, this training has been completed by 93.6%[38] of employees (91.4% in 2022). In 2023, specific training on corruption prevention was provided to the members of the Audit and Compliance Committee. (60% of the members of the Board of Directors have already received this training).
- **Antitrust Programme:** in 2023, Enagás launched a specific training campaign about the programme aimed at all professionals who carry out work related to competition. In 2023, the total number of trained professionals amounts to 81 professionals.

In 2023, a specific training campaign on the Antitrust Programme was launched from the viewpoint of the precautions necessary to avoid the risk of anti-competitive practices

Enagás also regularly carries out awareness and sensitisation campaigns on matters related to ethics and compliance, such as the company's own values and principles of action, management of the acceptance and offering of gifts and Ethics Channel contact information and channels of communication.

12/2023

Coinciding with the Christmas season, where gift-giving is a common practice, the company carries out awareness campaigns to remind everyone that the actions of professionals must always be guided by the principles of the Code of Ethics.

[GRI 205-2]

[38] The breakdown by professional group is as follows: 96.2 % of managers, 94.4 % of technicians, 92.8 % of administrative workforce and 91.9 % of operators.

3.7 Financial and operational excellence

Financial and operational excellence is one of our main concerns, given that the efficient management of the company's assets is one of the key strengths for the sustainability of the business in the short, medium and long term

[GRI 3-3]

The key aspects on which we focus are sustaining our excellent results over time, a financing strategy based on diversification, and driving operational excellence through continuous improvement programmes, digitalisation, corporate entrepreneurship and the efficiency plan.

1.74€
dividend per share in 2023

Sustainable Management Plan

Main lines in 2023

- 1.74 €/share dividend (+1% vs. 2022).
- 100% technical and commercial availability.
- 342.5 M€ net profit [(2)].
- Control of recurring operating expenses, as a consequence of the implementation of the company's 2022-2026 Efficiency Plan.
- EBITDA 780.3 M€, above the target for the year, as a result of the effectiveness of the Expenses Efficiency Plan and the strong performance of the affiliates[(1)].

342.5 M€
net profit [(2)]

3,347.4 M€
net debt [(2)]
(4.3x net debt/adjusted EBITDA)[(1)]

>18.7%
FFO / Net debt[(1)]

(1) These figures are included in the Alternative Performance Measures Report, available at: https://www.enagas.es/en/investor-relations/financial-information/alternative-performance-measures-apm/ and in the 'Appendices' chapter.
(2) Figures from the income statement of the Consolidated Annual Accounts of the Enagás Group for financial year 2023.

Financial excellence

2023 Results [GRI 201-1, GRI 207-4]

Results are in line with the targets set for 2023.

In million euros	2022	2023	% variation
Total revenue (1)	970.3	919.6	-5.2%
EBITDA (2)	797.4	780.3	(2)%
EBIT (2)	478.3	456.9	-4.5%
Net profit (1) (3)	375.8	342.5	(9)%

(1) Figures from the income statement of the Consolidated Annual Accounts of the Enagás Group for financial year 2023.
(2) These figures are included in the Alternative Performance Measures Report, available at: https://www.enagas.es/en/investor-relations/financial-information/alternative-performance-measures-apm/ and in the 'Key indicators' chapter.
(3) 342.5 million euros net profit, which includes the result of investments accounted for using the equity method, which is recorded net of tax effect. The breakdown of net profit per country is as follows: Spain 250.4 M€; Peru 60.3 M€; Switzerland 53.6 M€; Greece 17.8 M€; Germany -0.6 M€; Chile -0.9 M€; Mexico -18.6 M€; USA -19.6 M€.

Evolution of the action [GRI S11.21.7]

At the close of the 2023 financial year, the Enagás share stood at 15.27 euros, representing a market cap of 3,999.3 million euros.

During 2023, the Enagás share reached a maximum closing high of 18.52 euros per share (June 6) and a minimum closing low of 15.27 euros per share (December 29). Enagás' average daily trading volume in 2023 was over eight hundred thousand shares per day.

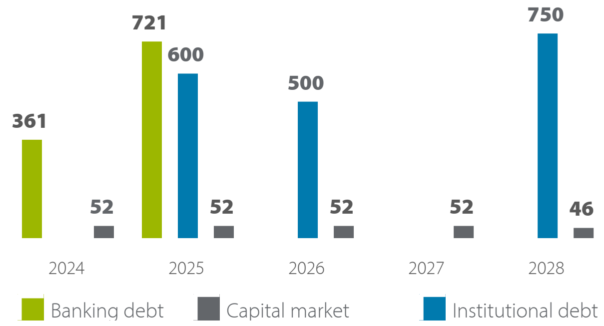
Financing strategy

Enagás has maintained its policy of improving the financial expenses associated with debt, seeking to lengthen the average life of the debt and hedge interest rate and foreign currency risks.

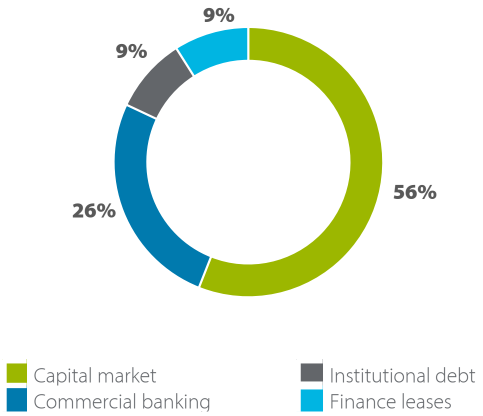
Leverage and liquidity	2022	2023
Net debt (2)	3,468.9 M€	3,347.4 M€
Net debt/EBITDA (adjusted)(1) (3)	4.8x	4.3x
FFO/Net debt (3)	17.6%	18.7%
Financial cost of debt(2)	1.8%	2.6%
Liquidity(2)	3,793.8 M€	3,309.0 M€

(1) EBITDA adjusted by dividends received from affiliates.
(2) Figures from the income statement of the Consolidated Annual Accounts of the Enagás Group for financial year 2023.
(3) These figures are included in the Alternative Performance Measures Report, available at: https://www.enagas.es/en/investor-relations/financial-information/alternative-performance-measures-apm/ and in the 'Appendixes' chapter.

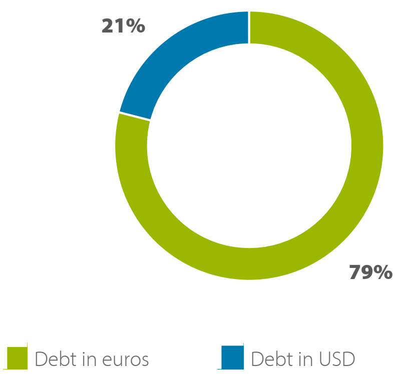
Debt maturity (M€)



Debt type



Over 80% of Enagás debt is fixed rate



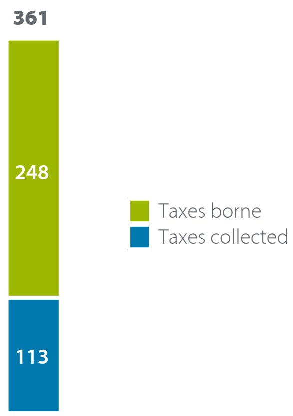
Total tax contribution [GRI 203-2, GRI 207-4]

The total tax contribution made by Enagás in 2023 amounted to 361 million euros (228 million euros in 2022), of which 69% corresponded to input taxes[39] (248 million euros) and 31% to taxes collected[40] (113 million euros) (in 2022, 109 and 119 million euros, respectively).

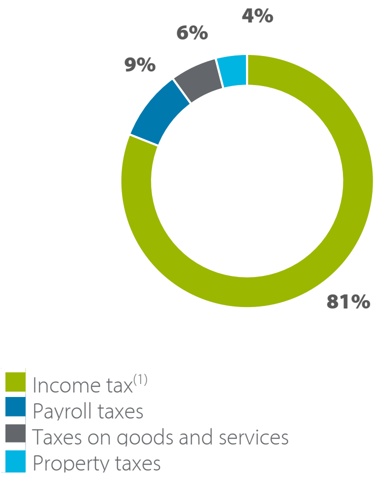
Of the taxes borne, 135 million correspond to Spain, 108 million to Chile, 4 million to Mexico and 1 million to Peru[41].

The total tax contribution is calculated using the cash method and taking into account the globally integrated entities and joint operations (see the 'Consolidation principles, a) Consolidation methods' section of the Consolidated Annual Accounts).

Total tax contribution of the Enagás Group (M €)

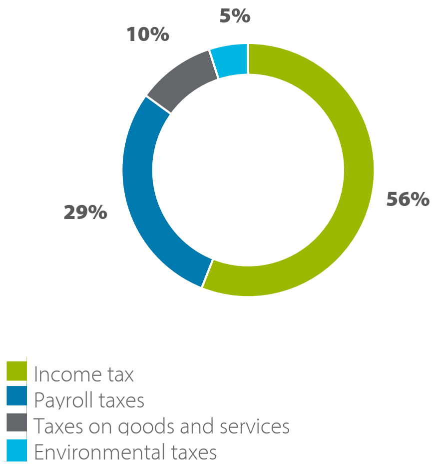


Taxes borne



(1) Including the following items: Corporate income tax, Tax on Economic Activities and movable capital income retentions.

Taxes collected



Country-by-country contribution

[GRI 203-2, GRI 207-4, S11.21.7]

Below is a breakdown of the Enagás Group's tax contribution country by country in 2023, including the tax jurisdictions of Spain, Mexico, Peru, Chile and the United States, companies that are fully consolidated (see the 'Consolidation principles, a) Consolidation methods' section of the Consolidated Annual Accounts).

[39] Input taxes are those taxes that the company has paid to Public Administrations of the different states in which it operates. These taxes are those that have entailed an effective cost for Enagás, such as corporate income tax and environmental taxes.
[40] Taxes collected are those that have been paid on behalf of other taxpayers as a result of Enagás' economic activity, without entailing a cost to the Company other than its management.
[41] The additional contribution of national and international affiliates accounted for using the equity method was 136 million euros, of which input tax was 93 million euros and tax collected was 43 million euros.

Tax contribution by country in 2023 (€) [GRI 207-4]

Jurisdiction	Average number of employees (2)	Foreign intercompany income	Domestic third-party income	Foreign third-party income												Profit before corporate income tax	Corporate Income Tax paid and withholding tax paid (cash basis)	Corporate income tax accrued in the current year (1)	Tangible assets other than cash and cash-equivalent instruments
				Germany	Albania	Belgium	United States	France	Greece	Italy	Morocco	Mexico	Norway	United Kingdom	Switzerland				
Spain	1,427	23,519	912,675,147	1,391,122	40,852	316,154	22,994	210,799	240,495	85,425	356,006	99,610	37,166	300,686	264,590	299,961,250	130,922,359	79,628,932	4,056,444,342
Mexico	0	22,880	0	0	0	0	0	0	0	0	0	0	0	0	0	-8,351	0	-453	24,614
Peru	2	213,028	3,340,197	0	0	0	0	0	0	0	0	0	0	0	0	2,951,146	22,875	29,927	203,131
USA	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-194,643	0	-2,313,409	0
Chile	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-2,277,607	66,027,094	741,183	0

(1) In Spain, the difference between the effective rate vs. the nominal rate is mainly due to the limitation of the dividends and capital gains exemption for the transfer of shareholdings to 95%. In the other jurisdictions (Mexico, Chile, Peru and United States), this difference is mainly due to i) their status as holding companies, with exempt income (dividends); ii) companies with an immaterial level of income; and iii) consolidation adjustments. Taxation in these jurisdictions is carried out through equity-accounted affiliates, the details of which are not included in this scope.

(2) In line with the provisions of the section 'About our Consolidated Management Report' on the scope of financial and non-financial information, the financial information of this company was included.

Operational excellence

Commercial logistics hub

Due to its geo-strategic location, Spain is in a privileged position in terms of the liquefied natural gas (LNG) market, as it has a wide range of origins, both for domestic consumption and for exporting natural gas to Europe. Spain has the highest number of LNG terminals of any European country, and has a meshed network of gas pipelines. This gives the country great capacity for storage, transmission and operational flexibility.

Given this situation, and after more than fifty years of experience in developing, maintaining and operating LNG terminals and transmission pipelines, Enagás positions itself as one of the most reputable transmission companies in Europe in terms of facility efficiency. Our terminals are now recognised as among the most efficient in Europe, with availability of over 99%.

At Enagás, we make our facilities available to customers and provide traditional LNG logistics services such as tanker unloading, regasification, transferring LNG to tankers and truck loading, as well as new small-scale and bunkering services. For the latter, we are adapting our terminals, implementing the latest technologies that will position the Spanish Gas System as a 'logistics hub' for Europe in the gas market. With respect to small scale operations, a total of 70 operations were carried out at our terminals during 2023, an increase of more than 71% compared to the number of operations carried out in 2022. It is worth mentioning the increase in bunkering activity during 2023, with 1.3 TWh loaded for use as marine fuel (3.3 times the amount loaded in 2022), with Barcelona being the terminal with the highest volume loaded (86%) thanks to the start of simultaneous operations at the large scale and small scale docks.

The Spanish Gas System

Enagás was certified as an independent network operator (TSO: Transmission System Operator) by the European Commission in 2012, securing its positioning as a European sector leader. It also works as the Technical Manager of the System from the publication of the Hydrocarbons Law. This means it is responsible for the operation and technical management of the Basic Network and the secondary transmission network, guaranteeing the continuity and security of the natural gas supply as well as proper coordination between marketers, the operators of access points, storage facilities, and transmission and distribution networks.

Enagás has been carrying out the majority of its activities in Spain since its founding in 1969. It has built up a meshed network of more than 11,000 km of high-pressure gas pipelines, facilitating access to gas from almost every point on the Iberian Peninsula. Enagás holds stakes in six of the seven LNG terminals in the Iberian Peninsula (four wholly-owned terminals and two part-owned), and has three underground storage facilities. As the main transmission company, Enagás has developed the main infrastructure facilities of the Spanish Gas System, making it a leader in security and diversification of supply and consolidating its presence on the international stage.

See the **Annual Report on the Spanish Gas System** on our corporate website.

LNG terminals

Enagás is one of the companies with the most LNG terminals in the world. We are pioneers in the development, maintenance and operation of this type of infrastructure, and our knowledge and experience have made us international leaders in the sector.

Our terminals have a unique logistical position: their placement between the Atlantic, Cantabrian and Mediterranean catchment areas favours sea transmission and the diversification of LNG sources and destinations. In addition, as regards emissions, Spain is the entry point for a possible ECA (Emission Control Area), an area that could be declared particularly vulnerable to pollution, and where the growth of the small-scale market could be a solution.

At Enagás, we offer a vetting service for the assessment and inspection of methane tankers operating in our facilities, both in the large and small-scale sectors.

At the forefront of technology and efficiency

- 100% commercial availability at all LNG terminals.
- Load rate higher than 3,500 m^3/h in all our LNG terminals.
- Zero operational losses from boil-off during tanker loading operations.
- Low coefficient of shrinkage in operations.
- Maximum flexibility in the allocation and adjustment of slots for tanker offloading and loading.
- Terminals ready to receive the largest LNG tanker ships in the world Q-Max with up to 266,000 m^3 of LNG[42].

Commercial services in Spain [GRI 2-6]

At Enagás, we are working to provide our customers with logistics services, which we provide in accordance with current regulations. The Third-Party Network Access (ATR) services that we provide at our facilities are fundamentally classified as:

- **Individual services:**
  - Tanker unloading
  - Regasification
  - LNG storage
  - Truck loading
  - LNG terminal-to-tanker bunkering
  - LNG ship-to-ship transfer
  - Ship cooling
  - Virtual liquefaction
  - Entry to the Virtual Balancing Point
  - Departure from the Virtual Balancing Point
  - Departure from the Virtual Balancing Point to a consumer
  - Natural gas storage in basic underground storage facilities
  - Injection
  - Extraction

[42] Except for the Huelva terminal, which can only moor vessels of up to 180,000 m^3 of LNG.

The sale of these services is carried out through a framework access contract and through standard capacity products, i.e. through the signing of annual, quarterly, monthly, daily or intraday contracts.

- **Bundled services**
  - Vessel unloading, LNG storage and regasification.
  - Vessel unloading, LNG storage, regasification and flow on to the Virtual Balancing Point.
  - LNG storage and regasification.
  - LNG storage, regasification and flow on to the Virtual Balancing Point.
  - Vessel unloading, LNG storage and LNG loading from LNG terminal to vessels.
  - Underground natural gas storage, injection and extraction.

Find out more about **commercial services** in Spain on our corporate website.

As Enagás' activity is carried out in an environment covered by the regulation, this and its implementation form the basis of our plans moving forward. It should be noted that in recent years the last pieces of regulation required to establish the regulatory framework that has made it possible to complete the new management and commercialisation model for the Spanish Gas System.

In 2023, commercial availability was at 100% and technical availability was at 99.24% (in 2022, 100% and 99.72 %, respectively). This year, Enagás terminals unloaded a gas volume of 139 TWh (172 TWh in 2022); regasification amounted to 121 TWh (150 TWh in 2022). [GRI 2-6]

Customer management [GRI 2-6]

Our customers are transmission companies, shippers, distributors and the direct consumers in the market (consumers which connect directly to our facilities), to which we supply a wide range of LNG services, transmission and underground natural gas storage.

245 shippers	Spain	74%
	Switzerland	7%
	United Kingdom	6%
	Denmark	2%
	Italy	2%
	Netherlands	2%
	Germany, Portugal, Czechia and Belgium	1% each country
	Other	3%

See the **list of our customers** on our corporate website. .

Enagás regularly evaluates the satisfaction of its customers and professionals (see the 'People' section) through satisfaction surveys, the results and associated improvement plans being reported to those same stakeholders. In the case of customers, the results obtained in 2023 were as follows:

Results of customer satisfaction surveys [GRI 2-29]

		Services	Customer	2022 Number of responses out of the total	2022 Assessment of services rendered (out of 10)	2023 Number of responses out of the total	2023 Assessment of services rendered (out of 10)
Business operation	Enagás as transmission company [(1)]	Capacity management and viability analysis, infrastructure operation and programming, etc.	Shippers [(2)]	33 / 50	8.8	23 / 54 [(4)]	8.7
			System operators (transmission and distribution companies)	3 / 8	8.3	2 / 8	9.9
	Enagás as Technical Manager of the System [(3)]	Programming, operations, distribution and balances, etc.	Shippers	52 / 172	8.4	68 / 173	8.9
			System operators	8 / 14	8.6	10 / 16	8.8

(1) See the improvement plans associated with satisfaction surveys on the corporate website. Provisional data, as responses are still being received at the time of completion of this report.
(2) The satisfaction target set for 2022 and 2023 was 8.3.
(3) Survey conducted in accordance with the guidelines of the National Commission on Markets and Competition (CNMC) established in the Incentives Circular (Circular 6/2021, June 30). The remuneration received by the Technical System Manager is linked to the participation rate of customers in the survey.
(4) The number of responses out of the total represents 56% of the total turnover in 2023.

In 2023, Enagás resolved 100% of the 177 formal complaints it received from customers (127 in 2022). These complaints were received in connection with Enagás' activity as Technical Manager of the System (GTS). Their quantity falls within normal bounds given its processes and nature, as well as the regulatory changes of the last few years. Enagás also has a specific tool for the management of queries and incidents was implemented to automate the process and provide traceability.

In terms of managing customer's information privacy, Enagás has a Privacy Policy and complies with the General Data Protection Regulation (GDPR). In this regard, Enagás uses its customers' data exclusively for the purposes for which they have been collected and with the prior consent of the interested parties. In 2023, Enagás did not receive any complaints related to privacy or loss of customers' personal data (nor did it receive any complaints in this area in 2022 and 2021).

See the **Information Privacy Policy** on the corporate website.

[GRI 2-6]

Asset management: business continuity and resilience [GRI 3-3]

Enagás has basic principles and guidelines for action in the face of possible threats and adverse situations that give it an increasingly solid structure for managing a crisis.

Crisis management, emergencies and business continuity are areas promoted within the framework of the company's Transformation Plan as areas aimed at strengthening resilience.

The company has worked on the development of a Business Continuity Plan for the Infrastructure Management Department, which will continue to be implemented throughout 2024. In this regard, it will also focus on revising the specific Technical Manager of the System Plan.

Within the framework of crisis management, Enagás carries out operational drills and crisis management drills, enabling the company to practise how to act in the event of an accident and thus reduce its reaction times.

In addition, to reinforce the culture of resilience at our organisation, Enagás draws up lessons learned from both internal and external events that are distributed internally.

In 2023, Enagás obtained ISO 55001 certification in asset management. This accreditation represents recognition under an international standard for the company's infrastructure asset management model in accordance with the practices identified during the audit process.

Among the most significant aspects of the standard are a holistic vision of the asset's life cycle, consolidated management of operational risk, alignment of the model with the Strategic Asset Management Plan and the use of technical methodologies to support decision-making. All this is within a framework that guarantees total asset cost and the availability and quality of customer service.

These management practices are aligned with the company's goals under the principle of continuous process improvement and the integration of new ways of working, with a clear commitment to innovation and digitalisation, all in line with industrial safety and ESG criteria.

In 2023, Enagás obtained ISO 55001 certification in asset management

This accreditation represents a success after 10 years of work to establish and implement an asset management model, framed within the company's Integrated Safety, Environment and Quality Management System.

Pipeline integrity

Enagás carries out inspection and maintenance work to ensure the integrity of its gas infrastructures, making sure they remain in proper condition. The company sets out integrity plans each year based on the risk involved in the activities to be carried out in the gas pipelines. These activities include:

- Internal inspections with smart tools to find potential anomalies in gas pipelines. During 2023, more than 11.0% of Enagás' gas pipeline network was inspected internally (9.3% in 2022).
- Indirect external inspections to locate defects in the anti-corrosive coating of gas pipelines.
- Excavations (test pits) for the direct evaluation of anomalies identified through inspections (internal and/or external indirect).
- Complementary safety activities to detect incidents within the gas pipeline right-of-way (observation by car, observation by foot, aerial observation and leak detection). In 2023, more than 82,000 km of gas pipelines were monitored (more than 89,500 km in 2022).

As a result of the inspection and maintenance work, in 2023, a bypass of a section of the pipeline in the Pajares area was built as a mitigation measure for the physical risks identified.

Closure and rehabilitation

[GRI 3-3, GRI S11.7.4, GRI S11.7.5, GRI S11.7.6]

Enagás facilities have a useful life set out during their design and construction. Enagás makes investments and technical improvements to extend the useful life of its assets while maintaining the required levels of safety, quality, environmental protection and efficiency. However, Enagás establishes decommissioning and rehabilitation plans that consider possible impacts on the environment and local communities once the assets' useful life has ended, taking into account the different stakeholders and involving local communities. Enagás has recorded financial provisions for the dismantling of all its LNG terminals and underground storage facilities, amounting to more than 231,000 euros.

Although the useful life of the underground storage facilities has not yet been reached, these infrastructures already have detailed closure and rehabilitation plans as required by the Hydrocarbons Law.

In the case of pipelines, decommissioning plans are regularly updated in line with annual maintenance plans.

In 2022 and 2023, no Enagás facilities were closed down.

Continuous improvement programmes

The company continues to boost operational excellence through different programmes and initiatives that, leveraging new methodologies such as Lean-Kaizen and Design Thinking, among others, identify innovative solutions focused on efficiency and process improvement, thus generating disruptive results in the short term.

In this line and in order to face new challenges, in the area of infrastructures, the implementation of the Strategic Plan for Continuous Improvement has continued with the aim of identifying and prioritising cross-cutting initiatives with an impact on strategic drivers of continuous improvement, which encourage the development of people and the use of new methodologies and which promote the culture of continuous improvement and operational excellence.

In 2023, we have continued to promote the identification of improvement initiatives by professionals through the different existing channels at a company level: cross-cutting improvement groups, the continuous improvement mailbox, roadshows, the Ingenia Energy Challenge programme, and more. In an outstanding initiative this year, the Technical Manager of the System provided a solution to the 'Security of Supply' challenge by developing different team sessions using the Design Thinking methodology.

Within the Continuous Improvement Programme, the "Daily Kaizen" continued being promoted. The programme focuses on people and on strengthening team communication and collaboration. Teams are equipped with lean tools in order to generate autonomous teams, thus allowing for a sustainable cultural change over time (Kanban boards, 5S, standards and problem solving).

In addition, and with a view to facing new challenges for the company, cross-cutting Kaizen projects are being launched to provide innovative solutions focused on the efficiency of specific processes.

3.8 Local communities

Relations with local communities are of importance to the company, since our activities impact the areas in which we operate. They encourage competitiveness in the industry, enhance energy supply security, contribute to decarbonisation and create direct and indirect employment.

[GRI 3-3, GRI 413-1]

We carry out our activity guaranteeing the safety of infrastructure, minimising impacts on ecosystems and the population.

The most relevant aspects of managing relations with local communities are the identification of local stakeholders, the information and consultation processes we carry out in infrastructure development activities and action plans (social investment).

1.7
million euros of investment

Sustainable Management Plan

Main lines in 2023

- Alignment of partnerships with the Social Action Strategy adopted in 2022.
- Completion of the first corporate Volunteering Week.
- Digitisation of community monitoring.
- Active listening to find possible new collaborations in the areas in which Enagás is present.
- Advancement in the fulfilment of the 2030 Agenda (SDG) through corporate volunteering with a focus on initiatives linked to improving the employability and social inclusion of vulnerable groups.
- Launch of a corporate volunteering platform.

2024 lines

- Update of the Procedure for Managing Sponsorship, Patronage, Donations and Partnerships.
- First report measuring the impact of partnerships on communities.
- Advancement in the fulfilment of the 2030 Agenda (SDG) through corporate volunteering with a focus on initiatives linked to improving the employability and social inclusion of vulnerable groups.
- Promotion of the company's values and culture through the volunteer programme by means of the participation of managers and specific profiles

0.5%
social action investment with respect to net profit

32
corporate volunteering initiatives

605
participations in corporate volunteering initiatives (not individual volunteers)

Local community management

[GRI 2-25, GRI 2-29, GRI 3-3, GRI 413-1, GRI S11.15.4]

Identification and impact assessment of local stakeholders

In local communities where Enagás develops and operates infrastructure, the company's priority is to contribute to their social and economic development and to minimise environmental and social impact while guaranteeing safety.

Therefore, in the early stages of construction, operation and maintenance projects, an social, economic and environmental assessment takes place. On the basis of this assessment, local stakeholders are identified, and impacts are assessed in line with the corporate framework for our commitment to stakeholders (see the 'Commitment to stakeholders ' section of the Sustainable Management Model).

This enables stakeholder maps to be created for the management of crises and emergencies affecting infrastructure, in which key collectives, communication channels and relevant issues are identified (see the 'Health and safety' section).

Furthermore, the needs analysis of the area enabled the identification of key collectives and associations (vulnerable groups, NGOs, local councils, etc.) which are an important source of information for understanding the local context and for the establishment of partnerships (see the 'Social action' sub-section in this section).

Information and consultation processes

Enagás conducts environmental impact studies (which also assess social aspects) for construction projects and assesses environmental aspects for infrastructure operation and maintenance projects. Environmental impact studies are open to public information and are also subject to processes of consultation in which stakeholders may voice their opinion and even propose modifications to a project. Facilities that hold EMAS certification (see the 'Natural capital and biodiversity' section in this chapter) publish an annual report (LNG terminals at Barcelona and Cartagena, underground storage facilities at Yela and Serrablo).

In the case of gas pipeline construction projects, the route design already takes into account criteria for minimising the impact on local plant and animal wildlife, and for avoiding the occupation of private property. Where the latter is concerned, a regulated procedure is applicable in Spain which includes public information and consultation with the entities affected, which also guarantees transparency in the construction of infrastructure and equal treatment before the law. [GRI 413-2]

In matters related to infrastructure safety, Enagás develops internal emergency plans, which include information on stored chemical substances, human and material resources, scenarios, emergency plans, liability, etc. These plans are registered with the local government authorities, which are responsible for communicating them to the community and creating an associated action plan.

Enagás also holds information sessions in local areas for the purpose of explaining details of projects that are being executed locally, and safety and environment-related issues, among others.

Communication channels with local communities

- **Whistleblowing Line** (see the 'Ethics and integrity' section in this chapter)
- **Consultation processes**
- **Corporate website**
- **Environmental inbox**
- **Informative sessions**

One of Enagás' priorities is to contribute to socio-economic development in the local communities where it develops and operates its infrastructure

Social action [GRI 413-1]

Enagás' Social Action Strategy is aligned with the objectives set out in the company's 2022-2030 Strategic Plan.

Thus, the overall social action target for 2023-2030 is to contribute to security of supply and decarbonisation, promoting a just energy transition through socio-economic development projects and initiatives across the land. Enagás is committed to allocating around 60% of its contributions to initiatives related to this target. In addition, the company will allocate 20% of its total contributions to actions focused on education, culture, health and aid to vulnerable groups in areas where it operates.

Enagás' social investment is aligned with the Sustainable Development Goals

In terms of geographical scope, at least 15% of contributions will be allocated to local communities in which Enagás has infrastructure facilities and projects.

The company's goal is also to allocate at least 0.4% of its current net profit to social action contributions.

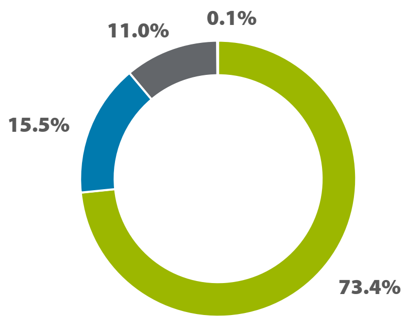
Through dialogue and collaboration with stakeholders, we maximise the positive social impact of our initiatives, whether through volunteering, sponsorships, patronage or donations.

See the **Social Action Strategy** on our corporate website.

In 2023, the total amount of this social investment reached 1.7 million euros, distributed as follows:

	2021	2022	2023
Amount allocated for social investment (million euros)	1.81	1.94	1.70

Types of contributions



- Sponsorships, patronage and donations
- Management expenses
- Time spent by professionals during the workday on volunteering
- Donations in kind

The amount allocated to sponsorships, patronage and monetary donations was 1,246,608 euros (see the 'Sponsorships, patronage and donations' sub-section of this section), while general management expenses (cost of professionals dedicated to the management of social investment and cost of the volunteer programme) amounted to 262,916 euros. The costs of professionals' dedication during their working day to volunteer activities amounted to 186,930 euros and donations in kind amounted to 2,089 euros.

Company commitment to sustainable development (euros) [GRI 201-1]

	2021	2022	2023
Contributions to foundations and non-profit organisations (charitable donations: monetary and in kind [1]	81,500	151,031	31,129
Association and sponsorship actions (sponsorship and patronage activities)	1,565,722	1,450,105	1,217,568

[1] With regard to donations in kind, Enagás donates computer equipment, mobile phones, furniture and discontinued promotional material to associations that use this material solely for charitable purposes

Enagás is committed to allocating 0.4% of annual profits to social action

[GRI 413-1]

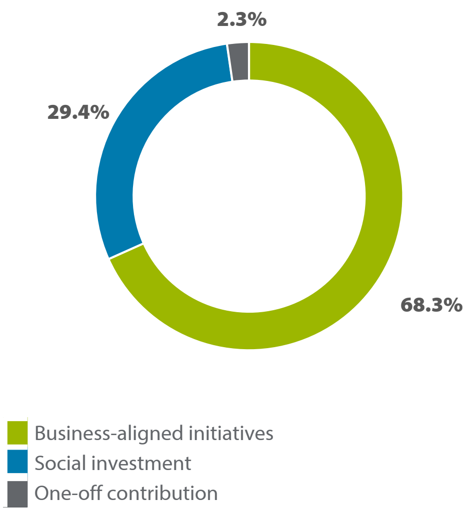
Sponsorships, patronage and donations [GRI 413-1]

Enagás collaborates economically with social welfare projects through sponsorships, patronage and donations activities.

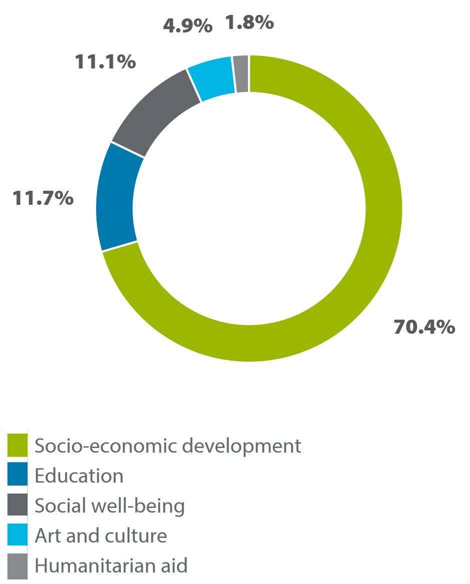
The company's procedure for managing sponsorships, patronage and donations establishes the criteria for the reception, approval and follow-up of collaboration requests (financial contributions). This procedure will be updated in 2024 to make the process even more transparent and ensure that the Social Action Strategy's targets are met.

In 2023, monetary contributions of more than 1.2 million euros were made (1.5 million in 2022), distributed as follows:

Motivation for the contribution



Areas of action



Enagás employees can also make various charitable donations promoted by the company. Through the 'Euro Solidario' ('Solidarity Euro') initiative, which allows professionals to make micro-donations from their salaries for social projects, 8,832 euros were donated in 2023 to the Children's Villages and ANAR (Aid to Children and Adolescents at Risk) Foundations. Some of our professionals have also donated the money for the traditional Christmas hampers to the Theodora Foundation, reaching a total of 2,313 euros.

Corporate volunteering programme [GRI 413-1]

Enagás professionals participate in the company's Corporate Volunteering programme, giving up their time and bringing their skills and talent. There are two forms of cooperation:

- **On-site corporate volunteering directly managed by Enagás:** activities carried out in collaboration with associations and third-sector organisations, supervised by the company. These on-site corporate volunteering initiatives are carried out during working hours and respond to the needs of the local communities in which Enagás is present. The company, in line with its commitment to equal opportunity and non-discrimination, guarantees that participation in volunteering activities will not lead to work-related discrimination.
- **On-site and virtual volunteering platform**: the company connects with volunteering opportunities through different associations and third-sector organisations by means of the corporate volunteering portal, a platform that strengthens and extends the existing programme. It encompasses special days organised by the company as well as over 1,200 national and international collaboration opportunities, both face-to-face and virtual, put forward by NGOs.

11/2023

From November 13 to 17, Enagás organised its first Volunteering Week, an initiative that came to a successful conclusion thanks to the participation of the 218 professionals who participated in at least one of the 13 scheduled activities, in collaboration with different non-profit organisations.

Through these activities - which focused mainly on care for the environment and inclusive sport, as well as spending time and interacting with vulnerable groups - our professionals have been able to grow more familiar with other realities and share experiences that have contributed to their general awareness, skills development and personal growth.

Enagás commits to:

- Carrying out at least 10 corporate volunteering initiatives per year, aligned with the scenarios envisaged in the Social Action Strategy and Agenda 2030.
- Encouraging middle management, executives and specific profiles to volunteer so that they can contribute their experience and knowledge to help support disadvantaged groups, as well as encouraging Enagás professionals to participate in activities within the Social Action Strategy framework (seasonal solidarity campaigns and specific programmes to help children and combat gender-based violence, among others).
- Reinforcing, through volunteer initiatives, the commitments set out in the various axes of diversity approved in the Enagás Diversity and Inclusion Policy.

12/2023

In 2023, Enagás held a number of training workshops to promote employability and social normalisation for women in vulnerable situations due to disability or as victims of gender-based violence. These workshops were carried out in collaboration with the Randstad and the José María de Llanos Foundations.

In 2023, Enagás has encouraged more face-to-face and collective activities, and the number of activities and participation therein has increased considerably compared to the last two financial years.

	2021 (1)	2022	2023
Number of initiatives	12	21	32
Number of participations (not individual volunteers)	170	438	605
Total number of hours	403	2,210	3,344

(1) In 2021, and with the aim of ensuring the safety of all participants, Enagás encouraged virtual volunteering activities and those carried out individually by professionals.

The company carries out a satisfaction survey of the professionals who participate in social initiatives in order to take maximum care of the volunteer experience, and to find out their satisfaction and assessment of the achievement of the targets of each action. The average result of the surveys carried out by the 203 initiatives reflects high satisfaction, with a rating of 4.8 out of 5.

Volunteering typology

In 2023, our volunteering included environmental activities carried out to promote the protection and reclamation of natural spaces, initiatives related to the promotion of the social inclusion of people with disabilities, training workshops to boost the employability of women in vulnerable situations, participation in social sports tournaments to promote social projects for the benefit of people at risk of social exclusion, campaigns to collect toys and food for vulnerable families and digitisation workshops for seniors.

3.9 Human rights

By acting on each material topic, Enagás ensures that human rights are upheld where applicable to the context and activities of the company.

[GRI 3-3]

Respect for human rights

[GRI 2-23, GRI 2-25]

Enagás, following the roadmap set out by the United Nations through the Sustainable Development Goals, establishes its commitments to ensure compliance with human rights in its Human Rights Policy. These commitments are developed in the Enagás' Code of Ethics and the corporate policies that comprise it, aligning them with, inter alia:

- United Nations International Charter of Human Rights.
- The International Labour Organisation (ILO) Declaration as well as the fundamental conventions (freedom of association and the effective recognition of the right to collective bargaining; the elimination of all forms of forced or compulsory labour; the effective abolition of child labour; and the elimination of discrimination in respect of employment and occupation) and the conventions concerning indigenous and tribal peoples.
- OECD Guidelines for Multinational Enterprises.
- The European Convention on Human Rights.

Enagás provides an online training programme for all professionals so that they can learn the company's methods for ensuring compliance with human rights.

Consult the **Human Rights Policy** on the corporate website.

Identification of rights and risk assessment

Human rights management is addressed using a continuous improvement approach aligned with our Sustainable Management Model. Enagás has a global system in place to identify human rights violation risks and impacts on a regular basis.

The identification of these violation risks and impacts is carried out for different points of the company's value chain both current (Enagás activities with management control, affiliates without management control and supply chain and customers) and potential (analysis of new business opportunities), taking into account international standards as applicable for each location and activity[43], communication and consultation with interest groups, as well as consultation with external human rights experts. The human rights identified include labour rights, safety, the environment, ethics and integrity, as well as fundamental rights.

The evaluation of the identified violation risks is carried out through the following assessments:

- Assessment of country-specific risks.
- Corporate Risk Map (see the 'Risk management' chapter).
- Safety risk assessments in posts and facilities (see the 'Health and safety' section in this chapter).
- Environmental impact assessments / environmental risk assessments (see the 'Natural capital and biodiversity' section in this chapter).
- Supply chain assessments (see the 'Supply chain' section in this chapter).

In the assessments carried out in 2023, Enagás considers the level of violation risk to be low across the boards due to the measures that the company has implemented as part of its Sustainable Management Model. Thus, Enagás has human rights risk prevention and mitigation plans in all the geographical areas in which the company operates (see the 'Geographies' section in the 'Our business model' chapter). These plans include the following main measures for each of the main issues identified and target the identified vulnerable groups[44] . These measures have been set out according to the company's capacity to influence the different points of its value chain.

It is the responsibility of the different areas of the company to establish, within their management scope (people, supply chain, local communities, etc.), action plans, objectives and monitoring indicators to ensure compliance with the commitments established in the policy and to mitigate the risks and negative impacts identified. They are also responsible for periodically evaluating possible changes in risks and impacts.

During the 2023 assessments - as in the assessments of the previous two years (100% of the assets covered in the last three years) - Enagás did not find any human rights violations, so no remediation actions were required.

[43] The World Bank, UNICEF, The Economist Intelligence Unit, IPIECA, The Danish Institute for Human Rights, etc.
[44] Within the framework of the risk assessments that Enagás carries out each year, vulnerable groups have been identified among the stakeholders (professionals, local communities and suppliers). In these cases, action is focused.

In addition to human rights violation risks, Enagás, in an integrated manner with the company's risk assessment processes, identifies and assesses the risk level of each of the risks associated with human rights (for more information on ESG risks and their integration in the company's global risk model, see the 'Risk management' chapter). These identified risks relate to human rights related to labour practices and to society and local communities:

- Work practices: operational and technological risks and criminal liability.
- Society and local communities: strategic, business, compliance and model risks.

Human rights due diligence assessment at affiliates[45] [GRI 411-1, GRI S11.17.3, GRI S11.17.4]

Enagás annually reviews a human rights risk assessment for the company's affiliates. All the companies have commitments to human rights included in their codes of ethics or specific policies, though in some cases, it is necessary to continue making progress to reinforce these commitments by making them public and providing training to their professionals.

In general, there is also an advanced level of management regarding the handling of communications and complaints. Due to the importance of this area, Enagás is reinforcing the importance of continuing with this type of action.

One of the areas in which a higher country risk was identified in several companies is professional relations and working conditions. In this area, it has been determined that the level of management is generally advanced, through room for improvement was found at some companies in terms of formalising procedures related to working hours, breaks and vacations. Likewise, the area of public and private security, which also presents a higher country risk at practically all the companies, stands out for its high level of management in all of them. In the area of community relations, there is an advanced level of management at all the companies, though room for improvement was found at some companies in terms of formalising procedures for managing queries and complaints.

Enagás is currently reviewing its Due Diligence Processes in relation to third parties, focusing on the protection of Human Rights and the Environment, in line with the proposed new European Directive on this issue.
[GRI 2-23, GRI 2-25, GRI 3-3]

Human rights assessed in Enagás activities [GRI 2-25]

Human rights assessed	Assessment result	Measures to reduce the level of risk
LABOUR PRACTICES		
The right to decent work and the rejection of forced, compulsory and child labour	Low risk of violation	Enagás guarantees stability and quality of employment, a commitment that is reflected in its Human Capital Management Policy. The Enagás Collective Bargaining Agreement prohibits the company from employing minors of under 16 years of age (Article 28 of the Collective Bargaining Agreement). [GRI 409-1]
Right to rest and leisure	Low risk of violation	Enagás improves and extends the periods and conditions of rest and leisure established in current legislation (flexibility in start times and lunch break, intensive working days during the summer and every Friday throughout the year, division of annual leave into a maximum of four periods, etc.).
Right to family life	Low risk of violation	Enagás improves and extends paid leave beyond the provisions of current labour regulations (death of a close relative, illness, reduced working hours for childcare, special circumstances, etc.).
Freedom of association	Low risk of violation	Enagás professionals can freely exercise their right to belong to trade unions in order to promote and defend their economic and social interests without this being the basis for discrimination, and any agreement or decision by the company contrary to this principle is deemed null and void (Article 64 of the Collective Bargaining Agreement). [GRI 407-1]
Collective bargaining	Low risk of violation	Enagás has in place a collective bargaining agreement, in line with its Human Capital Management Policy (see the 'People' section in this chapter), which enters into collective negotiations and carries out regular consultations with authorised employee representatives. [GRI 407-1]
Workplace non-discrimination and diversity	Low risk of violation	The company has in place a Diversity and Inclusion Strategy, a Diversity and Inclusion Policy, an Equality Plan and a Prevention and Action Protocol at the disposal of its professionals for any situation of workplace harassment. This protocol provides a confidential channel for reporting workplace harassment (canal.etico@enagas.es).
Fair and favourable remuneration	Low risk of violation	Part-time employees receive remuneration that is proportional to the salary of full-time employees, with identical employee benefits. In addition, in 2023, Enagás' minimum salary was 1.5 times the minimum inter-professional salary in Spain. [GRI 202-1]

[45] Affiliates consolidated by the equity method and over which Enagás has no operational control, as they are managed autonomously.

Human rights assessed	Assessment result	Measures to reduce the level of risk
Living wage	**Low risk of violation**	Enagás is committed to establishing a salary high enough for all its professionals to have a decent standard of living, sufficient to cover basic needs in accordance with the local cost of living.
Right to a safe working environment	**Low risk of violation**	Enagás' Occupational Risk Prevention Management System, certified under ISO 45001, provides mechanisms for identifying and preventing incidents (see the 'Health and safety' section in this chapter).
Right to life, liberty and security of person	**Low risk of violation**	The company exercises due diligence when rendering its services in order to prevent errors or omissions that could harm the life, health or safety of consumers or others who may be affected. It also complies with national laws and relevant international guidelines.
Right to freedom of opinion, expression and information	**Low risk of violation**	Enagás has various clear and transparent internal communication channels that allow workers to communicate with senior management.
SOCIETY AND LOCAL COMMUNITIES		
Right to use natural resources	**Low risk of violation**	The Enagás environmental system, certified under ISO 14001 and EMAS, provides the mechanisms to mitigate the environmental impacts derived from the company's activities (see the 'Natural capital management and biodiversity' section in this chapter).
Rights of communities and indigenous people	**Low risk of violation**	Through its social action strategy, Enagás contributes to the socio-economic development of local communities, prioritising those areas where the company operates, through sustainable social action models, paying special attention to the most vulnerable communities such as indigenous or tribal populations.
Property rights, resettlement and compensation	**Low risk of violation**	Enagás' procedures relating to the development of infrastructure construction projects include criteria aimed at avoiding the occupation of privately owned areas and minimising potential relocation of local communities, applying procedures for information, consultation and fair compensation that guarantee transparency and equal treatment. [GRI S11.16.2]
Prevention of abuse by security forces and prevention of cruel, inhuman or degrading treatment	**Low risk of violation**	Enagás ensures compliance with principles on respect for human rights by requesting to the security companies proof of membership to associations that promote respect for human rights and train their professionals in this issue. [GRI 410-1]
Privacy of information	**Low risk of violation**	Enagás has adapted its personal data control and management systems to the latest requirements incorporated by EU regulation 679/2018 (GDPR) and Law 3/2018 (LOPDGDD), in order to continue processing the personal information of its professionals with the maximum guarantees of respect for privacy and legal compliance.

Human rights assessed in the supply chain [GRI 2-25]

In the last three years, 77.8% of suppliers have been assessed, of which 14.3% have been identified as high risk suppliers and all of them have mitigation actions in place.

Human rights assessed	Assessment result	Risk Management
• General human rights • Labour • Safety • Environment • Ethics and integrity	**Low risk of violation**	Enagás ensures that its suppliers, and especially those with workers operating within Enagás' facilities, respect these human rights. We demand a commitment from them, we ask them for the necessary documentation and we conduct audits. (See the 'Supply chain' section in this chapter). [GRI 409-1]
Basic rights / Confidentiality of information	**Low risk of violation**	Enagás has adapted its personal data control and management systems to the latest requirements incorporated by EU Regulation 679/2018 (GDPR) and Law 3/2018 (LOPDGDD), in order to continue processing the personal information of its suppliers with the maximum guarantees of respect for privacy and legal compliance.

Human rights assessed at affiliates without management control [GRI 2-25, GRI S11.17.3, GRI S11.17.4]

In the last three years, all 100% of the affiliates companies without operational control have been assessed and 30% have been identified as having a high human rights risk. Mitigation actions have been implemented in all of them with the support and monitoring of Enagás.

Human rights assessed	Assessment result	Risk Management
• General human rights • Labour • Safety • Environment • Ethics and integrity • Basic rights • Local Communities (1)	**Low risk of violation**	In our business agreements we promote compliance with corporate policies (according to the degree of influence). Our management model for affiliate companies is based on the transfer of critical standards of management (see the 'Affiliates' section in this chapter), which include the necessary areas in order to guarantee respect for the following human rights: • People management • Ethics and compliance • Health and safety • Local communities • Environment • Supply chain Likewise, these areas are evaluated as critical aspects in due diligence processes.

(1) Indigenous communities and populations have been identified in affiliates without management control in Peru and Mexico.

Human rights assessed in customers [GRI 2-25]

Human rights assessed	Assessment result	Risk Management
Basic rights / Confidentiality of information	**Low risk of violation**	The Enagás Code of Ethics sets out diligent management of information as one of its guidelines of conduct. The company keeps a record of what information may be accessed by each person and for what purpose. In addition, Enagás has adapted its personal data control and management systems to the latest requirements incorporated by EU Regulation 679/2018 (GDPR) and Law 3/2018 (LOPDGDD), in order to continue processing its customers' personal information with the maximum guarantees of respect for privacy and legal compliance.

Repair procedures and mechanisms

[GRI 2-25, GRI S11.15.4]

Enagás also has in place procedures for redress should there be non-compliance with any of the previously mentioned human rights, such as:

- Procedure for the management of consultations and reporting regarding irregularities or breaches of the Code of Ethics (see the 'Ethics and integrity' section in this chapter).
- Self-protection and interior emergency plans, the incident and transmission network emergency response action plan and the procedures regulating it, the accident and incident management procedure and procedure for reporting them to stakeholders (crisis manual, incident reporting, etc.). (See the 'Health and safety' and 'Natural capital and biodiversity' sections in this chapter).
- Procedure for compensation and indemnity for the passage of gas pipelines on private property (see the 'Local communities' section in this chapter).

Additionally, as mechanisms for redress, Enagás has in place an ethics channel (accessible to all stakeholders) and an Ethical Compliance Committee (see the 'Ethics and integrity' section in this chapter). There are also corporate mailboxes available for specific areas.

3.10 Affiliates

The sustainable management of affiliates is an increasingly important matter, as reflected in the materiality analysis.

Proper management of, among others, environmental, social and governance matters in our value chain allows us to anticipate risks and take advantage of opportunities for long-term value creation.

The most significant aspects of affiliate management are set out through the critical management standards and the internal audits that we carry out in our affiliates

Sustainable Management Plan

Main lines in 2023

- Partner audit to ensure the existence of an adequate control framework for physical and logical security and a penetration test of the Distributed Control System at the BBG LNG terminal.
- Partner audit to evaluate internal procedures and regulations in relation to cash cycles, derivatives and debt management at the SAGGAS LNG terminal.
- Partner audit of the effectiveness of the controls identified in the Internal Control Matrix for the tax, personnel and corporate governance process cycles at Soto La Marina Compressor Station.
- Partner audit of corporate governance, health and safety, quality, environment, information technology, human resources and procurement processes at DESFA.
- Partner audit with internal control diagnosis of Transportadora de Gas del Perú and review of risks and mitigation actions implemented after the integration of Compañía Operadora de Gas in Peru.
- Collaboration in the Cybersecurity and IT Governance Audit of Transportadora de Gas del Perú.

2024 lines

- Partner audit to assess the effectiveness of internal control over revenue cycles, accounts receivable, external services and accounts payable at the BBG LNG terminal.
- Partner audit to assess the procurement management process at the TLA Altamira LNG terminal.
- Partner audit to assess the procurement process and payment management in Trans Adriatic Pipeline (TAP).
- Partner audit of the effectiveness of the controls identified in the Internal Control Matrix for the tax, personnel and corporate governance process cycles at Soto La Marina Compressor Station.
- Partner audit with internal control diagnosis for non-financial reporting processes at the SAGGAS LNG terminal.

Management model for affiliates [GRI 2-12, GRI 2-13]

Enagás affiliates that are not financially consolidated are managed autonomously. The Shareholders' Agreements regulate, among other things, decisions that require joint decision-making by shareholders. Enagás' influence and decision-making is exercised through leadership on Boards of Directors and other governing bodies (e.g. Remuneration Committee, etc.), appointing directors with extensive experience in the sector and the country.

However, Enagás has developed a management model for these companies that seeks to guarantee compliance with the business plans and their long-term sustainability, contributing Enagás' experience, knowledge and best practices as an industrial partner, while at the same time allowing affiliates to contribute to Enagás' growth, ensuring the objectives communicated to the market.

Enagás has an internal management team in each affiliate, as well as the support of specific working groups for the corporate and business areas in their areas of expertise. In addition, Enagás guarantees the suitability of the managers of the affiliates for their positions by analysing and evaluating their profiles, as well as by appointing specialised profiles from the company to key positions in the affiliates (seconded personnel).

Critical management standards

Enagás actively manages its relations with partners and managers of affiliates in order to mitigate the risks associated with their management. In this regard, Enagás, in its ESG risk assessment, has identified risks classified according to the Enagás taxonomy as reputational, strategic and business, criminal liability and compliance and model risks (see the 'Risk management' chapter).

The company has set out critical management standards, based on its material topics, which it extends to its affiliates according to their level of influence, and monitors them by setting out a plan of objectives for each affiliate to be implemented over a five-year horizon.

Critical management standards are transferred through working groups led by the specific managers of each affiliate, involving members of the General Management of Enagás who co-lead matters falling under their remit. These working groups are instrumental in aligning positions and ensuring the operability of the Board of Directors of the affiliate, where the decisions taken by consensus will be concluded in the groups.

Enagás has an Internal Monitoring Committee, established at the management level, which supervises the critical decisions of affiliates and reports quarterly on key matters to the Enagás Board of Directors.

Enagás has defined critical management standards based on its material topics; it requires its affiliates to comply with these standards in order to ensure that they are managed sustainably

Critical management standards

Financial and operational excellence

Financial excellence:
- Financial and cash planning and management
- Insurance
- Management control
- Taxation
- Financial reporting
- Accounting and administration

Operational excellence:
- Quality management system
- Operational efficiency
- Prioritisation of assets
- Maintenance management system
- Operation
- Warehouse management
- Customer service
- Affiliate programming management
- Measurement
- Distribution and balances

People
- Remuneration policy
- Contractual relations and trade union rights
- Negotiation and representation
- Human Resources Policy
- Human resource development (training and recruitment)
- Workplace climate

Health and safety
- Asset protection
- Health and safety management system
- Emergency plan
- Risk analysis
- Health monitoring
- Cybersecurity

Local communities
- Stakeholder management model
- Local development actions

Good Governance
- Procedure rules
- Board of Directors Remuneration Policy
- Company governance (agreements, working groups, etc.)

Natural capital and biodiversity management
- Environmental management system
- Conducting environmental impact assessments

Ethics and compliance
- Code of conduct
- Corporate Defence Programme
- Whistleblowing channel

Climate action and energy efficiency
- Energy efficiency measures and emissions reduction

Other management standards
- Risk Map: identification and monitoring of risks
- Internal control (general control and process control)
- Internal audit

Human rights
- Human rights due diligence

Supply chain
- Contracting and reporting (procurement processes)
- Suppliers approval

Internal control in affiliates

Enagás, together with its business partners, is conducting internal audits of its affiliates in order to verify the solidity of internal controls associated with the processes at greatest risk for fraud, corruption and bribery, and is establishing control activities to strengthen these processes wherever necessary. It also monitors the established local internal audit plans, focusing in 2024 on the most relevant issues, such as the management of payments, the procurement process and the management of the recruitment and payroll processes. The aim is to ensure that the main risks of the affiliate are covered by internal audits.

During 2023, we continued with the continuous process of complying with the audit plans approved by the different committees to ensure maximum coverage of the processes with the highest risk. Examples include partner audits to assess the existence of an adequate internal control framework, in relation to cash cycles, derivatives and debt management at the SAGGAS LNG terminal, tax cycles, personnel and the Corporate Governance process at the Soto de La Marina Compressor Station, or physical and logical security and the performance of an SCD penetration test at the BBG LNG terminal. In turn, the affiliates have their own internal audit plans, agreed with the partners, which focus on the main risks such as cybersecurity, physical security, resilience, etc.

For further information on Enagás' affiliates, see their corporate websites:

Spain
- SAGGAS LNG terminal
- BBG LNG terminal
- Enagás Renovable

Greece
- DESFA

Greece, Albania and Italy
- Trans Adriatic Pipeline (TAP)

Germany
- Hanseatic Energy Hub GmbH (HEH)

Italy
- Ravenna Small Scale LNG Terminal

USA
- Tallgrass Energy

Mexico
- TLA Altamira LNG terminal
- Soto La Marina Compressor Station

Peru
- Transportadora de Gas del Perú (TgP)

Most significant actions carried out in our affiliates

The following is a list of the most significant actions carried out in our affiliates in 2023; all of them are aligned with the Enagás' strategy and Sustainable Management Model.

Most significant actions in affiliates in 2023

Management standard	Actions
Sustainability	• Preparation of the Enagás Renovable 2030 Sustainability Plan. • Development of the ESG strategy to 2025 for the Trans Adriatic Pipeline. • Publication of DESFA's first Sustainability Report. • Development of the ESG model and the Environmental and Social Management System of Hanseatic Energy Hub GmbH (HEH).
Health and safety	• Progress in the implementation of the Cybersecurity Plan and assessment of its maturity level at Transportadora de Gas del Perú. • Preparation and implementation of an information security and business continuity framework at DESFA. • Implementation of health and safety measures (blocking and tagging, working at height, work permits and reports, 'man to water' emergency scenarios) and cybersecurity at the TLA Altamira LNG terminal. • Health and safety partner audit at the TLA Altamira LNG terminal to reinforce management standards.
Climate action and energy efficiency	• Establishment of a Carbon Emission Reduction Plan, fugitive emissions measurement and control campaigns and adherence to OGMP 2.0 at the Trans Adriatic Pipeline. • Implementation of actions on climate action in line with the OGMP report at Transportadora de Gas del Perú. • Approval of the DESFA Net Zero Plan for 2030 and 2040. • Adoption of the DESFA Hydrogen Roadmap and celebration of the second Hydrogen Day. • Renewal of the Gold Standard classification as a member of DESFA's OGMP 2.0 initiative.
Operational and financial excellence	• Execution of a cost efficiency project, mainly regarding maintenance and geotechnical engineering, at Transportadora de Gas del Perú. • Preparation of a scorecard with financial, operational and sustainability indicators to monitor Enagás Renovable projects.
People	• Approval of the internal work regulations and the main human resources policies of Transportadora de Gas del Perú. • Organisational review at DESFA in order to implement the new infrastructure development plan and energy transition projects in a more optimal, agile way.
Ethics and compliance	• Approval of the Enagás Renovable Compliance Programme, which includes, among others, drafting the Code of Ethics and launching the Whistleblowing Line. • Approval of Enagás Renovable's data protection policies. • Launch of Trans Adriatic Pipeline's whistleblower channel on its website. • Approval of DESFA's Information Security and Business Continuity Policy. • DESFA obtained ISO 37001 certification (Anti-Bribery Management Systems).
Local communities	• Tallgrass partnership with the Nebraska FFA (Future Farmers of America) Foundation to raise awareness of the importance of the TPCO2 project for agriculture (project to convert the Trailblazer pipeline for CO_2 transport and storage).
Good Governance	• Creation of a Strategy Committee within the Enagás Renovable Board of Directors to set out the company's approved 2024-2030 Strategic Plan.

3.11 Supply chain

Supply chain management is an increasingly relevant issue in the company's management, and this is reflected in the materiality analysis.
[GRI 3-3]

Appropriate supply chain management allows us to identify and manage the risks (regulatory, operational, reputational, etc.) associated with it, and to make good use of opportunities for collaboration and value creation shared with our suppliers

1,706
approved suppliers

Sustainable Management Plan

Main lines in 2023

- Update of the Supplier Code of Ethics in line with the new Enagás Code of Ethics.
- Review of the company's current supplier assessment process in the areas of human rights, ethics, social and environmental issues, in line with best practices in sustainability and supply chain due diligence.
- Update of the long-term strategy for external audits in the financial, ethical, environmental and social fields.
- Membership in the Global Compact's 'Sustainable Supplier' training programme.

2024 lines

- Analysis of supplier performance to ensure compliance with the new Supplier Code of Ethics.
- Communications campaign for suppliers regarding the new Supplier Code of Ethics and ESG requirements.
- Improved identification of critical non-direct suppliers (non-tier 1) and their sustainability risk assessment.
- Pilot initiative to incorporate ESG performance in award criteria.

1,326
approved suppliers assessed in the areas of human rights, ethics, social and environmental aspects

107
approved suppliers audited externally in financial, ethical, environmental and social aspects in the last two years

191
approved suppliers assessed in terms of climate action in the last two years

Our supply chain [GRI 2-6]

In order to work with Enagás, suppliers must undergo a strict approval process. The company currently works with 1,706 approved suppliers (1,523 in 2022), which are classified in families according to the products or services they offer:

- Suppliers of works and services: IT & communication suppliers, engineering, etc. In 2023, 2,518 persons belonging to 512 service providers carried out work at Enagás facilities (in 2022, 2,820 persons belonging to 529 service providers). [GRI 2-8]
- Suppliers of supplies: electrical equipment suppliers, piping manufacturers, rotary machine manufacturers, manufacturers of instrumentation and control devices, among others.

Critical suppliers are considered to be those belonging to families of products or services whose failure or malfunction would have a high economic impact, or those that are of high criticality for the business (critical components or services) that have a low number of suppliers (difficulty of substitution). Enagás has 265 approved critical suppliers (233 in 2022), comprising 15.5% of all approved suppliers (15.3% in 2022) and 26.5% of purchases made (35.3% in 2022). We have also identified more than 77 critical indirect suppliers (72 in 2022).

In 2023, work began with 84 new suppliers (92 in 2022), of which 100% have undergone an approval process and meet the established social and environmental criteria. The company has also stopped working with 49 suppliers (53 in 2022) for not complying with Enagás' approval criteria. In no cases were these in relation to social or environmental criteria[46]. [GRI 308-1, GRI 308-2, GRI 414-1, GRI 414-2]

More than 85% of the amount of expenditure in our supply chain is local in nature

Supply chain cost analysis

[GRI 203-2, GRI 204-1] [47]

Indicator	Category of the supplier	Geographical distribution: Domestic	International	Total
2022				
Number of orders	Works and services	5,292	166	5,458
	Supplies	7,837	100	7,937
	Total	**13,129**	**266**	**13,395**
Number of contracted suppliers	Works and services	1,295	109	1,404
	Supplies	1,405	42	1,447
	Total	**2,700**	**151**	**2,851**
Order value (million euros)	Works and services	178.5	14.9	193.4
	Supplies	39.5	9.9	49.4
	Total	**218.0**	**24.8**	**242.8**
2023				
Number of orders	Works and services	6,275	259	6,534
	Supplies	10,730	138	10,868
	Total	**17,005**	**397**	**17,402**
Number of contracted suppliers	Works and services	1,451	157	1,608
	Supplies	1,670	65	1,735
	Total	**3,121**	**222**	**3,343**
Order value (million euros)	Works and services	189.2	19.5	208.7
	Supplies	41.2	16.4	57.6
	Total	**230.4**	**35.9**	**266.3**

Enagás conducts satisfaction surveys of its main approved suppliers on a biannual basis. In the last satisfaction survey carried out in 2022, the main results were a positive NPS (Net Promoter Score), indicating that suppliers were satisfied with the different purchasing processes and that they considered transparency to be one of the strong points of the Enagás purchasing process. [GRI 2-29]

Supply chain risk management

Enagás has identified the areas of supply chain management in which there may be risks to the business and to our stakeholders (risks identified in its ESG risk assessment, classified according to Enagás' taxonomy as reputational, strategic and business, criminal liability, compliance and model, and operational and technological (see the 'Risk management' chapter). These areas, which cover both economic, ethical, environmental and social aspects, form the basis for the assessments we perform on our suppliers in the different procurement processes. The areas analysed are:

[46] Of the suppliers identified as having significant negative environmental and/or social impacts, no relationships with the same have been terminated as a result of social or environmental criteria (0%).
[47] Local purchases are considered to be purchases made domestically in Spain.

- Product and/or service quality.
- Financial situation, civil liability, economic dependence on Enagás.
- Health and safety.
- Ethics and compliance: criminal risks, ethical compliance, legal compliance, responsible tax practice.
- Human rights: labour rights (diversity, work-life balance, gender equality), respect for the principles of the United Nations Global Compact and the Universal Declaration of Human Rights, human rights compliance in the supply chain (see the 'Human rights' section in this chapter).
- Environment: emission intensity, environmental impact (resource consumption, waste generation, noise emissions, gas emissions, etc.), environmental safety (discharges, spills, pollution, etc.).

To ensure that sustainability targets are met in supply chain management, procurement management professionals receive regular training in this area.

The Board of Directors, through the Sustainability and Appointments Committee, is the body with the highest level of responsibility for sustainable supply chain management. [GRI 308-2, GRI 414-2]

Approval process

Enagás has a supplier management model that takes into account the inherent risks for each supplier according to their nature. Enagás therefore establishes approval requirements depending on the level of risk in the economic, ethical, compliance, social and environmental aspects of the family of products and services to which each supplier belongs.

The requirements established in the supplier approval process are:

- **For all suppliers:**
  - Capacity and resources to meet the quality, ethics and compliance, financial, labour, environmental, safety and technical requirements established by Enagás; as well as the long-term maintenance of these requirements within the satisfactory levels defined by Enagás.
  - Acceptance of the Enagás Code of Ethics.

    The company's Code of Ethics establishes Enagás' ethical culture and is applicable in its corresponding areas of relation with the company, for contractors, suppliers and for those who collaborate with Enagás or act on its behalf. This Code incorporates guidelines for behaviour in the areas of integrity, transparency, safety, respect for people and diversity, and the environment, among others.

    All Enagás suppliers and contractors are bound by the Code and expressly confirm their commitment to be familiar with it, comply with it and enforce it through acceptance of the general contracting conditions.

    See the **Ethical principles and guidelines for suppliers** on the corporate website.

  - Respect the principles of the United Nations Global Compact and the Universal Declaration of Human Rights.
  - Compliance with the quotas set out in the Spanish Rights of Persons with Disabilities Act[48].
  - Implementation of a Gender Equality Plan[47].
- **For suppliers of specific families of products or services:**
  - Quality, environmental and/or occupational risk prevention certification requirements for suppliers (required from 86.8%, 30.0% and 52.7% of Enagás suppliers, respectively).
  - Policies or measures to promote work-life balance of professionals or Family-Responsible Company certificate.

Supplier assessment

- **To identify suppliers:** a systematic public information analysis of potential suppliers is carried out to assess their sustainability risks based on the inherent risk level of the country, the sector and other similar companies. This is done by taking into account public financial information and consulting on human rights, ESG, ethics and compliance matters via reputational analysis platforms.
- **During the approval process:** Enagás evaluates its suppliers in the areas of human rights, ethics, social and environmental matters in line with the company's material issues through a questionnaire and documentary review. In 2023, Enagás updated this questionnaire in order to produce an ESG score that is taken into account during the approval process and in subsequent supplier assessments. The company will also evaluate, through pilot tests, its use in procurement, so that ESG performance will be one of the decision variables when selecting suppliers.
- **During the execution of the contract:** Enagás evaluates its suppliers in the aforementioned areas through different evaluation methodologies, taking into account criteria such as criticality, sustainability risks (environmental, social and governance) and turnover, among others.
- **After the end of the contract:** once the main and critical contracts are finalised, a quality assessment of the supplier and the associated contract is carried out.

[48] Requisite set for companies with a workforce greater than that indicated by the applicable laws.

Supplier assessments

Methodology and areas of evaluation			Number of suppliers assessed [GRI 308-2, GRI 414-2] 2022	2023	Definition of high risk	Number of suppliers identified as high risk [GRI 308-2, GRI 414-2] 2022	2023
To identify suppliers	**External assessment (by an independent third party)**	Predictive sustainability risk assessment	Not applicable	1,321	Suppliers with a score less than 50/100	Not applicable	62
During the approval process	**External assessment (by an independent third party)**	Evaluation in the areas of human rights, ethics, social matters and the environment(2) (systematic assessment with review of documentation)	1,459	1,326	Suppliers with a score less than 30/100	237	190
During the execution of the contract	**Internal assessment**	Evaluation on climate action(1)(2) (systematic assessment with review of documentation)	193	191	Suppliers that do not measure or report their emissions	98	69
		Documentary and on-site safety audits carried out by company professionals or external consultants on suppliers carrying out work at company facilities (1)	118	102	Suppliers with unfavourable audits	21	19
	External assessment (by an independent third party)	Consultation on human rights, ethics and compliance on reputational analysis platforms (3)	1,959	2,152	Suppliers involved in legal non-compliance	121	61
		On-site audits on ethical, environmental and social aspects (1) (2)	96	107	Suppliers with non-conformities	48	77
		Cybersecurity scoring	701	995	Suppliers with high or very high risk of non-compliance and/or financial losses	133	374
		Financial, reputational, ethical, environmental and social assessment (2)	713	995	Suppliers scoring C or lower	146	296
After the end of the contract	**Internal assessment**	Reliability assessment (1) (systematic assessment with review of documentation)	101	119	Suppliers with a score less than 50/100	15	5

(1) The results of the assessments are considered to have a validity of two years.
(2) For 100% of the assessed suppliers identified as high ESG risk, action plans have been established to mitigate these risks. Guidance for the implementation of these areas is included in these plans. [GRI 308-2, GRI 414-2]
(3) This assessment also includes non-approved suppliers that are in the process of being approved and suppliers that have been stripped of approval.

The results of these assessments allow monitoring of the degree by which suppliers meet the target scores, audit results and legal compliance established for each assessment area, and to identify suppliers that pose a high risk to sustainability or with significant social or environmental impacts (risks related mainly to the management of it value chain, climate action, health and safety, and waste management).

For 100% of the assessed suppliers identified as having a high sustainability risk, action plans have been established to mitigate these risks, and support and follow-up is provided. Guidance for the implementation of these areas is included in these plans. In case of non-compliance with certain ESG criteria, a period of 12 months is provided to implement corrective actions, after which they lose their approved status until such time as they pass the approval procedure again.

2023

In order to reinforce the culture of sustainability as a key lever for driving its actions and those of its suppliers, Enagás is committed to the development and training of third parties in sustainability. For this reason, the company has joined the Global Compact's 'Sustainable Supplier' training programme as one of the driving forces.

Through this initiative, some of Enagás' small and medium-sized suppliers - and those of other large companies - will receive training in sustainability matters based on the Ten Principles of the UN Global Compact and the SDG. In the campaign launched in 2023, 509 of Enagás' small and medium-sized suppliers were invited.

In 2023, Enagás was part of the Global Compact's 'Sustainable Supplier' training programme

[GRI 308-2, GRI 414-2]

4

Risk management

Enagás Risk Model

[GRI 201-2]

Enagás has established a risk control and management model aimed at ensuring the achievement of the objectives of the company in a predictable manner and with a medium-moderate profile for all of its risks. This model is perfect for adapting to the complexity of a globalised competitive environment and a complex economic backdrop. This model is based on five aspects:

1. The consideration of a risk taxonomy, which sets out standard typologies of risks according to their nature. The taxonomy comprises the following categories: Strategic and Business, Operational and Technological, Financial and Tax and Credit and Counterparty. There are other cross-domain types of risk: Reputational, Compliance and Criminal Liability.

   The Enagás Group is also exposed to cross-domain risks that do not correspond to a single risk category, but rather may be correlated with multiple. These are the risks related to the three ESG pillars of sustainability: environmental, social and governance.

   The taxonomy defined is taken as a reference point for the identification of the risk inventory to which society is exposed. It should also be noted that the methodologies used for risk measurement differ depending on each type.

2. The segregation and independence of the functions of risk control and management at the company, in three 'lines of defence':

- On the one hand, the business units that are responsible for the risks they take on when conducting their ordinary business activities, and are therefore responsible for identifying and measuring them.
- Moreover, there is a risk area responsible for: (i) ensuring that the risk control and management system functions properly, (ii) active participation in the development of the risk strategy and definitions of impacts on their management, and (iii) ensuring that the control and management systems adequately mitigate risks.
- Lastly the internal audit function is responsible for monitoring the efficiency of controls in relation to identified risks.

Internal risk control and management framework

	1st line of defence - Business units	2nd line of defence - Risk area	3rd line of defence - Internal audit
Governance		Define the regulatory framework and governance.	
Risk profile	Identify the risks they assume in their ordinary activity.	Define a taxonomy of risks and advise the business units on identifying risks.	
	Assess and measure risks following the established measurement methodologies, assuming and managing them.	Establish the risk measurement methodologies and the risk consolidation and reporting system.	
		Validate the measurements made by the business units.	
	Define risk control and management measures.	Ensure that management controls and measures are aligned with the company's strategy.	Verify and monitor the risk function and established control activities.
	Define actions to correct failure to comply with risk limits.	Provide a global and homogeneous vision of risks, reporting to Senior Management and Governing Bodies.	
Risk appetite		Inform the Governing Bodies of the risk appetite and its associated limit structure.	
		Validate measures and strategies for correcting any non-compliance.	
Coordination with second lines		Ongoing coordination with Insurance, Cybersecurity and Health and Safety areas	

Enagás is also exposed to risks of a cross-domain nature, which are risks related to the three ESG sustainability pillars

1. The existence of certain governing bodies with responsibilities in the process of risk control and management in the company: [GRI 2-12, GRI 2-13]

Governing Bodies
Board of Directors
The Board of Directors is responsible for approving the Risk Control and Management Policy. Other responsibilities with respect to risks are delegated in the Audit and Compliance Committee.
Audit and Compliance Committee
The Audit and Compliance Committee mainly monitors the efficiency of the risk control and management systems and evaluates the risks to the company (identification, measurement and establishment of measures for their management).
Executive Committee
The Executive Committee establishes the overall strategy for risks, the limits of global risk for the company, and reviews the level of exposure to risk and the corrective actions, should there be any non-compliance.

2. Establishing a risk appetite framework which defines the risk levels considered acceptable and that is in line with established business objectives and the market environment in which the company's activities are carried out.

   There is also a scorecard of key risk indicators (KRIs) with their associated limits for the company's main processes and risks. These delimit the risk appetite that the Group wishes to assume in its quest for profitability and value.

3. The transparency of information supplied to third parties, to guarantee its reliability and accuracy.

See the **Risk Control and Management Policy** on the corporate website.

The Model complies with international best practice standards in terms of risk control and management, primarily referring to ISO 31000 Risk Management Standard and 2nd COSO[49] Report: ERM (Enterprise Risks Management). It is also fully aligned with the national regulatory framework in this area (requirements of the Spanish Corporate Enterprises Act and the recommendations of the CNMV's Good Governance Code of Listed Companies and Technical Guide 3/2017 on Audit Committees for Public Interest Entities). [GRI 201-2]

This risk model includes a comprehensive analysis and regular monitoring of all risks to which the company is exposed, enabling them to be adequately controlled and managed. The risk identification and assessment process includes the following sub-processes:

[49] Committee of Sponsoring Organizations of the Treadway Commission.

Risk monitoring [GRI 201-2]

Corporate risks are continuously monitored through different channels and a wide variety of reports. Substantial changes in risk are promptly communicated to decision-makers.

At least quarterly, a monitoring report is made to the company's Executive Committee, Audit and Compliance Committee and Board of Directors.

Risk identification	Risk assessment	Risk Control and Mitigation Measures
• Identification of those risks to which the company is exposed in the ordinary course of business on a continuous and systematic basis. • Risks are classified according to the risk taxonomy set out by the company. • The risk inventory is dynamic and is conditioned by changes in the corporate environment; this is due to the strategic approach taken for the performance of ordinary activities.	• Qualitative and quantitative assessment of the level of each of the risks identified in the risk inventory; potential negative impacts are calculated and the probability that they will manifest within a given time horizon is estimated. • Different methodologies are used to measure risk, taking into account the characteristics of each risk and the information available. This allows risk scenarios to be built.	• Required control and management activities are designed for each risk according to the risk management strategy that has been set out. • These activities are based on: ◦ The nature of the risks. ◦ The agreed risk strategy: assume the risk, transfer it to a third party, mitigate it or eliminate it, as appropriate. ◦ Business operating plans.

The impact/exposure of risks is assessed in the different dimensions indicated below, including ESG aspects, so that risk levels are determined from the perspective of dual materiality, impact on the company's value and impact on the environment (environmental, security, reputational and social):

- Economic: assessment according to impact on company results.
- Health and safety: assessment according to severity of incidents.
- Reputational: assessment according to the impact on stakeholder expectations.
- Security of supply: assessment according to the degree to which the Gas System is affected and the time for which infrastructure is unavailable.
- Environment: depending on the type of environmental impact (biodiversity or emissions), assessment according to the level of environmental damage and impact on protected areas, the energy efficiency indicator, and/or the volume of methane emissions.

The risk measurement exercise consists of estimating possible prospective business scenarios that could eventually have a negative impact on the company's interests.

The level of risk (Acceptable, Assumable, Significant or Critical) is determined on the basis of the impact/exposure, as indicated above, and the likelihood of the risk events materialising.

The existing model is completed by carrying out specific risk analyses that facilitate the decision-making process based on risk-profitability criteria in those strategic Enagás Group initiatives, new businesses or initiatives of special relevance. The risk area carries out this analysis on an independent, transversal (covering all types of risks) and homogeneous basis (following the same methodologies as in the global risk measurement).

An external audit/assessment of the company's Risk Control and Management Function will be carried out in 2024. Furthermore, within the framework of ISO 55001 - Asset Management Certification, ISO 14001 - Environmental Management Systems (EMS) Certification and ISO 37001 - Anti-Bribery Management Systems Certification, regular external audits are carried out on the Risk Control and Management Model.

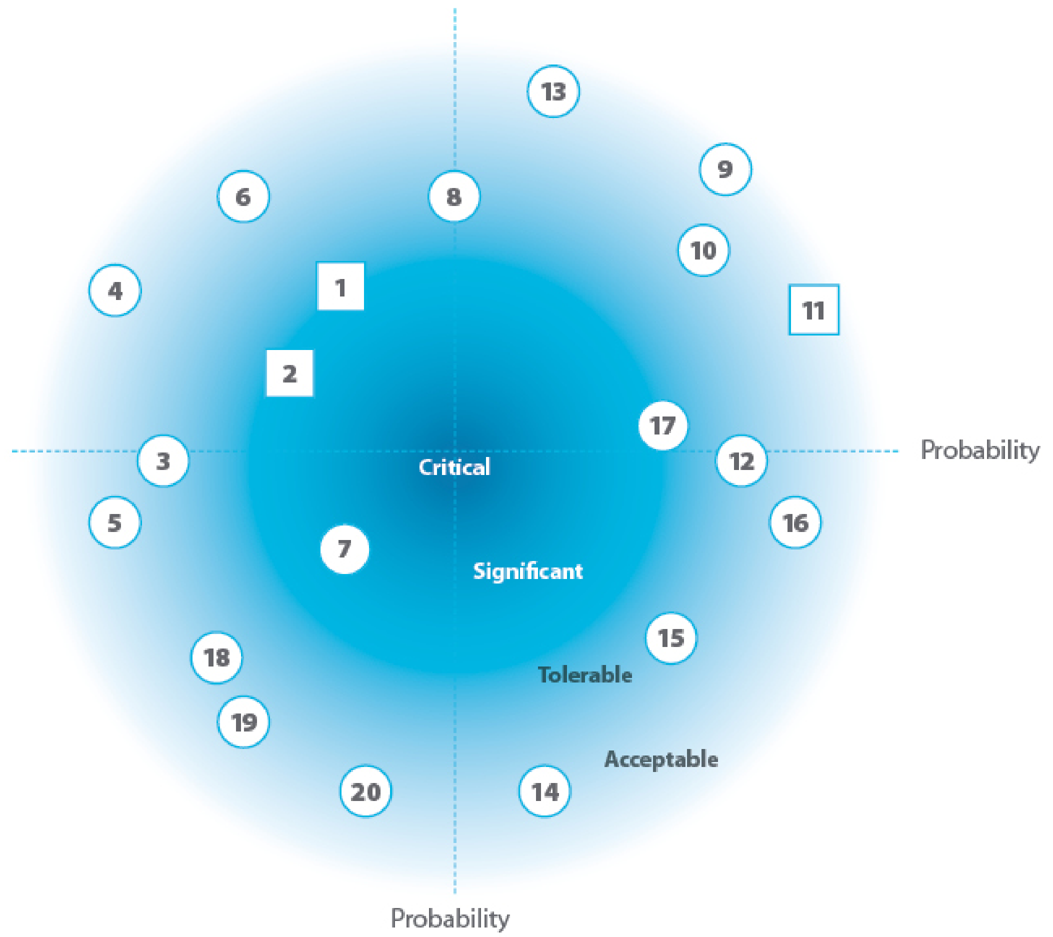
The Risk Map includes the main risks to which the Enagás Group is exposed, including those associated with climate change

The Enagás risk map is shown below, detailing the risks to which the Enagás Group is exposed, represented in aggregate (in accordance with level 2 of the company's risk taxonomy).

This map includes aggregate Sustainability (ESG) risks, defined as the effects of non-compliance with commitments and objectives in the company's material topics. Enagás has identified and assessed these risks based on the company's materiality analysis (see the 'Sustainable Management Model' section in the 'Environmental, Social and Governance (ESG) Management' chapter). The result is risks with ESG factors or impacts for each of the material topics. Details of those arising from the material topics of Climate Action and Natural Capital are published in this report (see the 'Climate action and energy efficiency' and 'Natural capital and biodiversity management' sections of the 'Environmental, Social and Governance (ESG) Management' chapter, respectively). The typology of risks identified in the areas of human rights, supply chain and affiliates is also indicated (see the 'Human rights', 'Supply chain' and 'Affiliates' sections in the 'Environmental, Social and Governance (ESG) Management' chapter).

The main emerging risks also appear, related to uncertainty about issues such as 'the role of natural gas in the future energy mix', 'the technological and regulatory deployment of hydrogen' and 'data governance'. The first two risks are assessed as having a low probability of materialisation and a high impact/exposure, hence a 'Significant' risk level. 'Data governance' has a moderate probability of materialisation and a low impact/exposure for the company, therefore, its risk level is 'Acceptable'. Some of these risks stem from climate change, among other factors. [GRI 201-2]

Corporate Risk Map [GRI 201-2]



Emerging risks

1. Role of natural gas in the future energy mix
2. Technological and regulatory deployment of hydrogen
3. Geopolitical risks
4. Global environment (inflation)
5. Sustainability (ESG)
6. Regulatory and remuneration
7. Legal
8. Affiliates - International business
9. Industrial risks in infrastructure operation
10. Cybersecurity (industrial and corporate systems)
11. Data governance (decision making, AI)
12. Non-availability of gas at source
13. Suppliers and counterparties
14. Unintentional failures or errors in corporate processes
15. Worsening of the company's financing conditions
16. Financial (interest rate, exchange rate and liquidity)
17. Tax risks
18. Direct reputational risks
19. Compliance risks
20. Criminal liability risks

Detail of the main risks [GRI 201-2][50]

Type of risk	Risk description	Level of risk [51]	Control and management measures
STRATEGIC AND BUSINESS RISKS			
1. Role of natural gas in the future energy mix (emerging)	• The policies and regulatory measures for decarbonising the energy models of the countries where the Enagás Group operates introduce uncertainty regarding the role of natural gas in the future energy mix in the medium and long term.	**Significant**	• The company is actively working to mitigate this risk by encouraging new uses where natural gas contributes significantly to decarbonisation: marine, rail and heavy road transport. • In addition, the company is committed to renewable gases (biomethane and hydrogen) to move towards carbon neutrality and decarbonise sectors that are difficult to electrify, such as transport or high-temperature industry and energy storage. See the 'Our commitment to the energy transition' chapter.
2. Technological and regulatory deployment of hydrogen (emerging)	• Achieving technological deployment is necessary to ensure the viability of renewables as an energy alternative. • There is uncertainty as to the necessary regulatory deployment (remuneration, public funds) that conditions the viability of the projects.	**Significant**	• Agreement between the Spanish, French, Portuguese and German governments to create the future H2med hydrogen corridor. • Enagás, provisional operator of the hydrogen backbone network. • European PCI List: inclusion of H2med and Spanish H_2 Infrastructure 2030. • European H_2 and Decarbonised Gas Regulation Agreement: favourable to Enagás in general terms. • The Call for Interest has allowed us to identify production and/or consumption centres in all Spanish autonomous communities, and it confirmed the infrastructures submitted as PCIs. • Celebration of the 1st and 2nd Enagás Hydrogen Days. • Monitoring of internally developed Technology Matrix to track technology gaps and critical aspects for project viability. • Ongoing studies with renowned consultants to establish the most appropriate strategy. • Collaboration agreements with other leading companies and working groups to analyse technological gaps. • Projects under consideration are focused on the methanisation of hydrogen for its injection into the network, use in mobility and application in auxiliary machinery. • Research and development of salt caverns for underground storage. See the 'Our commitment to the energy transition' chapter.
3. Geopolitical risks	• Certain geopolitical developments could have a negative impact on the natural gas market and the energy transition and, therefore, on the company's strategic objectives and business development.	**Tolerable**	• Internal monitoring of the main geopolitical hotspots with potential negative consequences for the gas market and the energy transition, and indirectly for Enagás and its Strategic Plan.
4. Global environment	• A higher-than-expected increase in inflation can lead to cost variances.	**Acceptable**	• Efforts are being made within the company to minimise this effect through greater control and cost containment.

[50] Credit and Counterparty Risk: In application of IFRS 9 since January 2018, a provision has been made for the expected loss from this type of risk.
[51] The risk map represents the residual risk, i.e. the risk considering the effectiveness of the established management and control measures (risk transfer to insurance companies or mitigation measures). Level of Risk: Acceptable / Tolerable / Significant / Critical.

Type of risk	Risk description	Level of risk [51]	Control and management measures
5. Sustainability (ESG)	• Effects of non-compliance with commitments and targets on the company's material topics: decarbonisation, environmental impact, human rights, discrimination/diversity/vulnerability, loss of talent/lack of human capital, health and safety, and non-compliance with governance principles	**Tolerable**	• Health and safety, environmental and quality policy, the principles of which are embodied in the Enagás Environmental Management System, certified in accordance with ISO 14001 and EMAS. • Sustainable Management Plan with lines of action in the field of natural capital and biodiversity management. • Presence in the S&P Global's sustainability rankings, the Dow Jones Sustainability Index and other sustainability indices. • Compliance, Sustainability and Good Governance policies that establish the general principles governing the company's management in this area, as well as a specific area in the company to manage diversity and inclusion. See the 'Health and safety' and 'Natural capital and biodiversity management' sections in the 'Environmental, Social and Governance (ESG) Management' chapter.
6. Regulatory and remuneration	• Admissibility of CapEx investment costs, adjustment of CapEx and OpEx standards for inflation.	**Tolerable**	• Promotion of the use of natural gas and dissemination of analyses of the economic and financial sustainability of the system. • Ongoing relationship with regulatory bodies and Public Administrations. • Active participation in the development of proposals for regulatory development and the consultation phase.
7. Legal risks	• The company's results may be affected by the outcomes of administrative or legal actions and proceedings in which it is involved, as well as by the uncertainties that arise from differing interpretations of contracts, laws or regulations that the company and third parties may have. • Effects on Enagás' income statement arising from the resolution of arbitration, criminal and legal proceedings, and/or the evolution of its business plans and growth projects.	**Significant**	• Management and follow-up of existing situations in legal proceedings and/or with the relevant administrative authorities. • Hiring specialised legal counsel for the process.
8. Affiliates – International business	• Effects on Enagás' income statement derived from the evolution of its business plans and growth projects.	**Tolerable**	• Follow-up and monitoring of the evolution of the business, the portfolio of opportunities and the project execution at the different companies.
OPERATIONAL AND TECHNOLOGICAL RISKS			
9. Industrial risks in infrastructure operation	• In the operation of the infrastructure for transmission, LNG terminal and underground storage facilities, accidents, damage or incidents involving loss of value or lost profits may occur.	**Acceptable**	• Emergency, maintenance and continuous improvement plans, the existence of control systems and alarms that guarantee service continuity and quality. • Quality, prevention and environmental certifications and redundancy of equipment and systems. • Insurance policy contracts. See the 'Financial and operational excellence', 'Health and safety' and 'Natural capital and biodiversity' sections of the 'Environmental, Social and Governance (ESG) Management' chapter.

[GRI 201-2]

[50] The risk map represents the residual risk, i.e. the risk considering the effectiveness of the established management and control measures (risk transfer to insurance companies or mitigation measures). Level of Risk: Acceptable / Tolerable / Significant / Critical.

Type of risk	Risk description	Level of risk [51]	Control and management measures
10. Cybersecurity (industrial and corporate systems)	• Damage to corporate and industrial systems as a result of attacks by third parties.	**Tolerable**	• Cybersecurity Master Plan with specific action measures. • Good relative position in the sector in terms of cyberattack mitigation and control measures. • Cybersecurity Committee and quarterly report to the Audit and Compliance Committee on actions taken to mitigate risk. • Definition of BIA (Business Impact Analysis) to respond to different cyberattack scenarios. • Supply chain assessment (suppliers). See the 'Health and safety' section of the 'Environmental, Social and Governance (ESG) Management' chapter.
11. Data governance versus decision making (emerging	• The adoption of emerging technologies such as advanced data analytics, RPAs and Artificial Intelligence will pose a challenge in terms of managing their ethical use, integrity, regulatory and legislative compliance, protection, confidentiality, accuracy, cybersecurity, quality and consistency for decision-making.	**Acceptable**	• The adoption of emerging technologies such as advanced data analytics, RPAs and Artificial Intelligence will pose a challenge in terms of managing their ethical use, integrity, regulatory and legislative compliance, protection, confidentiality, accuracy, cybersecurity, quality and consistency for decision-making.
12. Non-availability of gas at source	• Interruption of supply in the Spanish Gas System due to non-availability of gas at source (sabotage, geopolitical decisions, among others).	**Tolerable**	• Establishment of a preventive action plan for the Spanish Gas System to prevent its materialisation (investment in new gas infrastructures, flexibility of entry points, organised market, crisis simulation and resilience scenarios, internal audits on the security of supply process, etc.).
13. Suppliers and Counterparties	• Contractual disputes, poor quality of services or information received, non-compliance with sustainability criteria and delays in administrative decisions.	**Acceptable**	• Process and regulations and internal procedures for purchasing and supplier approval. • Reputational analysis and ESG assessments of suppliers. • Close and continued relationship with stakeholders.
14. Unintentional failures or errors in corporate processes	• Non-industrial (invoicing, formalisation of contracts, legal and/or administrative formalities, etc.).	**Acceptable**	• Processes with specific validation and monitoring controls. • External and internal audits. • Internal policies, standards, training and procedures. • Automation of processes and updating and review of systems.
FINANCIAL AND FISCAL RISKS			
15. Worsening of the company's financing conditions	• The push for sustainable finance by regulators and investors (EU taxonomy, EIB investment policy, European Green Deal, and other similar measures) could affect the company's financing conditions in the medium and long term.	**Tolerable**	• Development of renewable gas projects aligned with the EU Taxonomy and the ESG requirements of regulators and investors will enable sustainable debt issuance and improved financing conditions See the 'Sustainable financing' section in the 'Our commitment to the energy transition' chapter.
16. Financial risks (interest rate, exchange rate and liquidity)	• Volatility of interest and exchange rates, as well as movements in other financial variables that could negatively affect the company's liquidity.	**Tolerable**	• Hedging through derivative contracts to establish an optimal debt structure. • Natural hedging through financing in the business's functional currency. • Taking out credit lines with unconditional availability and temporary financial investments. See the 'Financial and operational excellence' section of the 'Environmental, Social and Governance (ESG) Management' chapter.

[GRI 201-2]

[50] The risk map represents the residual risk, i.e. the risk considering the effectiveness of the established management and control measures (risk transfer to insurance companies or mitigation measures). Level of Risk: Acceptable / Tolerable / Significant / Critical.

Type of risk	Risk description	Level of risk [51]	Control and management measures
17. Tax risks [GRI 207-2]	• Possible changes to tax legislation that could affect the company's results. • Possible differences in interpretation of the tax legislation in force in the countries in which the Group is present that may diverge from the criteria held by Enagás and its tax advisors. Possible defects of form.	**Tolerable**	• Consultancy services provided by tax specialists. • Monitoring of Principles of action that govern compliance with tax obligations, avoiding risks and tax inefficiencies. See the 'Ethics and integrity' and 'Financial and operational excellence' sections of the 'Environmental, Social and Governance (ESG) Management' chapter.
REPUTATIONAL RISKS			
18. Direct reputational risks	• Possible deterioration of the perception or image of the Enagás Group from the different stakeholders.	**Tolerable**	• Fluent, direct communication with stakeholders. • Permanent monitoring of information published in the media and social networks. • Internal communication regulations. See the 'Materiality analysis and stakeholder management' and 'Sustainable Management Model' sections of the 'Environmental, Social and Governance (ESG) Management' chapter.
COMPLIANCE RISKS AND MODEL			
19. Compliance risk	• Non-compliance with external regulations (sanctions), fraud, corruption and anti-trust.	**Tolerable**	• Internal policies and procedures relating to the Code of Ethics, Asset Security, Compliance, etc. • Continuous monitoring of new rules/regulations. See the 'Ethics and integrity' section of the 'Environmental, Social and Governance (ESG) Management' chapter.
RIESGO DE RESPONSABILIDAD PENAL			
20. Criminal liability risk	• Offences set out in the Spanish Criminal Code that may be committed by persons related to Enagás which entail criminal liability for the company.	**Tolerable**	• Corporate Defence Programme. • Internal policies, rules and procedures from different areas of the company. • Code of conduct and code of ethics. See the 'Ethics and integrity' section of the 'Environmental, Social and Governance (ESG) Management' chapter.

[50] The risk map represents the residual risk, i.e. the risk considering the effectiveness of the established management and control measures (risk transfer to insurance companies or mitigation measures). Level of Risk: Acceptable / Tolerable / Significant / Critical.

All the risks arising from climate change are explained in detail in the 'Climate action and energy efficiency' section of the 'Environmental, Social and Governance (ESG) Management' chapter, in line with the recommendations of the TCFD. [GRI 201-2]

5

Key indicators

Economic indicators

Economic performance and cost efficiency

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
EBITDA (million euros)(1)	939.8	900.5	948.8	1,110.3	1,060.7	994.8	942.9	895.3	797.4	**780.3**
EBIT (million euros)(1)	589.6	602.0	651.7	732.1	691.0	657.4	614.6	583.4	478.3	**456.9**
Net profit (million euros)(2)	406.5	412.7	417.2	490.8	442.6	422.6	444.0	403.8	375.8	**342.5**
Dividend payments (million euros) (2) (3)	310.4	315.1	331.4	348.1	354.8	371.3	426.7	441.4	450.0	**451.4**
Net investment (million euros)(2)	625.0	530.2	912.2	328.5	-262.8	706.2	859.2	59.7	-548,6(6)	**274.0**
Net debt (million euros)(2)	4,059.1	4,237.0	5,088.7	5,007.7	4,274.7	3,755.0	4,287.7	4,276.8	3,468.9	**3,347.4**
Shareholders' equity (million euros)(2)	2,218.5	2,318.9	2,373.7	2,585.6	2,658.7	3,170.1	3,192.7	3,158.4	3,076.5	**2,968.20**
Assets (million euros)(2)	7,711.8	7,751.9	9,248.0	9,649.6	9,526.2	8,844.2	9,008.9	9,873.8	9,398.6	**8,507.3**
Net debt/EBITDA (adjusted)(1)(4)	4.2x	4.5x	5.2x	4.4x	4.0x	3.9x	4.8x	5.1x	4.8x	**4.3x**
Financial cost of debt(2)	3.2%	2.7%	2.4%	2.2%	2.3%	2.1%	1.9%	1.7%	1.8%	**2.6%**
Headcount (December 31)(5)	1,206	1,337	1,337	1,307	1,320	1,306	1,330	1,344	1,365	**1,354**

(1) These figures are included in the Alternative Performance Measures Report, available at https://www.enagas.es/en/investor-relations/financial-information/alternative-performance-measures-apm/
(2) Figures reported in the Notes to the Consolidated Annual Accounts of the Enagás Group for each financial year.
(3) The figures reflect total dividends for the year (interim dividend + complementary dividend).
(4) EBITDA adjusted by dividends received from affiliates.
(5) In order to facilitate data comparability, the "headcount" indicator for 2017 and 2018 has been recalculated excluding the GNL Quintero LNG terminal (Chile).
(6) Result of 698.8 million euros of divestments and 150.2 million euros of investments.

Stock market performance

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Share price (31 Dec) (€)	26.2	26.0	24.1	23.9	23.6	22.7	18.0	20.4	15.5	**15.3**
Dividend (€/share)	1.3	1.3	1.4	1.5	1.5	1.6	1.7	1.7	1.7	**1.7** (1)
Market capitalisation (million euros)	6,251.3	6,207.1	5,759.4	5,698.6	5,636.5	5,967.7	4,706.7	5,344.6	4,067.5	**3,999.3**
Number of shares (million)	238.7	238.7	238.7	238.7	238.7	262.0	262.0	262.0	262.0	**262.0**

(1) Distribution of the 2023 gross dividend of 1.74 euros per share is subject to approval at the General Shareholders' Meeting.

Economic value generated and distributed [GRI 201-1]

(million euros)

	Reference to the 2023 Consolidated Annual Accounts	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Economic value generated (EVG)	Net turnover and other operating revenues in 'Note 2.1'.	**1,227.2**	**1,221.6**	**1,218.3**	**1,384.6**	**1,342.2**	**1,182.7**	**1,084.0**	**991.2**	**970.30**	**919.6**
Economic value distributed (EVD)		**801.5**	**862.0**	**894.0**	**942.7**	**969.7**	**926.3**	**916.1**	**975.7**	**924.2**	**905.8**
Suppliers	External services, other current administrative expenses and other external expenses from 'Note 2.1.c'.	198.3	193.4	203.9	209.6	229.8	184.4	176.3	167.5	220.6	**186.7**
Society (investment in social action and taxes)		102.6	166.3	136.3	144.8	138.8	128.0	118.7	113.3	165.0	**94.9**
Investment in social action	Amount allocated to social investment in the 'Local communities' section of the 'Environmental, Social and Governance (ESG) Management' chapter of the Consolidated Management Report	1.6	1.9	2.2	2.0	2.0	2.0	3.9	1.8	1.9	**1.7**
Tax	Taxes in 'Note 2.1.c' and Corporate taxes in 'Note 4.2.c' of the Consolidated Annual Accounts	101.0	164.4	134.1	142.8	136.8	126.0	114.8	111.4	163.1	**93.2**
Professionals (personnel expenses)	Personnel expenses of 'Note 2.1.b' of the Consolidated Annual Accounts	84.7	96.3	108.8	128.9	131.2	125.2	126.7	129.7	140.4	**137.1**
Capital providers		415.9	406.0	445.1	459.5	469.8	488.7	494.4	524.8	398.2	**487.2**
Dividends paid to shareholders	Dividends from equity attributable to the Parent Company in the Consolidated Statement of Equity Changes	310.4	315.1	331.7	348.6	365.3	371.3	426.7	441.4	446.4	**451.4**
Financial result	Financial result of the Consolidated Income Statement at the end of the fiscal year	105.5	90.9	113.4	110.9	104.6	117.4	67.7	83.4	-48.2	**35.8**
Economic value retained (EVR)		**425.7**	**359.6**	**324.3**	**441.9**	**372.5**	**256.4**	**167.9**	**55.8**	**46.1**	**13.9**

Financial and non-financial ratings

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Standard & Poor's	BBB	A-	A-	A-	A-	BBB+	BBB+	BBB+	BBB	**BBB**
Fitch	A-	A-	A-	A-	A-	A-	BBB+	BBB+	BBB	**BBB**
Dow Jones Sustainability Index (1)	84	85	91	86	85	85	87	85	88	**85**
CDP Climate change (transparency / performance)	91/B	99/B	A	A-	B	A	A	A	B	**A**

(1) Enagás has been a member of the Dow Jones Sustainability Index since 2008.

Social indicators

Corporate Governance

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Number of Directors	15	13	13	13	13	13	16	15	15	**15**
Independent Directors (%)	60.0%	62.0%	62.0%	54.0%	54.0%	62.0%	69.0%	73.3 %	66.7 %	**73.3%**
Board gender diversity (%)	20.0%	23.0%	23.0%	23.0%	23.0%	31.0%	25.0%	33.3 %	40.0 %	**40.0%**
Non Audit Fees (%)	3.0%	4.0%	53.0%	18.0%	36.0%	34.0%	39.0%	33.0%	31.0 %	**40.0%**
General Shareholders' Meeting quorum (%)	52.9 %	54.8 %	50.8 %	45.6 %	45.6 %	51.0 %	48.2 %	49.0 %	46.3 %	**51.0%**

Supply chain

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Approved suppliers (no.)	1,745	1,781	1,800	1,356	1,382	1,458	1,483	1,526	1,523	**1,706**
Critical/approved suppliers (%)	59.1 %	59.0%	59.0%	69.5 %	65.3 %	58.3 %	61.3 %	15.5 %	15.3 %	**15.5%**
Suppliers audited externally in financial, ethical, environmental and social aspects (No.)	61	33	39	55	95	129	149	127	96	**107**
Percentage of approved suppliers assessed in human rights, ethics, social and environmental aspects (%) [(1)]	27.1%	26.6%	27.1%	52.4%	53.5%	65.1%	70.3%	81.9%	95.8 %	**77.8%**

(1) From 2014 to 2018, reference is made to the external assessment carried out by Enagás and from 2019 onwards to the internal assessment carried out by the company.

Ethical compliance and human rights

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Reports received via the Whistleblowing Line (No.)	4	4	3	2	5	1	5	7	3	**7**
People trained in issues related to ethical compliance (cumulative figure) (No.)	200	1,217	1,214	1,206	1,228	1,223	1,260	1,302	1,335	**1,329**

Human capital [GRI 2-7]

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Professionals (no.)	1,206	1,337	1,337	1,307	1,320	1,306	1,330	1,344	1,365	**1,354**
Voluntary employee turnover (%)	0.7%	0.5%	0.6%	1.4%	1.3%	1.3%	1.4%	1.2%	1.7%	**3.1%**
Absenteeism (%)	2.5%	2.5%	2.9%	3.1%	3.3%	3.6%	3.4%	2.7%	3.6%	**4.2%**
Workforce gender diversity (%)	23.9%	26.8%	27.5%	27.2%	27.7%	28.1%	28.6%	28.9%	30.0%	**29.6%**
Gender diversity in management positions (%)	20.0%	25.4%	24.8%	26.8%	27.2%	29.0%	29.9%	30.6%	36.4%	**36.2%**
Average investment in training per professional (€)	1,041	894	920	1,071	1,162	1,091	818	874	1,239	**1,096**
Training per professional (hrs)	59.6	49.8	61.8	65.6	61.6	51.9	46.6	45.1	55.1	**58.1**

Customer satisfaction

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Rate of satisfaction of shippers with transmission	82.2%	82.7%	84.3%	85.7%	89.4%	87.8%	88.3%	89.9%	87.5%	**87.0%**
Rate of satisfaction of transmission companies and distributors with transmission	77.1%	89.2%	84.7%	85.0%	81.2%	79.5%	85.6%	93.5%	83.3%	**98.6%**
Rate of satisfaction of shippers with the technical management of the Spanish Gas System	78.6%	78.3%	86.2%	83.9%	90.1%	84.8%	84.8% (1)	83.0%	83.9%	**88.5%**
Rate of satisfaction of transmission companies and distributors with the technical management of the Spanish Gas System	72.6%	83.3%	79.2%	82.3%	89.4%	90.0%	90.0% (1)	96.0%	85.7%	**88.1%**

(1) Data from the customer satisfaction survey sent out in December 2019.

Occupational health and safety [GRI 403-9]

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Lost time injury frequency rate (own workforce) (1)	4.7	3.9	1.8	7.8	2.3	5.1	3.7	3.2	1.4	**3.1**
Lost time injury frequency rate (contractors) (1)	3.0	2.3	10.4	0.5	1.1	3.2	5.4	2.0	2.7	**5.0**
Lost time injury severity rate (own workforce) (1)	0.5	0.1	0.1	0.4	0.1	0.1	0.1	0.1	0.0	**0.1**
Lost time injury severity rate (contractor workforce) (1)	0.1	0.1	0.1	0.0	0.0	0.1	0.2	0.1	0.1	**0.0**
Work-related fatalities of own workforce (No.)	0	0	0	0	0	0	0	0	0	**0**
Work-related fatalities of contractor workforce (No.)	0	0	0	0	0	0	0	1	1	**0**

(1) From 2022, in order to improve the comparability of data, Enagás will align its accident recording criteria with those of the Occupational Safety and Health Administration (OSHA), considering the concept of activity-relatedness as a determining factor in its recordability.

Impact on local communities

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Social action investment/net profit (%)	0.4%	0.5%	0.5%	0.4%	0.5%	0.5%	0.9%	0.5%	0.5%	**0.5%**
Time spent on volunteer work (hrs)	866	1,404	1,475	2,395	2,430	2,483	625	403	2,210	**3,344**

Environmental indicators

Environmental management and fighting climate change

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Scope 1 CO_2 emissions (tonnes of CO_2e) [GRI 305-1]	537,092	272,728	263,540	266,357	274,458	275,889	208,314	263,571	385,410	**294,649**
Scope 2 CO_2 emissions (tonnes of CO_2e) [GRI 305-2]	33,941	32,444	27,010	22,979	30,300	34,273	1,654	0	0	**0**
Self-consumption of natural gas (GWh) [GRI 302-1]	2,338.1	963.0	919.3	1,030.4	1,055.7	1,120.2	833.5	1,098	1,764	**1,298**
Electricity consumption (GWh)(1) [GRI 302-1]	143.1	148.3	160.5	192.0	181.2	214.3	207.3	197.3	250.5	**212.3**
Electricity generation/consumption (%)	4.7%	8.0%	12.5%	11.0%	12.5%	17.1%	19.2%	16.7%	14.1%	**9.1%**
Waste generated (tonnes) [GRI 306-3]	2,189	3,823	3,981	2,813.8	4,136.2	2,807	3,616	5,195	2,458	**2,959**
Waste recovered / recycled (%) [GRI 306-4]	15%	40%	61%	73%	83%	89%	91%	96%	91%	**92%**
Area occupied in protected areas (km^2) (2) [GRI 304-1]	4.0	4.0	4.0	4.0	6.7	6.7	6.7	6.7	7.4	**7.8**

(1) Includes consumption from the network and from own generation sources.
(2) The increased surface area in protected natural areas in 2022 was due to the review of the boundaries of these areas, increasing the protected area and including Enagás facilities already present in these locations. The increase in 2023 was due to the inclusion of the facility type positions in the analysis and the incorporation of new infrastructure acquired in 2023 in Spain (Reganosa gas pipeline network). The protected natural areas considered are: Natura 2000 Network (LIC/ZEPA), Ramsar wetlands and Biosphere Reserve. The last two protection figures indicated are not included in the data prior to 2018.

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Appendices

About our Consolidated Management Report

[GRI 2-1, GRI 2-3]

Standards and principles used

The Consolidated Management Report of Enagás S.A. (parent company) and its subsidiaries (the Group) is prepared annually and includes the non-financial information statement that was prepared by the Board of Directors on February 19, 2024, complying with the requirements of: [GRI 2-14]

a. Directive 2014/95/EU on non-financial information and diversity, as well as with the associated Spanish legislation (Law 11/2018). See Appendix 'Non-financial and diversity reporting requirements (Law 11/2018) and the EU Taxonomy for sustainable activities Regulation'.

b. Regulation (EU) 2020/852 of the European Parliament and of the Council of June 18, 2020 on the establishment of a framework to facilitate sustainable investments and its delegated acts, which establish the obligation to disclose information on how and to what extent the company's activities are associated with economic activities that are considered environmentally sustainable. See Appendix 'Non-financial and diversity reporting requirements (Law 11/2018) and the EU Taxonomy for sustainable activities Regulation'.

The following standards and principles were used in preparing this 2023 Consolidated Management Report:

- In accordance with the GRI Standards, including the 2021 updated version of the global standards and the sector standard GRI 11: Oil and Gas Sector 2021. Enagás, in addition to the GRI Standards content associated with the material topics indicated in this sector standard, identifies other GRI Standards relevant to the company's activity and nature. See Appendix 'GRI content index'.
- The principles of standard AA1000: inclusivity, materiality, responsiveness and impact.
- The SASB (Sustainability Accounting Standards Board) reporting standard for the Oil & Gas - Midstream sector. See Appendix 'SASB content index'.
- Recommendations of the Task Force on Climate Related Disclosures (TCFD). See Appendix 'TCFD content index'.
- The Sustainable Development Goals approved by the United Nations General Assembly, which Enagás integrates in its strategy and are set out in the sub-section 'Contribution to the SDG'.
- The Ten Principles of the UN Global Compact, as set out in the Appendix 'Global Compact content index'.
- Recommendations included in the 'Guide for the preparation of management reports of listed companies' of the CNMV.

External verification [GRI 2-5]

The Non-Financial Information Statement was verified by an independent third party, in this case EY, in order to comply with the requirement of Law 11/2018 for external verification and in line with Enagás' commitment to transparency, reliability and rigour of the information. For the scope of this verification, see the Appendix 'External verification report'.

Scope of the financial and non-financial information

The scope of this report includes the information on 2023 financial year of the Enagás Group (hereinafter 'Enagás'). The following criteria have been applied to the information reported herein:

- The financial information is presented in accordance with the consolidation principles applied in the annual accounts.
- Non-financial information relates to operations over which Enagás maintains control (companies consolidated in the Consolidated Financial Statements in accordance with the full consolidation method). These companies are mainly located in Spain.[52] [GRI 2-2]

For further details on the scope of the financial information, refer to the '**Consolidated Annual Accounts', section 1.3 'Basis of consolidation**'.

For further details on the ownership structure of Enagás, see the '**Annual Corporate Governance Report', section 'A. Ownership structure**'.

[52] Excluded from the scope are start-ups that have been integrated into the Enagás Group with operational control (Efficiency for LNG Applications S.L., Scale Gas Solutions S.L. and Sercomgas Gas Solutions. See sub-section 'Innovation and Corporate Venture') and whose businesses as of 2023 are in the early stages of development. Therefore, their impacts are considered to be of little relevance (for example, in 2023, they accounted for 2.6% of Enagás' workforce). In 2023, the impact of the operations of these start-ups has been assessed, with the conclusion that the degree of maturity of their business and activities is becoming representative. Therefore, from 2024 onwards, these start-ups will be included in the scope of Enagás' non-financial information.

Annual Corporate Governance Report

The 2023 Annual Corporate Governance Report forms part of this Consolidated Management Report. The document is available on the corporate website or on the CNMV website.

Annual Report on Directors' Remuneration

The Annual Report on Directors' Remuneration for fiscal year 2023 forms part of this Consolidated Management Report. The document is available on the corporate website or on the CNMV website.

External verification report [GRI 2-5]

Independent Limited Assurance Report of the Consolidated Non-Financial Statement and Information on Sustainability for the year ended December 31, 2023

ENAGÁS, S.A. and SUBSIDIARIES

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Ernst & Young, S.L.
C/ Raimundo Fernández Villaverde, 65
28003 Madrid

Tel: 902 365 456
Fax: 915 727 238
ey.com

INDEPENDENT LIMITED ASSURANCE REPORT OF THE CONSOLIDATED NON-FINANCIAL STATEMENT AND INFORMATION ON SUSTAINABILITY

Translation of a report originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails

To the Shareholders of ENAGÁS, S.A.:

Pursuant to article 49 of the Code of Commerce we have performed a verification, with a limited assurance scope, of the Consolidated Non-Financial Information Statement (hereinafter NFS) for the year ended December 31, 2023, of ENAGÁS, S.A. and subsidiaries (hereinafter, the Group), which is part of the Group's accompanying Consolidated Management Report.

The content of the Consolidated Management Report includes additional information to that required by prevailing mercantile regulations in relation to non-financial information that has not been subject to our verification. In this regard, our assignment has been exclusively limited to the verification of the information shown in annexes "Non-financial and diversity reporting requirements (Law 11/2018) and the EU Taxonomy for sustainable activities Regulation", the provisions in the "GRI content index" and "SASB content index" of the accompanying Consolidated Management Report.

Responsibility of the Board of Directors

The preparation of the NFS included in the Consolidated Management Report of ENAGÁS, S.A. and its content is the responsibility of the Board of Directors of the Group.

The NFS was prepared in accordance with the content required by prevailing company law and in conformity with the criteria outlined in the *Global Reporting Initiative Sustainability Reporting Standards* (GRI standards), in accordance with GRI, as well as with those other criteria, among which find the sector supplement "GRI 11: Oil and Gas Sector 2021", as well as the criteria of the Sustainability Accounting Standards Board (SASB standards) in its sector supplement "Oil & Gas - Midstream 2023-12". These have been described. in accordance with what is mentioned for each subject in the annexes "Non-financial and diversity reporting requirements (Law 11/2018) and the EU Taxonomy for sustainable activities Regulation", in the "GRI content index", and in the "SASB content index" from the accompanying Consolidated Management Report and in accordance with the principles included in Standard AA1000AP (2018) issued by *AccountAbility* (Institute of Social and Ethical Accountability).

The Board of Directors are also responsible for the design, implementation and maintenance of such internal control as they determine is necessary to enable the preparation of an NFS that is free from material misstatement, whether due to fraud or error.

They are further responsible for defining, implementing, adapting and maintaining the management systems from which the information necessary for the preparation of the NFS is obtained.

Domicilio Social: Calle de Raimundo Fernández Villaverde, 65. 28003 Madrid - Inscrita en el Registro Mercantil de Madrid, tomo 9.364 general, 8.130 de la sección 3ª del Libro de Sociedades, folio 68, hoja nº 87.690-1, inscripción 1ª. C.I.F. B-78970506.

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[GRI 2-5]

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Our independence and quality management

We have complied with the independence and other ethics requirements of the International Code of Ethics for Accounting Professionals (including international standards on independence) issued by the International Standards Board on Ethics for Accounting Professionals (IESBA) which is based on the fundamental principles of integrity, professional objectivity, competence and diligence, confidentiality and professional behaviour.

Our firm applies current international quality standards and maintains, consequently, a quality system that includes policies and procedures related to compliance with ethical requirements, professional standards and legal provisions and applicable regulations.

The engagement team consisted of experts in the review of Non-Financial Information and, specifically, in information about economic, social and environmental performance.

Our responsibility

Our responsibility is to express our conclusions in an independent limited verification report based on the work performed. Our review has been performed in accordance with the requirements established in prevailing International Standard on Assurance Engagements 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (ISAE 3000 Revised) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) and the guidelines for verifying Non-Financial Statement, issued by the Spanish Official Register of Auditors of Accounts (ICJCE).

The procedures carried out in a limited assurance engagement vary in nature and execution timing and are smaller in scope than reasonable assurance engagements, and therefore, the level of assurance provided is likewise lower.

Our work consisted in requesting information from Management and the various Group units participating in the preparation of the 2023 NFS, reviewing the process for gathering and validating the information included in the NFS, and applying certain analytical procedures and sampling review tests as described below:

- Meetings with Group personnel to obtain an understanding of the business model, policies and management approaches applied, the main risks related to these matters and obtain the necessary information for our external review.
- Analysis of the scope, relevance and integrity of the content included in the NFS for the year 2023 based on the materiality analysis made by the Group and described in section "Materiality", considering the content required by prevailing mercantile regulations.
- Analysis of the processes for gathering and validating the data included in the 2023 NFS.
- Analyzing the documents from the Non-financial internal control system.

[GRI 2-5]

- Review of the information on the risks, policies and management approaches applied in relation to the material aspects included in the 2023 NFS.

- Check, through tests, based on a selection of a sample, the information related to the content of the 2023 NFS and its correct compilation from the data provided by the information sources.

- Obtaining a representation letter from the Board of Directors and Management.

In addition, with respect to GRI disclosures GRI 2-30, GRI 401-1, GRI 403-2, GRI 404-1 y GRI 405-1, our responsibility is to express an opinion, for which we have carried out reasonable assurance work. The work entailed understanding the internal control system relevant to the aforementioned indicators contained in the NFS, assessing the risk of material errors that the indicators might contain, testing and evaluating their content, as well as performing other procedures we considered necessary in the circumstances. We consider that our examination provides a reasonable basis for our opinion.

In addition, we reviewed the adequacy of the structure and content in accordance with the principles established in standard AA1000AP (2018), with a moderate level of type 2 assurance.

Paragraph of emphasis

Pursuant to Regulation (EU) 2020/852 of the European Parliament and of the Council of June 18, 2020 on the establishment of a framework to facilitate sustainable investment, and pursuant to the Delegated Acts enacted in accordance with the provisions of that Regulation, undertakings shall disclose information on how and to what extent the undertaking's activities are associated with eligible economic activities in relation to the following environmental objectives: the sustainable use and protection of water and marine resources, the transition to a circular economy, pollution prevention and control, and the protection and restoration of biodiversity and ecosystems (other environmental objectives). For certain new activities included in the climate change mitigation and adaptation objectives, undertakings shall disclose for the first time for the year 2023 additional information on eligible and aligned activities that was already required in 2022 in relation to the climate change mitigation and adaptation objectives. As a result, no comparative information on eligibility has been included in the accompanying NFS in relation to other environmental objectives listed above or to the new activities included in the climate change mitigation and adaptation objectives. Additionally, to the extent that the information relating to 2022 was not required with the same level of detail as in 2023, the information disclosed in the accompanying NFS is not strictly comparable, either. Furthermore, it should be noted that the directors of ENAGÁS, S.A. have included information on the criteria that, in their opinion, allow for better compliance with the aforementioned obligations. These criteria are defined in "European Taxonomy for Sustainable Activities" section of the accompanying NFS. Our conclusion is not modified in respect of this matter.

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Conclusion

Based on the limited assurance procedures conducted and the evidence obtained, no matter has come to our attention that would cause us to believe that the Group NFS for the year ended December 31, 2023 has not been prepared, in all material respects, in accordance with the contents required by prevailing company law and the criteria established by the GRI standards, in accordance to GRI, as well as other criteria, including the sector supplement "GRI 11: Oil and Gas Sector 2021" and the "Oil & Gas - Midstream 2023-12" sector supplement of SASB standards described in accordance with what is mentioned for each subject in the annexes "Non-financial and diversity information requirements (Law 11/2018) and Regulation of Taxonomy of sustainable activities of the European Union", in the "GRI content index", and in the "SASB (Sustainability Accounting Standards Board) content index" of the aforementioned Consolidated Management Report.

In addition, in our opinion, GRI 2-30, GRI 401-1, GRI 403-2, GRI 404-1 y GRI 405-1, reviewed with a reasonable level of assurance, are prepared and presented, in all material respects, in accordance with the GRI Sustainability Reporting Standards (GRI standards), in accordance to GRI, described as explained for each subject matter in the "GRI content index" of said report and which includes the reliability of the data, the adequacy of the information presented and the absence of significant deviations and omissions.

With regard to the application of the principles established in standard AA1000AP (2018), no matter has come to our attention that would cause us to believe that the Group has not applied the principles of inclusivity, materiality, responsiveness, and impact, as explained under "About our consolidated Management Report."

Recommendations

We presented our recommendations to the Group management regarding areas of improvement related to the application of standard AA1000AP (2018). The most significant recommendations are summarized below:

- Inclusivity: The Group continues to strengthen its identification and diagnosis process through the implementation of the commitment model with its stakeholders, also covering the investee companies through the appointment of sustainability managers and the establishment of critical management standards. Regarding this principle, it is recommended to continue promoting dialogue with interest groups through periodic consultations, especially at the local level in the geographies in which the Group carries out its operations.

- Materiality: The Group carries out the process of identifying and evaluating material issues that are relevant to both its stakeholders and the company, considering their impact on corporate value and the environment. This evaluation is carried out in a manner consistent with the risks inherent to the company, key in the definition of its Sustainability Strategy. In relation to this principle, it is recommended that the Group continue to advance in the evaluation of the results obtained, integrating more effectively the most relevant issues identified in the Group's internal management and decision-making processes.

- Responsiveness: The interaction approach with interest groups makes it possible, once the pertinent issues have been identified, to formulate responses in accordance with their expectations, carrying out monitoring through the Sustainable Management Plan. Regarding this principle, it is recommended that the Group continue to advance in the development of action plans that consider the most relevant issues identified for its stakeholders at both a global and local level.

Building a better working world

- Impact: The Group's Sustainability Strategy establishes the three fundamental levers to face the energy transition process: Decarbonization of operations and the value chain, Transformation with a focus on people and Governance to ensure due diligence on human rights and the environment. From this perspective, it is recommended to continue progressing in the collection of information, evaluating the impact of the Group in terms of severity and probability of occurrence, advancing in alignment with the new reporting standards, so that it serves as a source of information in the process in future exercises. This will make it possible to comprehensively analyze and manage the Group's current and potential impacts, both positive and negative, in the various areas in which it exercises influence.

Use and distribution

This report has been prepared as required by prevailing mercantile regulations in Spain and may not be suitable for any other purpose or jurisdiction.

ERNST & YOUNG, S.L.

(Signature on the original in Spanish)

Alberto Castilla Vida

February 19, 2024

[GRI 2-5]

Non-financial and diversity reporting requirements (Law 11/2018) and the EU Taxonomy for sustainable activities Regulation

The following are the requirements established by Law 11/2018 and the EU Taxonomy Regulation that are responded to in the Non-Financial Information Statement and in the Annual Corporate Governance Report included in the Consolidated Management Report:

Non-Financial Information Statement

Requirements established by Law 11/2018 and the EU Taxonomy Regulation	Reporting framework	Page numbers, URL and/or direct response
General		
Description of the business model: business environment, its organisation and structure, the markets in which it operates, its goals and strategies, and the main factors and trends that may affect its future evolution and materiality analysis	GRI 2-1, GRI 2-2, GRI 2-6, GRI 2-9, GRI 2-23, GRI 3-1, GRI 3-2	12-14, 16, 18-19, 22-23, 55-59, 113-117, 130-133, 149, 170
Description of the Group's policies with respect to environmental and social issues, respect for human rights and the fight against corruption and bribery, as well as those related to personnel	GRI 2-23, GRI 2-24, GRI 3-3 for all material topics	20, 22-25, 61, 75, 84-85, 94, 101-103, 113, 119-123, 126, 134, 139-142, 148
The results of the Group's policies applied to environmental and social issues, respect for human rights and the fight against corruption and bribery, as well as those related to personnel	GRI 2-23, GRI 2-24, GRI 3-3 for all material topics	20, 22-25, 61, 75, 84-85, 94, 101-103, 113, 119-123, 126, 134, 139-142, 148
The main risks related to environmental and social issues, respect for human rights and the fight against corruption and bribery, as well as those related to personnel, linked to the activities of the Group	GRI 2-23, GRI 2-24, GRI 2-25, GRI 201-2	20, 22-23, 26-30, 62-65, 68-69, 120, 121-22, 135, 139-142, 154-161
Non-financial key performance indicators	GRI 2-6, GRI 2-7, GRI 2-8, GRI 3-3 for all material topics	10, 12-14, 16, 24-25, 61, 75-80, 84-85, 90, 94, 101-106, 108, 110-112, 119, 126, 130-134, 139-140, 148-149, 164-168
I. Information on environmental issues		
Detailed information on the current and foreseeable effects of the company's activities on the environment		
Detailed information on the current and foreseeable effects of the company's activities on the environment and, as the case may be, on health and safety	GRI 3-3 of all material issues related to the environment, GRI 303-1, GRI 304-2, GRI 306-1, GRI 306-3, GRI 308-2	24-25, 61, 101-106, 108-112, 149-151, 168
Environmental assessment or certification procedures	GRI 3-3 on all material environmental issues, GRI 303-1, GRI 306-2, GRI 308-1, ISO:14001 Standard, EMAS Regulation	24-25, 61, 101-108, 110-112, 149, 168

Requirements established by Law 11/2018 and the EU Taxonomy Regulation	Reporting framework	Page numbers, URL and/or direct response
Resources dedicated to the prevention of environmental risks	GRI 201-2, GRI 303-1, GRI 303-2, GRI 304-2, GRI 306-2, GRI 308-1	10, 103-108, 110-112, 127, 136, 149, 164
Application of the precautionary principle	GRI 3-3 for all material topics related to the environment	24-25, 61, 101-106, 108, 110-112, 168
The amount of provisions and guarantees for environmental risks	GRI S11.7.6	133
Pollution		
Measures to prevent, reduce or rectify carbon emissions that seriously harm the environment; taking into account any activity-specific form of air pollution, including noise and light pollution	GRI 3-3 on the material topics 'GHG emissions', 'Climate adaptation, resilience, and transition' and 'Air emissions' identified by the sector standard GRI 11: Oil and Gas Sector 2021, GRI 305-1, GRI 305-2, GRI 305-5	24-25, 61, 66-69, 71, 111-112, 168
Circular economy and waste prevention and management		
Circular economy and waste prevention and management: measures of prevention, recycling, reuse and other forms of recovery and elimination of waste	GRI 306-2, GRI 306-3, GRI 306-4, GRI 306-5	24-25, 69, 71, 107-109, 168
Actions to combat food waste	GRI 3-3 of the material issue 'Waste' identified by the sector standard GRI 11: Oil and Gas Sector 2021	Given the company's activity and the material topics identified, food waste is not a relevant issue for the company.
Sustainable use of resources		
Sustainable use of resources: water consumption and supply according to local restrictions	GRI 303-1, GRI 303-2, GRI 303-3, GRI 303-4, GRI 303-5	104, 110-112, 191
Consumption of raw materials and the measures adopted to improve efficiency in their use	GRI 3-3	108
Direct and indirect consumption of energy, measures taken to improve energy efficiency and the use of renewable energy	GRI 302-1, GRI 302-3, GRI 302-4, GRI 302-5, GRI 305-5	10, 24-25, 68-71, 168
Climate change		
Climate change: the important elements of greenhouse gas emissions generated as the result of the company's activities, including the use of the goods and services produced	GRI 305-1, GRI 305-2, GRI 305-3, GRI 305-4	61, 66-68, 72-74, 168
The measures adopted in order to adapt to the consequences of climate change	GRI 3-3 on the material topics 'GHG emissions' and 'Climate adaptation, resilience, and transition' identified by the sector standard GRI 11: Oil and Gas Sector 2021, GRI 201-2	24-30, 61-65, 68-69, 154-161
The voluntarily established long and short-term emission reduction targets to reduce greenhouse gas emissions and the measures implemented for this purpose	GRI 3-3 on the material topics 'GHG emissions' and 'Climate adaptation, resilience, and transition' identified by the sector standard GRI 11: Oil and Gas Sector 2021, GRI 203-1, GRI 203-2, GRI 302-4, GRI 305-5	24-31, 53, 61, 69, 71, 79, 128, 149

Requirements established by Law 11/2018 and the EU Taxonomy Regulation	Reporting framework	Page numbers, URL and/or direct response
Biodiversity protection		
Biodiversity protection: measures taken to preserve or restore biodiversity	GRI 3-3 of the material issue 'Biodiversity' identified by the sector standard GRI 11: Oil and Gas Sector 2021, GRI 304-3	101-106
Impacts caused by activities or operations in protected areas	GRI 3-3 of the material issue 'Biodiversity' identified by the sector standard GRI 11: Oil and Gas Sector 2021, GRI 304-2, GRI 304-3, GRI 304-4	101-106
II. Information on social and personnel-related issues		
Employment		
Total number and distribution of employees by gender, age, country and professional group	GRI 2-7, GRI 405-1	10, 76-80, 89, 113-115, 117, 166
Total number and distribution of work contract modalities	GRI 2-7	10, 76-80, 89, 166
Yearly average of permanent contracts, temporary contracts and part-time contracts by gender, age and professional group	GRI 2-7	10, 76-80, 89, 166
Number of dismissals by gender, age and professional group	GRI 401-1	79-80
Average remuneration and its evolution by gender, age and professional group or equivalent	GRI 2-19, GRI 2-21, GRI 405-2	22-23, 87-88, 117-118, 187
Gender pay gap, remuneration for equal work or average for the company	GRI 405-2 Ratio of the difference between the average remuneration of men and women divided by the average remuneration of men. Average remuneration includes: base year salary at December 31, variable remuneration, allowances, payments to long-term savings plans and any other item, such as overtime.	87-88
The average remuneration of directors and managers, including variable remuneration, expenses, compensation, payments to long-term savings plans and any other item by gender	GRI 2-19, GRI 2-20, GRI 405-2	22-23, 88, 90-92, 100, 117-118
Implementation of policies related to the disconnecting from work	GRI 3-3 of the material issue 'Employment practices' identified by the sector standard GRI 11: Oil and Gas Sector 2021, GRI 401-2	75, 90-92, 100
Employees with disabilities	GRI 405-1	77, 89, 113-115, 117
Organisation of work		
Organisation of work hours	GRI 2-23, GRI 3-3 of the material issue 'Employment practices' identified by the sector standard GRI 11: Oil and Gas Sector 2021, GRI 401-2	75, 90-92, 100
Number of hours lost to absenteeism	Internal reporting framework: Number of hours of absenteeism including hours lost to common illness and accidents at work	90-93, 100

Requirements established by Law 11/2018 and the EU Taxonomy Regulation	Reporting framework	Page numbers, URL and/or direct response
Measures aimed at providing work-life balance and promoting their shared use by both parents	GRI 401-2, GRI 401-3	90-93, 100
Health and safety		
Health and safety conditions in the workplace	GRI 403-1, GRI 403-2, GRI 403-3, GRI 403-4, GRI 403-5, GRI 403-6, GRI 403-7, GRI 403-8	94-95, 97-98, 100
Work-related accidents	GRI 403-9	94, 96-98, 167
Frequency and severity, by gender	GRI 403-9	94, 96-98, 167
Occupational illnesses, by gender	GRI 403-10	97 Enagás has not identified occupational illnesses over the last three years.
Social relations		
Organisation of social dialogue, including procedures for notifying and consulting employees and negotiating with them	GRI 2-26, GRI 2-29, GRI 2-30, GRI 403-1, GRI 403-4	56, 92-95, 120, 132, 135, 149
Percentage of employees covered by collective bargaining agreements by country	GRI 2-30	92
Results of collective bargaining agreements, particularly in relation to occupational health and safety	GRI 2-30, GRI 403-4	92, 95
Mechanisms and procedures that the company has in place to promote the involvement of workers in the management of the company, in terms of information, consultation and participation[53]	GRI 2-26, GRI 2-29, GRI 403-4, GRI 407-1	56, 93, 95, 120, 132, 135, 140, 149
Training		
Training policies implemented	GRI 404-2	80, 82-83
Total number of hours of training courses by professional group	GRI 404-1	83
Universal accessibility for persons with disabilities		
Universal accessibility for persons with disabilities	GRI 3-3 of the material issue 'Non-discrimination and equal opportunity' identified by the sector standard GRI 11: Oil and Gas Sector 2021, GRI 405-1	75, 77, 84-85, 89, 113-115, 117
Equality		
Measures adopted to promote equal treatment and opportunities for men and women	GRI 3-3 of the material issue 'Non-discrimination and equal opportunity' identified by the sector standard GRI 11: Oil and Gas Sector 2021, GRI 401-3, GRI 406-1	75, 84-85, 92, 194
Equality plans (Chapter III of Spanish Constitutional Act 3/2007 of March 22, for Effective Equality between Women and Men)	GRI 3-3 of the material issue 'Non-discrimination and equal opportunity' identified by the sector standard GRI 11: Oil and Gas Sector 2021, GRI 405-1	75, 77, 84-85, 89, 113-115, 117

[53] Requirement derived from the amendment of the Spanish Commercial Code in Law 5/2011.

Requirements established by Law 11/2018 and the EU Taxonomy Regulation	Reporting framework	Page numbers, URL and/or direct response
Measures adopted to promote employment	GRI 2-7, GRI 2-23, GRI 203-2	10, 20, 22-23, 26-31, 76-80, 89, 120-122, 128, 139-140, 149, 166
Protocol against sexual harassment and harassment on the grounds of sex	GRI 2-23, GRI 3-3 of the material issue 'Non-discrimination and equal opportunity' identified by the sector standard GRI 11: Oil and Gas Sector 2021	75, 84-85, 119-121
Integration and universal accessibility for persons with disabilities	GRI 3-3 of the material issue 'Non-discrimination and equal opportunity' identified by the sector standard GRI 11: Oil and Gas Sector 2021, GRI 405-1	75, 84-85, 89, 119-121
Policy against any type of discrimination and, where appropriate, for managing diversity	GRI 406-1, GRI 3-3 of the material issue 'Non-discrimination and equal opportunity' identified by the sector standard GRI 11: Oil and Gas Sector 2021	75, 84-85, 114-115, 119-121
III. Information on respect for human rights		
Application of due diligence procedures in relation to human rights	GRI 2-23, GRI 2-25, GRI 410-1	20, 22-23, 120-122, 135, 139-141, 197
Prevention of the risks of violation of human rights and, where appropriate, measures to mitigate, manage and rectify any possible abuses committed	GRI 3-3 on the material topics 'Employment practices', 'Non-discrimination and equal opportunity', 'Forced labor and modern slavery', 'Freedom of association and collective bargaining', 'Land and resource rights', 'Rights of indigenous peoples' identified by the sector standard GRI 11: Oil and Gas Sector 2021	75, 84-85, 139-140
Formal complaints for cases of violation of human rights	GRI 2-26	120, 140
Promotion of and compliance with the provisions of the fundamental conventions of the International Labour Organisation in relation to respect for freedom of association and the right to collective bargaining	GRI 407-1	139-140
Elimination of discrimination in employment and occupation; the elimination of forced or compulsory labour and the effective elimination of child labour	GRI 409-1	140-141
IV. Information relating to the fight against corruption and bribery		
Measures adopted to prevent corruption and bribery	GRI 2-23, GRI 2-24, GRI 205-1, GRI 205-2, GRI 205-3	120-123, 125
Measures to combat money laundering	GRI 205-2	119, 122-123, 125
Contributions to foundations and not-for-profit organisations	GRI 201-1, GRI 413-1	124-125, 134, 136-137

Requirements established by Law 11/2018 and the EU Taxonomy Regulation	Reporting framework	Page numbers, URL and/or direct response
V. Information about the company		
The company's commitment to sustainable development		
The impact of the company's activity on employment and local development	GRI 3-3 of the material issue 'Local Communities' identified by the sector standard GRI 11: Oil and Gas Sector 2021, GRI 413-1, GRI 413-2	134-137
The impact of the company's activity on local communities and on the region	GRI 3-3 of the material issue 'Local Communities' identified by the sector standard GRI 11: Oil and Gas Sector 2021, GRI 413-1, GRI 413-2	134-137
Relations with key figures of local communities and modalities of dialogue with them	GRI 2-26, GRI 411-1, GRI 413-1	120, 134-137, 140
Association and sponsorship actions	GRI 2-28, GRI 413-1	124-125, 135-136
Subcontracting and suppliers		
Inclusion in the procurement policies regarding social issues, gender equality and environment	GRI 2-6, GRI 308-1, GRI 308-2, GRI 414-1, GRI 414-2	12-14, 16, 130-132, 149-151
Consideration in supplier and subcontractor relations of their social and environmental responsibilities	GRI 2-6, GRI 308-1, GRI 308-2, GRI 414-1, GRI 414-2	12-14, 16, 130-132, 149-151
Systems for supervision and auditing and their results	GRI 308-1, GRI 308-2, GRI 414-1, GRI 414-2	149-151
Consumers		
Measures for the health and safety of consumers	GRI 403-7	95, 100
Complaint systems	GRI 2-6, GRI 418-1	132
Complaints received and their resolution	GRI 2-6, GRI 418-1	132
Tax information		
Profits obtained by country	GRI 201-1, GRI 207-4	10, 127-129, 136, 164
Tax paid on profits	GRI 207-4	
Public subsidies received	GRI 201-4	198 In 2023, 1,592 thousands of euros of public subsidies corresponding to gas infrastructure investments were received, 156 thousands of euros in 2022 and 3,509 thousands of euros in 2021 (in all three years, 100% were received in Spain).
European Sustainable Finance Taxonomy		
Net sales volume eligible and aligned with the Taxonomy	Regulation (EU) 2020/852, Delegated Regulation (EU) 2021/2139, Delegated Regulation (EU) 2021/2178, Delegated Regulation (EU) 2022/1214 and Delegated Regulation (EU) 2023/2485 and Delegated Regulation (EU) 2023/2486.	32-43
CapEx eligible and aligned with the Taxonomy		32-43
OpEx eligible and aligned with the Taxonomy		32-43

Information from the Annual Corporate Governance Report

Information from the Annual Corporate Governance Report	
Ownership structure	Annual Corporate Governance Report
General Shareholders' Meeting	
Company management structure	
Related party and intragroup transactions	
Risk control and management systems	

GRI content index

Statement of use	Enagás has prepared its Consolidated Management Report in accordance with GRI Standards for the period from January 1, 2023 to December 31, 2023. [GRI 2-3]
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI sector standards	GRI 11: Oil and Gas Sector 2021

General disclosures

GRI Standard	Content	Page numbers, URL and/or direct response	Omissions	Reference no. for GRI sector standard
		GENERAL DISCLOSURES		
GRI 2: General disclosures 2021	**The organization and its reporting practices**			
	2-1 Organizational details	16, 170		
	2-2 Entities included in the organization's sustainability reporting	170		
	2-3 Reporting period, frequency and contact point	170, 186		
	2-4 Restatements of information	33, 38, 40, 42, 70, 108-109, 111		
	2-5 External assurance	173-180		
	Activities and workers			
	2-6 Activities, value chain and other business relationships	12-14, 16, 130-132, 149		
	2-7 Employees	10, 76-80, 89, 166	Regarding requirement d), Enagás does not consider it relevant to publish this information broken down by region, as 99.9% of its workforce is located in Spain.	
	2-8 Workers who are not employees	76, 149		
	Governance			
	2-9 Governance structure and composition	114-116 Section 'C) Company Management Structure' of the 'Annual Corporate Governance Report'.		
	2-10 Nomination and selection of the highest governance body	114-115		

GRI Standard	Content	Page numbers, URL and/or direct response	Omissions	Reference no. for GRI sector standard
		GENERAL DISCLOSURES		
	2-11 Chair of the highest governance body	114 Section D.6 of the 'Annual Corporate Governance Report'.		
	2-12 Role of the highest governance body in overseeing impact management	15, 55, 62, 115, 120, 144, 155		
	2-13 Delegation of responsibility for managing impacts	55, 62, 99, 117, 120, 122, 144, 155		
	2-14 Role of the highest governance body in sustainability reporting	9, 55, 170		
	2-15 Conflicts of interest	115 Enagás Internal Code of Conduct in Matters Relating to Securities Markets (pages 10-19). Articles 13 and 25 of the Regulations of the Enagás Board of Directors Section D.6 of the Annual Corporate Governance Report		
	2-16 Communication of critical concerns	116		
	2-17 Collective knowledge of the highest governance body	116		
	2-18 Evaluation of the performance of the highest governance body	115		
	2-19 Remuneration policies	20-21, 86, 115-116 2023 Directors' Remuneration Report		
	2-20 Process to determine remuneration	22-23, 117-118		
	2-21 Annual total compensation ratio	In 2023, the Chief Executive Officer's total annual remuneration was 28.8 times the median total annual remuneration of the workforce. In 2023, the increase in the Chief Executive Officer's total annual remuneration (+36.4%) was 16.1 times the decrease in the median total annual remuneration of employees (-2.3%).[54]		

[54] The significant increase in the remuneration of the CEO is due to the fact that, after his appointment in February 2022, in financial year 2022, only his annual base salary was considered together with the actual remuneration he received in that year. In the calculations for 2023, these amounts plus his corresponding variable remuneration have been considered.

GRI Standard	Content	Page numbers, URL and/or direct response	Omissions	Reference no. for GRI sector standard
		GENERAL DISCLOSURES		
GRI 2: General disclosures 2021	**Strategy, policies and practices**			
	2-22 Statement on sustainable development strategy	4-9		
	2-23 Policy commitments	20, 22-23, 120-122, 139-140		
	2-24 Embedding policy commitments	22-23, 120-122		
	2-25 Processes to remediate negative impacts	120-122, 135, 139-142		
	2-26 Mechanisms for seeking advice and raising concerns	120		
	2-27 Compliance with laws and regulations	Enagás has not received any significant fines or penalties during 2023 (neither did it in 2022). To be classified as significant, they must have a significant impact from a financial or reputational point of view.		
	2-28 Membership associations	124-125		
	Stakeholder engagement			
	2-29 Approach to stakeholder engagement	56, 93, 132, 135, 149		
	2-30 Collective bargaining agreements	92		

Material topics

GRI Standard	Content	Page numbers, URL and/or direct response	Omissions	Reference no. for GRI sector standard
MATERIAL TOPICS				
GRI 3: Material Topics 2021	3-1 Process to determine material topics	56-59		
	3-2 List of material topics	57-59		
GHG emissions				
GRI 3: Material Topics 2021	3-3 Management of material topics	24-25, 61		S11.1.1
GRI 302: Energy 2016	302-1 Energy consumption within the organization	70, 168		S11.1.2
	302-2 Energy consumption outside of the organization	10, 68		S11.1.3
	302-3 Energy intensity	70		S11.1.4

GRI Standard	Content	Page numbers, URL and/or direct response	Omissions	Reference no. for GRI sector standard
GRI 302: Energy 2016	302-4 Reduction of energy consumption	69		
	302-5 Reductions in energy requirements of products and services	69		
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	61, 66-68, 168		S11.1.5
	305-2 Energy indirect (Scope 2) GHG emissions	61, 66-68, 168		S11.1.6
	305-3 Other indirect (Scope 3) GHG emissions	72-74		S11.1.7
	305-4 GHG emissions intensity	67		S11.1.8
Climate adaptation, resilience and transition				
GRI 3: Material Topics 2021	3-3 Management of material topics	24-25, 61		S11.2.1
GRI 201: Economic Performance 2016	201-2 Financial implications and other risks and opportunities due to climate change	26-30, 62-65, 68-69, 154-161		S11.2.2
GRI 305: Emissions 2016	305-5 Reduction of GHG emissions	24-25, 69, 71		S11.2.3
Additional sector disclosures	Describe the organization's approach to public policy development and lobbying on climate change	71, 124-125		S11.2.4
Air emissions				
GRI 3: Material Topics 2021	3-3 Management of material topics	101-102, 111-112		S11.3.1
GRI 305: Emissions 2016	305-6 Emissions of ozone-depleting substances (ODS)	Enagás does not emit substances that deplete the ozone layer (chlorofluorocarbons (CFCs), hydrochlorofluorocarbons (HCFCs), halons or methyl bromide).		
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx) and other significant air emissions	111		S11.3.2
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	95 100% of the activities and services of the companies under the Enagás Group's Joint Prevention Service are assessed in terms of health and safety in order to make improvements.		S11.3.3
Biodiversity				
GRI 3: Material Topics 2021	3-3 Management of material topics	101-106		S11.4.1
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	104, 168		S11.4.2

GRI Standard	Content	Page numbers, URL and/or direct response	Omissions	Reference no. for GRI sector standard
GRI 304: Biodiversity 2016	304-2 Significant impacts of activities, products and services on biodiversity	103-106		S11.4.3
	304-3 Habitats protected or restored	103, 106		S11.4.4
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	104		S11.4.5
Waste				
GRI 3: Material Topics 2021	3-3 Management of material topics	101-102, 108		S11.5.1
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	108		S11.5.2
	306-2 Management of significant waste-related impacts	107-108		S11.5.3
	306-3 Waste generated	108-109, 168		S11.5.4
	306-4 Waste diverted from disposal	108-109, 168		S11.5.5
	306-5 Waste directed to disposal	108-109		S11.5.6
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	149		
	308-2 Negative environmental impacts in the supply chain and actions taken	149-151		
Water and effluents				
GRI 3: Material Topics 2021	3-3 Management of material topics	101-102, 110-111		S11.6.1
GRI 303: Water and effluents 2018	303-1 Interactions with water as a shared resource	110-111		S11.6.2

GRI Standard	Content	Page numbers, URL and/or direct response	Omissions	Reference no. for GRI sector standard
GRI 303: Water and effluents 2018	303-2 Management of water discharge-related impacts	112 Enagás' main discharges are seawater used in LNG terminals - which is returned in a way that does not change its nature (minimum temperature change) - and wastewater. In all cases, the quality standards of our discharges are established by the Environmental Authorisations applicable to each facility.		S11.6.3
	303-3 Water withdrawal	104, 110-111		S11.6.4
	303-4 Water discharge	111		S11.6.5
	303-5 Water consumption	111		S11.6.6
Closure and rehabilitation				
GRI 3: Material Topics 2021	3-3 Management of material topics	132, 133		S11.7.1
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	Should there be substantial changes to working conditions, the individual changes are communicated 15 days in advance and collective changes are preceded by a period of consultation with the Workers' Legal Representatives lasting no more than 15 days.		S11.7.2
GRI 404: Training and Education 2016	404-2 Programs for upgrading employee skills and transition assistance programmes	80, 82-83		S11.7.3
Additional sector disclosures	List the operational sites that: • Have closure and rehabilitation plans in place; • have been closed; • are in the process of being closed.	133		S11.7.4
	List the decommissioned structures left in place and describe the rationale for leaving them in place.	133		S11.7.5

GRI Standard	Content	Page numbers, URL and/or direct response	Omissions	Reference no. for GRI sector standard
Additional sector disclosures	Report the total monetary value of financial provisions for closure and rehabilitation made by the organization, including post-closure monitoring and aftercare for operational sites	133		S11.7.6
Asset integrity and critical incident management				
GRI 3: Material Topics 2021	3-3 Management of material topics	110		S11.8.1
GRI 306: Effluents and waste 2016	306-3 Significant spills	110 There have been no oil or waste spills in the last three years.		S11.8.2
Additional sector disclosures	Report the total number of Tier 1 and Tier 2 process safety events, and a breakdown of this total by business activity.	In 2023, 31 containment loss incidents were recorded according to the API RP 754 standard (all classified as Tier 3). In 2022, 43 such incidents were recorded (3 classified as Tier 2 and 40 as Tier 3); in 2021, 28 incidents were recorded (all classified as Tier 3).		S11.8.3
	Additional sector disclosures for organizations with oil sands mining operations.		Not applicable. As shown in the graph in the 'Our business model', section, Enagás does not carry out oil sands mining operations	S11.8.4
Occupational health and safety				
GRI 3: Material Topics 2021	3-3 Management of material topics	94		S11.9.1
GRI 403: Occupational health and safety 2018	403-1 Occupational health and safety management system	94-95		S11.9.2
	403-2 Hazard identification, risk assessment and incident investigation	97-98		S11.9.3
	403-3 Occupational health services	100		S11.9.4
	403-4 Worker participation, consultation, and communication on occupational health and safety	95		S11.9.5

GRI Standard	Content	Page numbers, URL and/or direct response	Omissions	Reference no. for GRI sector standard
GRI 403: Occupational health and safety 2018	403-5 Worker training on occupational health and safety	94-95		S11.9.6
	403-6 Promotion of worker health	95, 100		S11.9.7
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relations	95, 100		S11.9.8
	403-8 Workers covered by an occupational health and safety management system	95		S11.9.9
	403-9 Work-related injuries	94, 96-98, 167		S11.9.10
	403-10 Work-related ill health	97		S11.9.11
Work placements				
GRI 3: Material Topics 2021	3-3 Management of material topics	75		S11.10.1
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	86, 141		
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	79-80	Enagás does not consider it relevant to publish this information broken down by region, as 99.9% of its workforce is located in Spain.	S11.10.2
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	90-92, 100		S11.10.3
	401-3 Parental leave	93		S11.10.4
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	Should there be substantial changes to working conditions, the individual changes are communicated 15 days in advance and collective changes are preceded by a period of consultation with the Workers' Legal Representatives lasting no more than 15 days.		S11.10.5
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	83		S11.10.6

GRI Standard	Content	Page numbers, URL and/or direct response	Omissions	Reference no. for GRI sector standard
GRI 404: Training and Education 2016	404-2 Programs for upgrading employee skills and transition assistance programs	80-83		S11.10.7
	404-3 Percentage of employees receiving regular performance and career development reviews	81-82		
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	149		S11.10.8
	414-2 Negative social impacts in the supply chain and actions taken	149-151		S11.10.9
Non-discrimination and equal opportunity				
GRI 3: Material Topics 2021	3-3 Management of material topics	75, 84-85		S11.11.1
GRI 202: Market Presence 2016	202-2 Proportion of senior management hired from the local community	100% of senior managers in Spain are local. At the end of 2023, there were no senior managers hired outside Spain. Professionals with the nationality of the country in which they work are considered local.		S11.11.2
GRI 401: Employment 2016	401-3 Parental leave	92		S11.11.3
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	83		S11.11.4
GRI 405: Diversity and equal opportunity 2016	405-1 Diversity of governance bodies and employees	77, 89, 113-115, 117	Enagás does not consider it relevant to publish this information broken down by region, as 99.9% of its workforce is located in Spain.	S11.11.5
	405-2 Ratio of basic salary and remuneration of women to men	87-88		S11.11.6
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	In 2023, there have been no discrimination cases in the company.		S11.11.7
Forced labour and modern slavery				
GRI 3: Material Topics 2021	3-3 Management of material topics	139-140		S11.12.1
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	140-141		S11.12.2
GRI 414: Social assessment of suppliers 2016	414-1 New suppliers that were screened using social criteria	149		S11.12.3

GRI Standard	Content	Page numbers, URL and/or direct response	Omissions	Reference no. for GRI sector standard
Freedom of association and collective bargaining				
GRI 3: Material Topics 2021	3-3 Management of material topics	139-140		S11.13.1
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	140		S11.13.2
Economic impacts				
GRI 3: Material Topics 2021	3-3 Management of material topics	126		S11.14.1
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	10, 127, 136, 164		S11.14.2
GRI 202: Market Presence 2016	202-2 Proportion of senior management hired from the local community	100% of senior managers in Spain are local. At the end of 2023, there were no senior managers hired outside Spain. Professionals with the nationality of the country in which they work are considered local.		S11.14.3
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	26-31, 53		S11.14.4
	203-2 Significant indirect economic impacts	26-31, 79, 128, 149		S11.14.5
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	149		S11.14.6
Local communities				
GRI 3: Material Topics 2021	3-3 Management of material topics	134-135		S11.15.1
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	134-137	Enagás reports this content qualitatively. Enagás is working to be able to report it in full in future years.	S11.15.2
	413-2 Operations with significant actual and potential negative impacts on local communities	135		S11.15.3

GRI Standard	Content	Page numbers, URL and/or direct response	Omissions	Reference no. for GRI sector standard
Additional sector disclosures	Report the number and type of grievances from local communities identified.	120, 135 In 2023, two complaints were received from environmental associations against the Environmental Impact Statements for the El Musel E-Hub Terminal and the León-Oviedo gas pipeline project between KP 62 and KP 65. It should be noted that Environmental Impact Statements are issued by the administration after all the required environmental procedures have been passed, including those related to environmental impact assessments, which are subject to public information and consultation processes (see the 'Local communities' section in the 'Environmental, social and governance (ESG) management' chapter). Both complaints have been handled and are in the process of being resolved.		S11.15.4
Land and resource rights				
GRI 3: Material Topics 2021	3-3 Management of material topics	139-140		S11.16.1
Additional sector disclosures	List the locations of operations that caused or contributed to involuntary resettlement or where such resettlement is ongoing. For each location, describe how people's livelihoods and human rights were affected and restored.	141 Enagás has not carried out and does not carry out involuntary resettlement of local communities or individuals.		S11.16.2
Rights of indigenous peoples				
GRI 3: Material Topics 2021	3-3 Management of material topics	139-140		S11.17.1
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	140 No incidents of violations involving rights of indigenous peoples were identified in 2023, as in the two previous years.		S11.17.2
Additional sector disclosures	List locations of operations where indigenous peoples are present or affected by activities of the organization.	140, 142 Enagás has not identified any location among its direct operations (operational control) where indigenous populations are present or affected		S11.17.3
	Report if the organization has been involved in a process of seeking free, prior and informed consent (CLPI) from indigenous peoples for any of the organization's activities.	140, 142 Enagás has not identified any location among its direct operations (operational control) where indigenous populations are present or affected.		S11.17.4
Conflict and security				
GRI 3: Material Topics 2021	3-3 Management of material topics	139-140		S11.18.1

GRI Standard	Content	Page numbers, URL and/or direct response	Omissions	Reference no. for GRI sector standard
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	141 The security personnel present at Enagás Group facilities are authorised security guards and belong to private security companies. Enagás requires these companies to train security personnel in human rights (100% of security personnel trained).		S11.18.2
Anti-competitive behaviour				
GRI 3: Material Topics 2021	3-3 Management of material topics	119		S11.19.1
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	In 2023, as in the previous two years, Enagás did not receive any penalties, nor is there any legal action pending in matters of unfair competition, monopolistic practices and abuse of free competition.		S11.19.2
Anti-corruption				
GRI 3: Material Topics 2021	3-3 Management of material topics	119		S11.20.1
GRI 205: Anti-Corruption 2016	205-1 Operations assessed for risks related to corruption	123		S11.20.2
	205-2 Communication and training about anti-corruption policies and procedures	119, 123, 125		S11.20.3
	205-3 Confirmed incidents of corruption and actions taken	121, 123		S11.20.4
Additional sector disclosures	Describe the approach to contract transparency.	Contracts subject to civil law are not public due to their confidential terms. However, they include an anti-corruption clause to prevent and combat corruption. In addition, as Enagás is an entity operating in the energy sector, its procedures for awarding works, supply and service contracts are subject to the provisions of Royal Decree-Law 3/2020 on public procurement. Activities related to regasification, storage and transmission of natural gas carried out by Enagás are regulated activities; consequently, their economic and operating regime is governed by the provisions of Law 34/1998 of October 7 on the hydrocarbons sector and its implementing provisions, as well as applicable environmental and urban planning regulations. In addition, all of them provide in each case for the procedure to be followed by each specific procedure carried out and resolved by the public administrations and, where appropriate, the submission of the different phases of the same to the corresponding public entity or publication.		S11.20.5

GRI Standard	Content	Page numbers, URL and/or direct response	Omissions	Reference no. for GRI sector standard
Additional sector disclosures	List the organization's beneficial owners and explain how the organization identifies the beneficial owners of business partners, including joint ventures and suppliers.		Not applicable. As shown in the graphic in section 'Our business model', the company's activity commences with tanker offloading at its LNG terminals or at international connections in the pipeline network. Therefore, Enagás does not participate in gas exploration or production activities.	S11.20.6
Payments to governments				
GRI 3: Material Topics 2021	3-3 Management of material topics	119		S11.21.1
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	10, 127, 136, 164		S11.21.2
	201-4 Financial assistance received from government	In 2023, 1,592 thousands of euros of public subsidies corresponding to gas infrastructure investments were received. 100% of these public subsidies were received in Spain.		S11.21.3
GRI 207: Tax 2019	207-1 Approach to tax	124		S11.21.4
	207-2 Tax governance, control and risk management	56, 120, 224, 161		S11.21.5
	207-3 Stakeholder engagement and management concerns related to tax	56, 124		S11.21.6
	207-4 Country-by-country reporting	127-129	Partially reported information. For learn more about this information, see the 'Consolidated Annual Accounts'.	S11.21.7

GRI Standard	Content	Page numbers, URL and/or direct response	Omissions	Reference no. for GRI sector standard
Additional sector disclosures	For oil and gas purchased from the state, or from third parties appointed by the state to sell on their behalf, report: • volumes and types of oil and gas purchased; • full names of the buying entity and of the recipient of the payment; • payments made for the purchase.		Not applicable. As shown in the graph in the 'Our business model', Enagás does not purchase natural gas or oil.	S11.21.8
Public Policy				
GRI 3: Material Topics 2021	3-3 Management of material topics	119		S11.22.1
GRI 415: Public Policy 2016	415-1 Political contributions	The financing of political parties is expressly prohibited, and this is one of the risks that Enagás has defined in its corporate defence programme. In 2023, Enagás did not make political contributions of any kind.		S11.22.2

SASB content index
(Sustainability Accounting Standards Board)

Sustainability Disclosure Topics & Metrics

Topic	Accounting metric	Category	Unit of measure	Code	Page numbers and/or direct response
Greenhouse gas emissions	Gross global Scope 1 emissions, percentage methane, percentage covered under emissions-limiting regulations	Quantitative	Metric tons (t) CO_2e, percentage (%)	EM-MD-110a.1	61, 66, 68 Methane emissions account for 18.8% of Scope 1 emissions.
	Discussion of long- and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Discussion and analysis	n/a	EM-MD-110a.2	24-25, 65-68
Air quality	Air emissions of the following pollutants: (1) NO_x (excluding N_2O), (2) SO_x, (3) volatile organic compounds (VOCs), and (4) particulate matter (PM10)	Quantitative	Metric tons (t)	EM-MD-120a.1	111-112
Ecological impacts	Description of environmental management policies and practices for active operations	Discussion and analysis	n/a	EM-MD-160a.1	102-104 Enagás' policies and practices are aligned with the January 2012 Performance Standards on Environmental and Social Sustainability of the International Finance Corporation (IFC).
	Percentage of land owned, leased, or operated within areas of protected conservation status or endangered species habitat	Quantitative	Percentage (%) per area	EM-MD-160a.2	103-104 Enagás' infrastructures occupy a surface area of 7.8 km^2 (7.4 km^2 in 2022 and 6.7 km^2 in 2021) of land located in Protected Natural Spaces (Natura 2000 Network (LIC/ZEPA), Ramsar wetlands and Biosphere Reserves), which represents approximately 16.2% of the total surface area occupied by Enagás (15.8% in 2022 and 14.5% in 2021). The increased surface area in protected natural areas in 2022 was due to the review of the boundaries of these areas, increasing the protected area and including Enagás facilities already present in these locations. The increase in 2023 was due to the inclusion of the facility type positions in the analysis and the incorporation of new infrastructure acquired in 2023 in Spain (Reganosa gas pipeline network).
	(1) Terrestrial land area disturbed, (2) percentage of impacted area restored	Quantitative	m^2, percentage (%)	EM-MD-160a.3	103 In 2023, 95.1% of the disturbed area was restored (42.4% in 2022 and 54.2% in 2021), and in 2023 Enagás will continue to work on restoring the remaining area.

Topic	Accounting metric	Category	Unit of measure	Code	Page numbers and/or direct response
Ecological impacts	(1) Number and (2) aggregate volume of hydrocarbon spills, (3) volume in Arctic, (4) volume in sites with high biodiversity significance, and (5) volume recovered	Quantitative	Number, litres	EM-MD-160a.4	110 In 2023, as in the previous two years, there were no oil spills as defined by SASB (spill greater than 159 litres). However, the following smaller oil spills occurred in 2023: 2-litre diesel spill at the Huelva LNG Terminal and 1.5-litre diesel spill at the El Musel E-Hub LNG Terminal. 100% of the volume of these spills has been recovered. None of these spills occurred in the Arctic or unusually sensitive areas (as defined by SASB).
Competitive behavior	Total amount of monetary losses as a result of legal proceedings associated with pipeline and storage regulations	Quantitative	Currency (€)	EM-MD-520a.1	In 2023, as in the previous two years, Enagás did not incur any monetary losses or receive any penalties or fines as a result of legal proceedings relating to competitive behaviour.
Operational safety, emergency preparedness and response	(1) Number of reportable pipeline incidents, (2) percentage significant	Quantitative	Number, percentage (%)	EM-MD-540a.1	During 2023 there were no incidents in accordance with the SASB definition of an incident. However, based on the criteria established by API RP 754, there were 31 incidents with loss of containment, all classified as Tier 3. In 2022, there were 43 such incidents (3 classified as Tier 2 and 40 as Tier 3); in 2021 there were 28 such incidents (all classified as Tier 3).
	Percentage of (1) natural gas and (2) hazardous liquid pipelines inspected	Quantitative	Percentage (%)	EM-MD-540a.2	132-133
	Number of (1) accident releases and (2) non-accident releases (NARs) from rail transportation	Quantitative	Number	EM-MD-540a.3	Not applicable. As shown in the graph in the 'Our business model', section, the company's activity does not include rail transport.
	Discussion of management systems used to integrate a culture of safety and emergency preparedness throughout the value chain and throughout project lifecycles	Discussion and analysis	n/a	EM-MD-540a.4	95-98

24-25, 65-68
111-112

Activity metric

Topic	Activity metric	Category	Unit of measure	Code	Page numbers, URL and/or direct response
Activity	Total metric tonne-kilometres of: (1) natural gas, (2) crude oil, and (3) refined petroleum products transported, by mode of transport	Quantitative	Metric ton (t), kilometers	EM-MD-000.A	10, 68 In 2023, Enagás transported 23,887,241 tonnes of natural gas through its network of nearly 11,000 km of gas pipelines (25,846,758 tonnes in 2022 and 25,048,324 tonnes in 2021).

TCFD content index

Task Force on Climate-related Financial Disclosures (TCFD) recommendations

Areas	Recommendations	Page numbers, URL and/or direct response
Governance	Describe the board's oversight of climate-related risks and opportunities.	62 See the 'Governance model for climate change management' sub-section in the 'Climate action and energy efficiency' section, where the supervisory functions of the Board of Directors are detailed.
	Describe management's role in assessing and managing climate-related risks and opportunities.	62 See the 'Governance model for climate change management' sub-section in the 'Climate action and energy efficiency' section, which describes, among other matters, the risk assessment and management functions of the Audit and Compliance Committee and the Sustainability Committee consisting of the company's main management teams.
Strategy	Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	62-65, 154-161 The 'Risk management and opportunities arising from climate change' sub-section in the 'Climate action and energy efficiency' section includes the specific map of Risks and Opportunities of climate change, as well as a descriptive table of the factors associated to each risk and its control and management measures. The 'Risk management' chapter also describes Enagás' global risk management framework as well as the Corporate Risk Map which includes the "Role of natural gas in the future energy mix" and "Sustainability (ESG)" as emerging risks; these are risks due to climate change, among other factors.
	Describe the impact of climate related risks and opportunities on the organisation's businesses, strategy, and financial planning.	62-65 The sub-section 'Risk management and opportunities arising from climate change' in the ''Climate action and energy efficiency' section includes an assessment of climate change risks that takes into consideration the different scenarios. The effects of these risks can be compensated by the opportunities identified in the fields of hydrogen infrastructure, new logistics services and CO_2 transmission and storage.
	Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	20-21, 24-25, 62-65 The '2030 Strategic Plan' sub-section includes information on Enagás' strategic growth areas in the context of decarbonisation and energy transition. Specifically, the role of new uses of natural gas as well as the development of renewable gases (biomethane/hydrogen), which are key elements of the fight against climate change. In addition, the 'Decarbonisation and carbon neutrality' section details our decarbonisation strategy and the priority focus on the promotion of renewable gases and new uses of natural gas in mobility, reinforcing the resilience of Enagás' strategy for tackling climate change. Subsection 'Risk management and opportunities arising from climate change' in the 'Climate action and energy efficiency' section also sets out the different scenarios considered in the risk assessment.

Areas	Recommendations	Page numbers, URL and/or direct response
Risk management	Describe the organization's processes for identifying and assessing climate-related risks.	62-65, 154-161 In addition, in the sub-section 'Risk management and opportunities arising from climate change' in the ''Climate action and energy efficiency' section, the process of managing risks and opportunities arising from climate change is explained in more detail. The 'Risk management' chapter also details the 'three lines of defence' for risk control and management including the identification, assessment and management of company risks, a process that includes climate change related risks.
	Describe the organization's processes for managing climate-related risks.	
	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	
Metrics and Targets	Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	62-65 See the 'Risk management and opportunities arising from climate change' in the 'Climate action and energy efficiency' section for the Climate Change Risks and Opportunities map and the metrics used for the assessment of climate change related risks and opportunities.
	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	65-68, 72-74 See the 'Our climate change performance' and 'Scope 3 emissions' sub-sections on the 'Climate action and energy efficiency' section.
	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	20-21 See the 'Targets and roadmap for decarbonisation' sub-section in the 'Decarbonisation and carbon neutrality' section of chapter 'Our commitment to the energy transition', where the reduction targets are included, as well as the degree of achievement.

Global Compact content index

The Global Compact is an ethical commitment initiative designed so that entities from all countries can adhere to, as an integral part of their strategy and operations, ten universal principles governing conduct and action on matters concerning human rights, labour, the environment and the fight against corruption.

Enagás has been a member of the United Nations Global Compact since 2003 and regularly renews its commitment, maintaining a public and transparent record of the progress it has made in this field in an annual report published on the Global Compact website (www.pactomundial.org).

The links between the ten principles of the Global Compact and the GRI standards considered in this report are listed in the table below, and the United Nations Global Compact Communication on Progress, published by the United Nations Global Compact Office in May 2007.

To make it easier to recognise the activities most directly related to the principles of the Global Compact, Enagás has singled out the GRI standards that have a direct bearing on these principles. The table below indicates the pages of this report in which this information is contained.

GC	Human rights	GRI Standards Contents	Pages
Human rights			
1	Companies must support and protect internationally acknowledged basic human rights within their sphere of influence	GRI 407-1, GRI 409-1, GRI 410-1, GRI 411-1, GRI 414-1, GRI 414-2	140-141, 149-151, 197
2	Companies must ensure they are not a party to human rights infringements	GRI 410-1	141, 198
Labour standards			
3	Companies must support the freedom of association to trade unions and accept in actual practice the collective bargaining process	GRI 2-30, GRI 407-1	92, 140
4	Companies must support all steps to eradicate forced or coerced labour	GRI 409-1	140-141
5	Companies must support the eradication of child labour	GRI 409-1	140-141
6	Companies must support the abolition of discriminatory practices in employment and occupation	GRI 401-1, GRI 405-1, GRI 405-2, GRI 406-1	77, 79-80, 87-89, 113-115, 117, 194
Environment			
7	Companies must uphold a preventive approach that helps protect the environment	GRI 305-5, Management approach Natural Capital and Biodiversity Management	24-25, 69, 71, 101-106
8	Companies must promote initiatives that foster greater environmental responsibility	GRI 302-4, GRI 302-5, GRI 304-3, GRI 304-4, GRI 305-5, GRI 306-1, GRI 306-2	24-25, 69, 71, 103-104, 106-108
9	Companies must foster the development and dissemination of environmentally friendly technology	GRI 302-4, GRI 302-5, GRI 304-3, GRI 304-4, GRI 305-5, GRI 306-1, GRI 306-2	24-25, 69, 71, 103-104, 106-108
Anti-corruption			
10	Entities must work against corruption in all its forms including extortion and bribery	GRI 205-1, GRI 205-3	121, 123

Contact [GRI 2-1, GRI 2-3]

Please address any comments, requests for clarification or suggestions in connection with this report to:

Enagás, S.A.

Paseo de los Olmos, 19 28005 Madrid

Investor Relations Department

Tel.: 91 709 93 30 / 900 100 399

E-mail: accionistas@enagas.es

Sustainability and Climate Action Department

Tel.: 91 709 92 62

E-mail: sostenibilidad@enagas.es

APMs

Enagás' financial information contains aggregates and measurements prepared in accordance with applicable accounting regulations, as well as another series of measures prepared in accordance with the reporting standards established and developed in-house, known as Alternative Performance Measures (APMs).

These APMs are considered to be adjusted versions of the figures presented in accordance with the International Financial Reporting Standards adopted by the European Union (IFRS-EU), which is the accounting framework applicable to the Enagás Group's consolidated financial statements, and should therefore be considered by the reader as additional to, but not a substitute for, these standards.

The APMs are important for financial information users because they are the measures used by the Enagás management to assess the Group's financial performance, cash flows and financial position for making operational and strategic decisions. These APMs are consistent with the main indicators used by the investment and analyst community in the capital markets.

In this regard, and in accordance with the provisions of the Guidelines issued by the European Securities and Markets Authority (ESMA), in force since July 3, 2016, regarding the transparency of Alternative Performance Measures, below Enagás provides information on those APMs set forth in the management information for Q4 of the 2023 financial year that it considers to be significant. Furthermore, in order to comply with ESMA guidelines on direct reference to previously published documents with details of APMs for previous periods, we include a link where this information can be found: https://www.enagas.es/en/investor-relations/financial-information/alternative-performance-measures-apm/

1. Alternative Performance Measures related to the Income Statement

EBITDA

EBITDA (Earnings Before Interest, Tax, Depreciation and Amortization) is an indicator that measures the company's operating profit before deducting interest, taxes, impairment and depreciation. By dispensing with financial and tax amounts, as well as accounting expenses that do not involve cash outflows, it is used by management to evaluate results over time, enabling comparison with other companies in the sector.

EBITDA is calculated as operating profit, increased by depreciation and amortisation, impairment losses, if any, and other items that do not represent cash inflows or outflows from Enagás' operations (such as capital gains or losses on disposals, provisions, etc.).

The reconciliation based on the operating profit shown in the Consolidated Financial Statements as at December 31, 2023 is shown below:

	Q4 2023
Operating income	919.6
Income from Affiliates	199.5 (*)
Operating expenses	-338.8
EBITDA	**780.3**

(*) For management purposes, the concept of 'Income from Affiliates' presented as part of operating income, in the amount of 199.5 million euros, does not include the effect of the amortisation of the PPAs, amounting to 52.1 million euros, which is considered to be a higher amortisation expense and therefore excluded from EBITDA. Considering the above two items together, the amount would be 147.3 million euros.

Adjusted EBITDA

Adjusted EBITDA is an indicator that measures the company's operating profit before the deduction of interest, taxes, impairment and amortization, and includes both dividends received and interest on subordinated debt collected from associates that are included in the financial statements of the Enagás Group using the equity method.

This indicator is used by Management to calculate the leverage ratios described in the section 'Alternative Performance Measures related to the Balance Sheet and leverage ratios', allowing comparison with other companies in the sector. The reconciliation of Adjusted EBITDA for Q4 of the 2023 financial year, which is subsequently used in the leverage ratios, is shown below:

	Q4 2023
EBITDA	780.3
Dividends (*)	192.5
Income from affiliates (**)	-199.5
ADJUSTED EBITDA	**773.3**

(*) This relates mainly to dividends received from companies accounted for using the equity method. It also includes interest on subordinated debt collected from companies accounted for by the equity method.
(**) As the dividends received from affiliates are considered, the results of these companies must be excluded, which is included in EBITDA as described in the previous section.

EBIT

EBIT (Earnings Before Interest and Taxes) is an indicator that measures a company's operating income before the deduction of interest and taxes. As with the previous indicator, it is used by Management to evaluate results over time, allowing comparison with other companies in the sector.

EBIT is calculated as EBITDA, less depreciation and amortization, impairment losses, if any, and other items that do not represent cash inflows or outflows from Enagás' operations (such as capital gains or losses on disposals, provisions, etc.).

Reported EBIT for Q4 2023 amounted to 456.9 million euros. This amount matches the operating profit at that date.

2. Alternative Performance Measures related to the Balance Sheet and Leverage Ratios

Net Debt

Net financial debt is the main indicator used by Management to measure the Group's debt level. It is comprised of gross debt less cash in hand.

To calculate the gross debt, the balance sheet items "Debts with credit institutions", "Debentures and other marketable securities" valued at amortised cost and in relation to item "Other financial liabilities" are added, and only the amount arising from the application of IFRS16 and loans other than to credit institutions as well are included.

The cash amount is obtained from 'Cash and cash equivalents' in the Consolidated Balance Sheet.

The reconciliation between the APM and the figures corresponding to the consolidated balance sheet for the period ending December 31, 2023, are shown below (in million euros):

	Q4 2023
Cash and cash equivalents	838.5
Debts with credit institutions	-1,460.6
Debentures and other marketable securities	-2,345.4
Other financial liabilities (*)	-379.8
Net debt	**-3,347.4**

(*) The amount included under this item relating to the recognition of financial liabilities due to the application of IFRS16 amounts to 379 million euros and the debt granted by bodies other than credit institutions amounts to 0.8 million euros.

Ratios linked to Net Debt

Management uses two ratios to analyse the leverage and the Group's ability to meet its financial obligations over time, enabling comparison with other companies in the sector.

The leverage ratio is calculated as Net Debt/Adjusted EBITDA, as shown below:

	Q4 2023
Net debt	3,347.4
Adjusted EBITDA	773.3
Net Debt/EBITDA (adjusted)	**4.3x**

The ratio linked to the capacity to generate cash flows over net debt is calculated as FFO for the last twelve months (LTM) / Net Debt, as shown below:

	Q4 2023
Adjusted FFO (*)	627.3
Net debt	3,347.4
FFO/Net Debt	**18.7%**

(*) This amount is explained below in the section on Alternative Performance Measures related to Cash Flow and Investments. This item does not include 67.5 million euros associated with the payment of corporate income tax for the divestment in GNLQ in 2022 as it is not generated by the Group's ordinary operations, as well as 4.5 million euros associated with the payment of corporate income tax for the divestment in Morelos.

Gross financial cost

Gross financial cost is the measure of the effective interest rate of the financial debt. This indicator is used by management to analyse its evolution over time, the impact of interest rates and its position in relation to the market.

The gross financial costs are determined by dividing gross financial expenses by the average gross debt multiplied by the number of effective days in the year (360 days) divided by the natural days of the period (365 days), where gross financial expenses correspond to interest on financial debt and hedges (Interest on debt in the Consolidated Income Statement). Further, average gross debt is calculated as the daily average of nominal amounts of gross debt.

The reconciliation between the APM and the figures corresponding to the consolidated balance sheet for the period ending December 31, 2023, and December 31, 2022, are shown below (in million euros):

	Q4 2022	Q4 2023
Gross financial expenses (*)	95.1	116.4
Average gross debt	5,328.4	4,393.5
Gross financial cost	**1.8%**	**2.6%**

(*) The amount included under this heading corresponds to the interest associated with the debt included in the Financial Result of the Consolidated Annual Accounts.

3. Alternative Performance Measures related to Cash Flow and Investments

Funds from Operations (FFO)

FFO is the main cash generation indicator analysed by Enagás' management, as it measures both the cash generated by the domestic regulated and non-regulated business, as well as the cash generated for the Group from its international business, either through dividends from affiliates or interest payments on subordinated debt granted to these companies, after deducting both tax payments and interest related to the Group's financial debt.

It is calculated as:

FFO = EBITDA discounting the results of affiliates +/- tax collection/ payment +/- interest collection/payment + dividends received from affiliates + interest on subordinated debt collected from affiliates.

The reconciliation between this APM and the amounts observable in the Consolidated Financial Statements as of December 31, 2023 is shown below:

	Q4 2023
Operating profit	456.9
Amortisation allowances (*) (***)	323.4
EBITDA	**780.3**
Tax collection / (payment) (****)	-151.4
Collection / (payment) of interest (**)	-70.2
Dividends (**)	192.5
Other adjustments	3.7
Income from Affiliates (*)	-199.5
FFO	**555.3**
Tax collection / (payment) (****)	555.3
Adjusted FFO	**627.3**

(*) For management purposes, 'Amortisation allowances' includes, in addition to the depreciation and amortisation allowances for fixed assets, the effect of the amortisation of the PPAs, amounting to 52.1 million euros at December 31, 2023.
(**) For management purposes, interest on subordinated debt collected from affiliates is included under 'Dividends'.
(***) Including impairment losses and gains or losses from the disposal of fixed assets recorded in the year.
(****) This item does not include the 67.5 million euros associated with the payment of corporate income tax for the divestment in GNLQ in 2022 as it is not generated by the Group's ordinary operations, as well as 4.5 million euros associated with the payment of corporate income tax for the divestment in Morelos.

Operating cash flow (OCF)

Operating Cash Flow measures the capacity to generate operating cash after changes in working capital. It is calculated on the basis of FFO and includes the change in working capital.

OCF amounted to 761.1 million euros in Q4 2023. The reconciliation between this APM and the figures seen in the Consolidated Financial Statements for the period ended December 31, 2023, is shown below (in million euros):

	Q4 2023
FFO	**555.3**
Change in operating working capital	205.7
OPERATING CASH FLOW (OCF)	**761.1**

Free Cash Flow (FCF)

Free cash flow measures cash generation from operating and investing activities and is also considered by Enagás to be an essential APM as it is the indicator used to evaluate the funds available both to pay dividends to shareholders and to service debt.

Reported **FCF** for Q4 2023 amounted to 586.9 million euros. The reconciliation between this APM and the figures seen in the Consolidated Financial Statements for the period ended December 31, 2023, is shown below (in million euros):

	Q4 2023
OPERATING CASH FLOW (OCF)	**761.1**
Payments for investments	-368.2
Proceeds from disposals (*)	194.1
Free Cash Flow (FCF)	**586.9**

(*) For management purposes, divestment proceeds of 194.1 million euros include the following items from the Consolidated Cash Flow Statement as at December 31, 2023: (i) the heading "Proceeds from divestments" for 94.1 million euros and (ii) the cash flows associated with the transaction with Reganosa for the sale of the 25% stake in Energy Musel Hub, which is included under the heading "Other proceeds from financing activities" for 99.9 million euros.

Discretional Cash Flow (DCF)

Discretional cash flow is an APM used by management to manage existing funding needs. It is defined as free cash flow (FCF) less dividends paid to shareholders and certain exchange differences related to net debt.

Reported DCF for Q4 2023 amounted to 117.5 million euros. The reconciliation between this APM and the figures seen in the Consolidated Financial Statements for the period ended December 31, 2023, is shown below (in million euros):

	Q4 2023
Free Cash Flow (FCF)	**586.9**
Dividend payments	-451.8
Effect of exchange rate variations	-17.7
Discretionary Cash Flow (DCF)	**117.5**

Available funds/liquidity

This indicator is used by management to measure the group's financial capacity to meet any short-term liquidity needs

Corresponds to the amount of "Cash and cash equivalents" plus the amount of credit lines which have not been drawn down.

The reconciliation between the APM and the figures corresponding to the consolidated balance sheet for the period ending December 31, 2023, and December 31, 2022, are shown below (in million euros):

	Q4 2022	Q4 2023
Cash and cash equivalents	1,359.3	838.5
Other funds available	2,434.5	2,470.5
Total available funds	**3,793.8**	**3,309.0**

4. Alternative Performance Measures in the Non-Financial Information Statement

The Consolidated Management Report includes the non-financial information statement, in line with the requirements of Directive 2014/95/UE on non-financial information and diversity, as well as with associated Spanish legislation (Law 11/2018). This law specifies that, when providing non-financial information, those companies that are required to, must rely on national frameworks, EU frameworks or recognised international frameworks, such as the GRI's Global Reporting Initiative (GRI Sustainability Reporting Standards).

For this reason, the Enagás Group's Consolidated Management Report is prepared in accordance with GRI Standards. In line with the requirement of content 201-1 'Direct economic value generated and distributed', the following is reported:

- Economic value generated: net turnover and other operating income
- Economic value distributed: suppliers, society (investment in social action and taxes), employees (personnel expenses) and capital providers (dividends paid to shareholders and financial result).
- Economic value retained: difference between "economic value generated" and "economic value distributed".

Information on the creation and distribution of economic value provides a basic indication of how the company has generated wealth for shareholders. A number of other components of economic value generated and distributed also reflect the economic profile of the company, which can be useful for normalising other performance-related figures.

Below is the reconciliation with the Profit and Loss accounts and items in the consolidated Balance Sheet shown in the Consolidated Financial Statements as at December 31, 2023 and December 31, 2022:

	Reference to the 2023 Consolidated Annual Accounts	Q4 2022	Q4 2023
Economic value generated (EVG)	Net turnover and other operating revenues in 'Note 2.1'	**970.3**	**919.6**
Economic value distributed (EVD)		**924.2**	**905.8**
Suppliers	External services, other current administrative expenses and other external expenses from 'Note 2.1.c'.	220.6	186.7
Society (investment in social action and taxes)		165.0	94.9
Investment in social action	Amount allocated to social investment in the 'Local communities' section of the 'Environmental, Social and Governance (ESG) Management' chapter of the Consolidated Management Report	1.9	1.7
Tax	Taxes in 'Note 2.1.c' and Corporate taxes in 'Note 4.2.c' of the Consolidated Annual Accounts	163.1	93.2
Professionals (personnel expenses)	Personnel expenses of 'Note 2.1.b' of the Consolidated Annual Accounts	140.4	137.1
Capital providers		398.2	487.2
Dividends paid to shareholders	Dividends from equity attributable to the Parent Company in the Consolidated Statement of Equity Changes	446.4	451.4
Financial result	Financial result of the Consolidated Income Statement at the end of the fiscal year	-48.2	35.8
Economic value retained (EVR)		**46.1**	**13.9**

Pursuant to Article 253 of the Corporate Enterprises Act and Article 37 of the Commercial Code, and remaining applicable standards, on February 19, 2024, the Board of Directors of Enagás, S.A. authorised the Consolidated Management Report which, in accordance with the provisions of Law 11/2018 of December 28 on non-financial information and diversity, includes the Consolidated Non-Financial Information Statement for the year ended December 31, 2023, consisting of the accompanying documents preceding this document.

DECLARATION OF RESPONSIBILITY: For the purposes of Article 99.2 of Royal Decree 6/2023, of March 17, the directors state that, to the best of their knowledge, the Consolidated Management Report includes a true and fair analysis of the performance and results of the businesses and the situation of the Company, together with the description of the main risks and uncertainties faced, and includes the Non-Financial Information Statement in accordance with the provisions of Law 11/2018, of December 28, on non-financial information and diversity. They additionally state that, to the best of their knowledge, the directors not signing did not express dissent with respect to the Consolidated Management Report.

Chairman:	**Chief Executive Officer:**
Mr Antonio Llardén Carratalá	Mr Arturo Gonzalo Aizpiri

Directors:	
Sociedad Estatal de Participaciones Industriales-SEPI (Represented by Mr Bartolomé Lora Toro)	Mr José Montilla Aguilera
Ms Ana Palacio Vallelersundi	Ms María Teresa Arcos Sánchez
Ms Eva Patricia Úrbez Sanz	Ms Natalia Fabra Portela
Mr Santiago Ferrer Costa	Ms Clara Belén García Fernández-Muro
Mr David Sandalow	Mr José Blanco Lopez
Ms María Teresa Costa Campi	Mr Manuel Gabriel González Ramos
Mr Cristóbal José Gallego Castillo	

DILIGENCE to record that, in accordance with the call of the Board of Directors, having been held at the registered office, allowing the Directors to participate telematically, the Consolidated Management Report has been drawn up with the agreement of all members of the Board of Directors, which is certified by the Secretary to the Board with his signature below, and with the signatures of those Directors who have physically participated in the Board of Directors.

Electronic signature of the Secretary to the Board

Secretary to the Board of Directors:

Mr Diego Trillo Ruiz

Consolidated Annual Accounts

2023

Audit Report on Financial Statements issued by an Independent Auditor

ENAGÁS, S.A. AND SUBSIDIARIES
Consolidated Financial Statements and Consolidated Management Report for the year ended December 31, 2023

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Ernst & Young, S.L.
C/ Raimundo Fernández Villaverde, 65
28003 Madrid

Tel: 902 365 456
Fax: 915 727 238
ey.com

AUDIT REPORT ON CONSOLIDATED FINANCIAL STATEMENTS ISSUED BY AN INDEPENDENT AUDITOR

Translation of a report and financial statements originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails (See Note 5)

To the shareholders of
ENAGÁS, S.A.:

Audit report on the consolidated financial statements

Opinion

We have audited the consolidated financial statements of ENAGÁS, S.A. (the parent) and its subsidiaries (the Group), which comprise the consolidated balance sheet at December 31, 2023, the consolidated income statement, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement, and the notes thereto, for the year then ended.

In our opinion, the accompanying consolidated financial statements give a true and fair view, in all material respects, of consolidated equity and the consolidated financial position of the Group at December 31, 2023 and of its financial performance and its consolidated cash flows, for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union (IFRS-EU), and other provisions in the regulatory framework applicable in Spain.

Basis for opinion

We conducted our audit in accordance with prevailing audit regulations in Spain. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those related to independence, that are relevant to our audit of the consolidated financial statements in Spain as required by prevailing audit regulations. In this regard, we have not provided non-audit services nor have any situations or circumstances arisen that might have compromised our mandatory independence in a manner prohibited by the aforementioned requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon, and we do not provide a separate opinion on these matters.

Recovery of financial assets related to Gasoducto Sur Peruano, S.A.

Description

On January 24, 2017, the Directorate General for Hydrocarbons of the Ministry for Energy and Mines terminated the "Improvements to the National Energy Security and Development of the South Peruvian Pipeline" concession agreement and on December 4, 2017, the National Institute for the Defense of Competition and Intellectual Property requested that Gasoducto del Sur Peruano, S.A. file for bankruptcy, as explained in Note 3.3.a to the consolidated financial statements.

The Enagás Group holds financial assets amounting to 275.3 million US dollars relating to the investment in Gasoducto Sur Peruano, S.A. and accounts receivable pertaining to executed guarantees totaling 226.8 million US dollars, interest of 1.9 million US dollars, as well as various invoices for professional services rendered amounting to 7.6 million US dollars. These items represent recorded assets at December 31, 2023 of 456.8 million euros (Note 3.3.a to the accompanying consolidated financial statements).

Due to the termination of the concession contract, the Enagás Group entered into an ongoing dispute with the Peruvian Government related to the recovery of the investment. On July 2, 2018, a request was filed with the ICSID (International Centre for Settlement of Investment Disputes) to initiate arbitration against the Peruvian State regarding its investment in Gasoducto Sur Peruano, S.A. Subsequently, Enagás' claim memorial was submitted to the ICSID, as were the corresponding responses and replies by both the Peruvian government and Enagás. The pre-trial hearing was held in September 2022, and the written conclusions were presented in November 2022. Issuance of the arbitration award is estimated in the first half of 2024.

Given the significance of the amounts involved and the uncertainty regarding the final outcome of the resolution of complex, long-term processes of this type from a legal and economic standpoint, we have determined this to be a key audit matter since, primarily, the Group's legal advisors believe that the estimates made by Enagás' directors may vary in the future.

Our response

Our audit procedures in this regard included, among other, the following:

- Understanding the Enagás Group's process for assessing the recoverability of these assets and reviewing the design and operating effectiveness and implementation of key controls.
- Evaluating compliance with the terms and conditions of the contracts and agreements between shareholders of Gasoducto Sur Peruano, S.A
- Analyzing recent relevant notifications between Peruvian official bodies and Gasoducto Sur Peruano, S.A., as well as the documents included in the claim filed by Enagás with the ICSID and the Peruvian government's and Enagás' various replies, responses, and rejoinders.
- Holding meetings with external and independent experts in Peruvian and international law engaged by the Enagás Group.

- Reviewing the analysis reports of this matter prepared by various Peruvian and international law experts (bankruptcy, criminal and administrative law, inter alia) and the Enagás Group's internal legal consultants.
- Reviewing the Enagás Group's accounting estimate processes used to analyze the recovery of the aforementioned financial assets and the basis for the report prepared by an external accounting expert and the report prepared by an independent expert to determine the net carrying amount of these financial assets that have been included in the dispute filed with the ICSID.
- Assessing the financial asset recovery analysis prepared by Enagás Group Management based on various scenarios (sensitivity analysis).
- Reviewing the disclosures included in the notes to the accompanying consolidated financial statements in conformity with the applicable financial reporting framework.

Regulatory framework including recognition of income and amounts receivables from the gas system

Description The Enagás Group's main revenues as explained on note 2.1 of the Consolidated Financial Statements, are derived from regasification, storage, and transportation of natural gas that are regulated under the framework that started as of January 1, 2021 until 2026 (as explained on Appendix III of the accompanying consolidated financial statements). Consequently, the Group's activities are notably affected by the current regulation (local, regional, national, and European).

The abovementioned factors have caused us to consider this issue a key audit matter.

Our response Our audit procedures in this regard included, among other, the following:

- Understanding the Enagás Group's process for recognizing revenue from regulated activities and receivable balances, as well as reviewing the design and operating effectiveness and implementation of key controls.
- Reviewing the regulations from January 1, 2021 and evaluating the degree of compliance therewith.
- Testing revenue recognition, verifying its reasonableness in terms of each year's regulatory developments.
- Verifying the gas system's accounts payable and receivable by examining conclusions and final settlements with the CNMC during the year.
- Reviewing the disclosures included in notes 2.1, 2.2, and Appendix III to the accompanying consolidated financial statements in conformity with the applicable financial reporting framework.

Impairment analysis of equity method investments

Description The Enagás Group makes significant estimates when analyzing the impairment of investments accounted for using the equity method, the balance of which at December 31, 2023 amounts to 2,590 million euros and contain significant implicit goodwill. The possible loss of value is determined by analyzing the recoverable value of the investment accounted for using the equity method.

The principal figures and the criteria and hypotheses used in the related valuation of these assets are described in Note 1.6 and 2.7 to the consolidated financial statements.

We have determined these estimates and valuations to be a key audit matter since, given the amount of the assets affected, small changes in the hypotheses could have a material impact on the Enagás Group's consolidated financial statements.

Our response

Our audit procedures consisted, among others, the following:

- Understanding the Enagás Group's process for assessing the recoverability of these assets and reviewing the design and operating effectiveness and implementation of key controls.
- Reviewing, in collaboration with valuation specialists, the reasonableness of the methodology used by Management for preparing the discounted cash flow statements of each investment accounted for using the equity method, focusing particularly on the discount rate and long-term growth rate applied.
- Analyzing the financial information projected in the business plan of each investment accounted for using the equity method by analyzing historical financial information, current conditions, and expectations regarding their future performance.
- Checking the mathematical accuracy of impairment models and reviewing the sensibility analysis performed by the Management.
- Reviewing the information disclosed by the Group with respect to these estimates to the accompanying consolidated financial statements in accordance with the applicable financial reporting framework.

Other information: consolidated Management report

Other information refers exclusively to the 2023 consolidated Management report, the preparation of which is the responsibility of the parent company's directors and is not an integral part of the consolidated financial statements.

Our audit opinion on the consolidated financial statements does not cover the consolidated Management report. Our responsibility for the consolidated Management report, in conformity with prevailing audit regulations in Spain, entails:

a. Checking only that the consolidated non-financial statement and certain information included in the Corporate Governance Report and in the Board Remuneration Report, to which the Audit Law refers, was provided as stipulated by applicable regulations and, if not, disclose this fact.

b. Assessing and reporting on the consistency of the remaining information included in the consolidated Management report with the consolidated financial statements, based on the knowledge of the Group obtained during the audit, in addition to evaluating and reporting on whether the content and presentation of this part of the consolidated Management report are in conformity with applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are required to disclose this fact.

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Based on the work performed, as described above, we have verified that the information referred to in paragraph a) above is provided as stipulated by applicable regulations and that the remaining information contained in the consolidated Management report is consistent with that provided in the 2023 consolidated financial statements and its content and presentation are in conformity with applicable regulations.

Responsibilities of the parent company´s directors and the audit committee for the consolidated financial statements

The directors of the parent company are responsible for the preparation of the accompanying consolidated financial statements so that they give a true and fair view of the equity, financial position and results of the Group, in accordance with IFRS-EU, and other provisions in the regulatory framework applicable to the Group in Spain, and for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the parent company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The audit committee is responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with prevailing audit regulations in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with prevailing audit regulations in Spain, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

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- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee of the parent company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee of the parent company with a statement that we have complied with relevant ethical requirements, including those related to independence, and to communicate with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

European single electronic format

We have examined the digital files of the European single electronic format (ESEF) of ENAGÁS, S.A. and subsidiaries for the 2023 financial year, which include the XHTML file containing the consolidated financial statements for the year, and the XBRL files as labeled by the entity, which will form part of the annual financial report.

The directors of ENAGÁS, S.A. are responsible for submitting the annual financial report for the 2023 financial year, in accordance with the formatting and mark-up requirements set out in Delegated Regulation EU 2019/815 of 17 December 2018 of the European Commission (hereinafter referred to as the ESEF Regulation). For this reason, the Annual Corporate Governance Report and the Annual Report on Remuneration of Directors have been included in the consolidated management report for reference.

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Our responsibility consists of examining the digital files prepared by the directors of the parent company, in accordance with prevailing audit regulations in Spain. These standards require that we plan and perform our audit procedures to obtain reasonable assurance about whether the contents of the consolidated financial statements included in the aforementioned digital files correspond in their entirety to those of the consolidated financial statements that we have audited, and whether the consolidated financial statements and the aforementioned files have been formatted and marked up, in all material respects, in accordance with the ESEF Regulation.

In our opinion, the digital files examined correspond in their entirety to the audited consolidated financial statements, which are presented and have been marked up, in all material respects, in accordance with the ESEF Regulation.

Additional report to the audit committee

The opinion expressed in this audit report is consistent with the additional report we issued to the audit committee on February 19, 2024.

Term of engagement

The ordinary general shareholders' meeting held on March 31, 2022 appointed us as auditors for three years, commencing on December 31, 2022.

Previously, we were appointed as auditors by the shareholders for two periods of 3 years and we have been carrying out the audit of the financial statements continuously since December 31, 2016

ERNST & YOUNG, S.L.
(Registered in the Official Register of Auditors under No. S0530)

José Agustín Rico Horcajo
(Registered in the Official Register of Auditors under No. 21920)

February 19, 2024

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ENAGÁS, S.A. AND SUBSIDIARIES

Enagás, S.A. and subsidiaries

Consolidated balance sheet at December 31, 2023

(In thousands of euros)

ASSETS	Notes	12.31.2023	12.31.2022
NON-CURRENT ASSETS		**7,346,585**	**7,412,967**
Intangible assets	2.5	83,866	83,169
Goodwill		17,521	17,521
Other intangible assets		66,345	65,648
Investment properties	4.1	17,380	17,410
Property, plant, and equipment	2.4	3,983,862	4,164,912
Investments accounted for using the equity method	1.6	2,589,974	2,552,584
Other non-current financial assets	3.3.a	669,852	593,198
Deferred tax assets	4.2.f	1,651	1,694
CURRENT ASSETS		**1,160,685**	**1,985,610**
Non-current assets held for sale	2.6	504	40,460
Inventories	4.8	55,033	35,200
Trade and other receivables	2.2	224,653	513,031
Current tax assets	4.2.a	10,623	453
Other current financial assets	3.3.a	22,550	29,180
Short-term accruals		8,839	8,002
Cash and cash equivalents	3.8.a	838,483	1,359,284
TOTAL ASSETS		**8,507,270**	**9,398,577**

EQUITY AND LIABILITIES	Notes	12.31.2023	12.31.2022
EQUITY		**2,999,761**	**3,218,302**
SHAREHOLDERS' EQUITY		**2,968,155**	**3,076,477**
Subscribed capital	3.1.a	392,985	392,985
Issue premium	3.1.b	465,116	465,116
Reserves	3.1.d	1,962,388	2,036,921
Treasury shares	3.1.c	(15,982)	(18,366)
Profit/(loss) for the year		342,528	375,774
Interim dividend	1.8.a	(181,841)	(179,684)
Other equity instruments	4.4	2,961	3,731
ADJUSTMENTS FOR CHANGES IN VALUE	**3.1.e**	**15,531**	**125,804**
EQUITY ATTRIBUTABLE TO THE PARENT COMPANY		**2,983,686**	**3,202,281**
MINORITY INTERESTS (EXTERNAL PARTNERS)	**3,2**	**16,075**	**16,021**
NON-CURRENT LIABILITIES		**4,388,565**	**4,417,833**
Non-current provisions	2.9.a	241,716	295,893
Financial debt and non-current derivatives	3.3.b	3,979,294	3,935,797
Deferred tax liabilities	4.2.f	131,441	150,445
Other non-current liabilities	2.8	36,114	35,698
CURRENT LIABILITIES		**1,118,944**	**1,762,442**
Current provisions	2.9.a	4,755	11,564
Financial debt and current derivatives	3.3.b	504,240	970,440
Trade and other payables	2.3	604,297	710,234
Current tax liabilities	4.2.a	5,652	70,204
TOTAL EQUITY AND LIABILITIES		**8,507,270**	**9,398,577**

The accompanying Notes 1 to 5 constitute an integral part of the Consolidated Balance Sheet at December 31, 2023

Enagás, S.A. and subsidiaries

Consolidated Income Statement at December 31, 2023

(In thousands of euros)

	Notes	31.12.2023	31.12.2022
Revenue	2.1.a	907,570	957,100
Income from regulated activities		896,636	950,440
Income from non-regulated activities		10,934	6,660
Other operating income	2.1.a	12,071	13,209
Personnel expenses	2.1.b	(137,063)	(140,414)
Other operating expenses	2.1.c	(201,778)	(233,746)
Amortisation allowances	2.4 y 2.5	(273,343)	(264,122)
Impairment losses on disposal of fixed assets	2.4, 2.5 y 4.1	2,117	(607)
Result of investments accounted for using the equity method	1.6	147,304	146,820
OPERATING PROFIT		**456,878**	**478,240**
Financial income and similar	3.5	45,962	37,525
Financial expenses and similar	3.5	(128,192)	(100,348)
Impairment and gains (losses) on disposals of financial instruments	3.5	45,450	110,891
Exchange differences (net)	3.5	782	70
Change in fair value of financial instruments	3.5	214	20
FINANCIAL RESULT		**(35,784)**	**48,158**
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS		**421,094**	**526,398**
Income tax	4.2.c	(78,086)	(149,984)
PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS		**343,008**	**376,414**
Profit attributable to minority interests	3.2	(480)	(640)
PROFIT ATTRIBUTABLE TO THE PARENT COMPANY		**342,528**	**375,774**
BASIC EARNINGS PER SHARE (in euros)	**1.7**	**1.3112**	**1.4379**
DILUTED EARNINGS PER SHARE (in euros)	**1.7**	**1.3112**	**1.4379**

The accompanying Notes 1 to 5 constitute an integral part of the Consolidated Income Statement at December 31, 2023.

Enagás, S.A. and subsidiaries

Consolidated Statement of Comprehensive Income at December 31, 2023

(In thousands of euros)

	Notes	31.12.2023	31.12.2022
CONSOLIDATED PROFIT FOR THE YEAR		**343,008**	**376,414**
Attributed to the parent company		342,528	375,774
Attributable to minority interests		480	640
INCOME AND EXPENSES RECOGNISED DIRECTLY IN EQUITY		**(99,705)**	**199,817**
From companies accounted for using the full consolidation method		**(15,052)**	**(51,223)**
From cash flow hedges	3.1.e	2,480	(414)
From translation differences	3.1.e	(16,912)	(50,913)
Tax effect	3.1.e	(620)	104
From companies accounted for using the equity method		**(83,345)**	**218,391**
From cash flow hedges	3.1.e	(13,016)	81,172
From translation differences	3.1.e	(71,851)	148,901
Tax effect	3.1.e	1,522	(11,682)
Non-current assets held for sale		**(901)**	**30,397**
From translation differences		(901)	30,397
Of equity instruments at fair value, net	**3.1.e**	**(407)**	**2,252**
AMOUNTS TRANSFERRED TO THE INCOME STATEMENT		**(10,568)**	**(1,022)**
From companies accounted for using the full consolidation method		**437**	**33,509**
From cash flow hedges	3.1.e	583	3,627
From translation differences	3.1.e	—	30,789
Tax effect	3.1.e	(146)	(907)
From companies accounted for using the equity method		**(10,775)**	**2,890**
From cash flow hedges	3.1.e	(12,229)	3,715
Tax effect	3.1.e	1,454	(825)
Non-current assets held for sale		**(230)**	**(37,421)**
From translation differences		(2,056)	(37,421)
From cash flow hedges		2,609	—
Tax effect		(783)	—
TOTAL OTHER COMPREHENSIVE INCOME		**(110,273)**	**198,795**
TOTAL RECOGNISED INCOME AND EXPENSES		**232,735**	**575,209**
Attributed to minority interests		**480**	**640**
From attributable to results	3.2	480	640
Attributed to the parent company		**232,255**	**574,569**

The accompanying Notes 1 to 5 constitute an integral part of the Consolidated Statement of Comprehensive Income at December 31, 2023

IAS 1 requires that items to be reclassified in the Consolidated Income Statement are broken down separately from those that will not be reclassified. All of the aforementioned cases are considered susceptible to reclassification in the income statement.

Enagás, S.A. and subsidiaries

Consolidated Statement of Total Changes in Equity at December 31, 2023

(In thousands of euros)

	Share capital (Note 3.1.a)	Issue premium and reserves (Note 3.1.b and Note 3.1.d)	Other equity instruments (Note 4.4)	Treasury shares (Note 3.1.c)	Profit/(loss) for the year	Interim dividend (Note 1.8.a)	Adjustments for changes in value (Note 3.1.e	Equity attributable to the Parent Company	Minority interests (Note 3.2)	Total Equity
BALANCE AT DECEMBER 2021 AND AT THE BEGINNING OF 2022	**392,985**	**2,545,357**	**6,529**	**(12,464)**	**403,826**	**(177,812)**	**(72,991)**	**3,085,430**	**16,220**	**3,101,650**
Total recognised income and expenses	—	—	—	—	**375,774**	—	**198,795**	**574,569**	**640**	**575,209**
Transactions with shareholders	—	—	—	—	**(266,718)**	**(179,684)**	—	**(446,402)**	**(820)**	**(447,222)**
- Distribution of dividends	—	—	—	—	(266,718)	(179,684)	—	(446,402)	(820)	**(447,222)**
Transactions with treasury shares	—	—	—	(9,677)	—	—	—	**(9,677)**	—	**(9,677)**
Other changes in equity	—	**(43,320)**	**(2,798)**	**3,775**	**(137,108)**	**177,812**	—	**(1,639)**	**(19)**	**(1,658)**
- Payments based on equity instruments	—	—	(2,798)	3,775	—	—	—	977	—	**977**
- Transfers between equity items	—	(40,704)	—	—	(137,108)	177,812	—	—	—	—
- Differences due to changes in consolidation scope	—	—	—	—	—	—	—	—	268	**268**
- Other changes	—	(2,616)	—	—	—	—	—	(2,616)	(287)	**(2,903)**
BALANCE AT DECEMBER 2022 AND AT THE BEGINNING OF 2023	**392,985**	**2,502,037**	**3,731**	**(18,366)**	**375,774**	**(179,684)**	**125,804**	**3,202,281**	**16,021**	**3,218,302**
Total recognised income and expenses	—	—	—	—	**342,528**	—	**(110,273)**	**232,255**	**480**	**232,735**
Transactions with shareholders	—	—	—	—	**(269,627)**	**(181,841)**	—	**(451,468)**	**(2,090)**	**(453,558)**
- Distribution of dividends	—	—	—	—	(269,627)	(181,841)	—	(451,468)	(2,090)	**(453,558)**
Transactions with treasury shares	—	—	—	**1,010**	—	—	—	**1,010**	—	**1,010**
Other changes in equity	—	**(74,533)**	**(770)**	**1,374**	**(106,147)**	**179,684**	—	**(392)**	**1,664**	**1,272**
- Payments based on equity instruments	—	(604)	(770)	1,374	—	—	—	—	—	—
- Transfers between equity items	—	(73,537)	—	—	(106,147)	179,684	—	—	—	—
- Differences due to changes in consolidation scope	—	—	—	—	—	—	—	—	—	—
- Other changes	—	(392)	—	—	—	—	—	**(392)**	1,664	**1,272**
BALANCE AT DECEMBER 2023	**392,985**	**2,427,504**	**2,961**	**(15,982)**	**342,528**	**(181,841)**	**15,531**	**2,983,686**	**16,075**	**2,999,761**

The accompanying Notes 1 to 5 constitute an integral part of the Consolidated Statement of Total Changes in Equity at December 31, 2023

Enagás, S.A. and subsidiaries

Consolidated Cash Flow Statement at December 31, 2023

(In thousands of euros)

	Notes	31.12.2023	31.12.2022
CONSOLIDATED PROFIT BEFORE TAX		**421,094**	**526,398**
Adjustments to consolidated profit		**163,422**	**71,270**
Amortisation of fixed assets	2.4 and 2.5	273,343	264,122
Other adjustments to profit		(109,921)	(192,852)
Change in operating working capital		**205,726**	**235,342**
Inventories		(22,393)	(9,037)
Trade and other receivables		208,658	(67,285)
Other current assets and liabilities		—	—
Other non-current assets and liabilities		—	(3,188)
Trade and other payables		19,461	314,852
Other cash flows from operating activities		**(221,403)**	**(106,979)**
Payment of interest		(101,750)	(70,923)
Interest received		31,762	12,138
Income tax receipts (payments)	4.2.c	(151,415)	(48,194)
NET CASH FLOWS FROM OPERATING ACTIVITIES		**568,839**	**726,031**
Payments for investments		**(368,172)**	**(150,238)**
Subsidiaries and associates	1.6	(187,791)	(23,012)
Fixed assets and real estate investments	2.4 and 2.5	(156,967)	(90,786)
Other financial assets		(23,414)	(36,440)
Proceeds from disposals		**94,128**	**698,810**
Subsidiaries and associates		1,599	38,618
Non-current assets held for sale		92,529	659,629
Other financial assets		—	563
Other cash flows from investing activities		**192,213**	**121,268**
Other receipts (payments) from investing activities	1.6	192,213	121,268
NET CASH FLOWS FROM INVESTING ACTIVITIES		**(81,831)**	**669,840**
Proceeds from and (payments) on equity instruments		**763**	**(8,423)**
Acquisition of equity instruments		—	(9,677)
Sales of equity instruments		763	1,254
Proceeds from and payments on financial liabilities		**(600,969)**	**(1,031,499)**
Issues	3.8.c	74,756	2,247,980
Repayment and amortisation	3.8.c	(675,725)	(3,279,479)
Other cash flows from investing activities		**61,870**	**(38,175)**
Other receipts from financing activities	3.4	99,942	—
Other payments from financing activities	3.4	(38,072)	(38,175)
Dividends paid	**1.8.a**	**(451,822)**	**(446,686)**
NET CASH FLOWS FROM FINANCING ACTIVITIES		**(990,158)**	**(1,524,783)**
EFFECT OF CHANGES IN CONSOLIDATION METHOD		**—**	**2,273**
Effect of exchange rate fluctuations		(17,651)	41,772
TOTAL NET CASH FLOWS		**(520,801)**	**(84,867)**
Cash and cash equivalents at beginning of period		1,359,284	1,444,151
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**3.8.a**	**838,483**	**1,359,284**

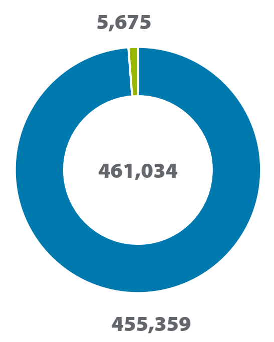
The accompanying Notes 1 to 5 constitute an integral part of the Consolidated Cash Flow Statement at December 31, 2023. .

1. Group activities and presentation bases

Relevant aspects

Results

- The net profit attributed to the parent company amounted to 342,528 thousands of euros (Note 1.7).
- This amount includes the closing of the transfer of the Enagás Group's shareholdings in Gasoducto de Morelos S.A.PI. de C.V. and Morelos O&M, S.A.P.I., for which the Enagás Group recorded a net profit of 42 million euros (Note 2.6).
- Basic earnings per share and diluted earnings per share at December 31, 2023 were the same and amounted to 1.3112 euros per share. At December 31, 2022, basic earnings per share amounted to 1.4379 euros, which coincided with diluted earnings per share (Note 1.7).
- The proposed dividend payment per share for 2023 amounts to 1.74 euros per share (1.72 euros per share in 2022) (Note 1.8).
- The Board of Directors has proposed the following distribution of net profit corresponding to 2023 for the parent company, Enagás, S.A. (Note 1.8.a), in thousands euros:



Working capital

At December 31, 2023 the Consolidated Balance Sheet presents a positive working capital of 41,741 thousands of euros (223,168 thousands of euros at December 31, 2022).

Other information

The Enagás Group has made a net investment of 274,044 thousands of euros in 2023, as reflected in the Cash Flow Statement. The most noteworthy transactions are the following:

- During 2023 the conditions precedent were fulfilled, and the Enagás Group closed the transfer of the shareholdings in Gasoducto de Morelos S.A.PI. de C.V. and Morelos O&M, S.A.P.I., for which it received 85 million dollars (Note 2.6).
- The acquisition of an additional 4% of TAP from AXPO for 152 million euros (Note 1.6), has been completed, leading to a 20% stake in the company.
- Investments were made in regasification, transmission and storage facilities, with the aim of expanding and improving them to adapt to future demand forecasts amounting to 156,967 thousands of euros in relation to the investment additions indicated in Note 2.4. This amount includes the acquisition of Reganosa's gas pipeline network for 54 million euros.
- On December 28, 2023, Royal Decree-Law 8/2023 of December 27 was published, providing that Enagás, as natural gas transmission system operator, may operate as provisional operator of the hydrogen backbone network.

1.1 Group activity

Enagás, S.A. (hereinafter the Company or the Parent Company), a company incorporated in Spain on July 13, 1972 in accordance with the Spanish Corporate Enterprises Act, is the head of a group of companies (Appendix I and II), that form the Enagás Group (hereinafter the Group or the Enagás Group) and which are engaged in the transmission, storage and regasification of natural gas, as well as the development of all functions related to the technical management of the gas system.

On December 28, 2023, Royal Decree-Law 8/2023 of December 27 was published, providing that Enagás, as natural gas transmission system operator, may operate as provisional operator of the hydrogen backbone network.

a) Corporate purpose

i. Regasification, basic and secondary transmission as well as storage of natural gas, via the corresponding gas infrastructure or facilities, of its own or of third parties, and also the performance of auxiliary activities or others related to the aforementioned activities.

ii. Design, construction, start up, exploitation, operation, and maintenance of all types of complementary gas infrastructure and facilities, including telecommunications networks, remote control and control of any nature, and electricity networks, whether its own or of third parties.

iii. Development of all functions relating to technical management of the gas system.

iv. Transmission and storage activities for carbon dioxide, hydrogen, biogas, and other energy-related fluids, via the corresponding facilities, of its own or of third parties, as well as the design, construction, start up, exploitation, operation, and maintenance of all types of complementary infrastructure and installations necessary for said activities.

v. Activities for making use of heat, cold, and energies associated with its main activities or arising from them.

vi. Rendering of services of a diverse nature, among them, engineering, construction, advisory, and consultancy services in connection with the activities relating to its corporate purpose as well as participation in natural gas markets management activities to the extent they are compatible with the activities permitted for the Company by law.

The above activities can be carried out by Enagás, S.A. itself or through companies with an identical or analogous corporate purpose in which it holds interest, provided they remain within the scope and limitations established by legislation applicable to the hydrocarbons sector. In accordance with said legislation, the activities related to transmission and technical management of the system which are of a regulated nature must be carried out by two subsidiaries entirely owned by Enagás, S.A. (Enagás Transporte, S.A.U. and Enagás GTS, S.A.U., respectively). Consequently, the corporate purpose includes:

i. Management of the corporate group comprised of the interest held in share capital of companies belonging to the group.

ii. Rendering of assistance or support services to affiliates, including the provision of appropriate guarantees and reinforcement for them.

b) Other information

Its registered address is located at Paseo de los Olmos, 19, 28005, Madrid. The Articles of Association and other public information about the Company and its Group may be consulted on its web page, www.enagas.es, and at its registered office. The name of the Parent Company has not changed with respect to the previous year.

1.2 Presentation bases

The Consolidated Annual Accounts of the Enagás Group for 2023 were prepared based on the accounting records of the Parent Company and remaining entities comprising the Group, in accordance with International Financial Reporting Standards (hereinafter "IFRS") as adopted by the European Union, in accordance with Regulation (EC) No. 1606/2002 of the European Parliament and of the Council.

The Consolidated Annual Accounts have been prepared applying all mandatory accounting principles, standards, and measurement criteria in order to give a true and fair view of the equity and financial position of the Group at December 31, 2023, as well as of the results of its operations, changes in equity, cash flows, and changes in recognised income and expenses, which have arisen in the Group for the year then ended.

The Consolidated Annual Accounts of the Enagás Group for 2023 were authorised for issue by the directors at their Board meeting held on February 19, 2024. The Consolidated Annual Accounts for 2022 were approved at the General Shareholders' Meeting of Enagás, S.A. held on March 30, 2023 and were subsequently filed at the Madrid Companies Registry. The Group's Consolidated Annual Accounts and those of each entity belonging to the Group, corresponding to financial year 2023, are pending approval at their respective Ordinary General Shareholders' Meeting. It is expected that they will be approved without modification.

These Consolidated Annual Accounts are presented in thousands of euros (unless otherwise stated).

International economic situation

In application of the recommendations made by the European Securities and Markets Authority (ESMA) in recent years regarding the macroeconomic situation caused by various situations, such as the war in Ukraine, the increase in energy prices, rising interest rates or higher inflation, we present below the main aspects of this situation that have been taken into account by the Enagás Group in relation to the Consolidated Annual Accounts at December 31, 2023.

Firstly, it should be noted that, to date, there have been no significant negative impacts on the business or financial situation of Enagás or the companies that make up the Group as a result of this macroeconomic situation.

The Enagás Group implemented contingency plans to operate normally and ensure the continuity of natural gas supply both in Spain and in Europe and in all the countries where it operates. Thus, during these years, including 2023, the going concern principle has continued to be fully applied in the preparation of these consolidated annual accounts.

Another aspect to consider is the impact of rising market interest rates, which affects multiple aspects of financial reporting, such as future cash flow forecasts and present value calculations. With regard to the liquidity situation, as indicated in Note 3.7, the Group has a solid liquidity situation and liquid assets of 3,309,004 thousands of euros at December 31, 2023 (3,793,773 thousands of euros at December 31, 2022), thus maintaining the liquidity strategy and the credit and exchange rate risk policies. During the 2023 financial year, as in the 2022 financial year, there have been no impairment of financial assets or non-financial assets, as well as no significant extraordinary expenses corresponding to this situation or provisions or contingent liabilities that have been included in the consolidated financial statements of the Enagás Group as of December 31, 2023.

a) Materiality criteria

The accompanying Consolidated Annual Accounts do not include the information or disclosures which the Group did not consider of material significance or important relative to the concept of materiality as defined in the conceptual framework of IFRS, taking into account the Consolidated Annual Accounts as a whole.

b) Comparison of information

The information included in these consolidated notes relating to 2022 is presented solely and exclusively for purposes of comparison with the information relating to 2023.

1.3 Consolidation principles

The Interim Condensed Consolidated Financial Statements include the interim financial statements of the Parent Company, Enagás, S.A. and its subsidiaries, associates, joint ventures, and joint operations at December 31, 2023.

Subsidiaries are considered to be those entities with respect to which the Enagás Group fulfils the following criteria:

- The capacity to use its interest to influence the amount of revenue to be obtained from said subsidiary.
- The Group has power over the affiliate, in so far as a company has rights which permit it to direct relevant activities, understood as those which significantly affect the revenue generated by the subsidiary.
- It maintains exposure or the right to variable revenue arising from its involvement in the subsidiary.

Subsidiaries are consolidated using the full consolidation method.

The share of minority shareholders in the equity and profit of consolidated subsidiaries of the Enagás Group is recognised in "Minority interests (External partners)" under "Equity" in the Consolidated Balance Sheet and "Profit/(loss) attributable to minority interests" in the Consolidated Income Statement, respectively. Subsidiaries are consolidated starting on the acquisition date, i.e., the date on which the Group obtains control, and they continue to be consolidated until such control is lost.

When the minority shareholders' interest in the subsidiary includes a put option whereby it does not substantially assume the risks and rewards of such interest, it is not recorded as "Minority interests (External Partners)" but as a financial liability.

The financial statements of subsidiaries are prepared for the same reporting period as those of the Parent. With respect to the joint agreements, that is, those by virtue of which the Enagás Group maintains joint control with one or more other partners, a distinction is made between joint operations and joint ventures. Joint control is understood as control shared by virtue of a contractual agreement which requires unanimous consent from all involved parties for decision-making regarding relevant activities.

Thus, joint operations are considered to be those in which, based on a contractual arrangement, a company enjoys the rights to assets and assumes obligations with respect to liabilities. The interest held in joint operations is consolidated using the proportionate consolidation method.

In addition, joint ventures are considered to be those in which, based on a contractual arrangement, a company exercises rights with respect to the net assets of the joint venture. Shareholdings in joint ventures are consolidated using the equity method. In those cases in which the Enagás Group acquires control over companies previously considered as joint ventures, a new estimate is made for the fair value of the interest held previously in equity at the acquisition date, recognising income or losses in the Consolidated Income Statement for the reporting period.

Furthermore, associates are considered to be those entities over which the Enagás Group holds significant influence, that is, the power to intervene in decision-making regarding financial policies and operational matters, without attaining full control or joint control. The interest held in associates is consolidated using the equity method.

If appropriate, adjustments are made to the financial statements of subsidiaries, affiliates, joint ventures, and joint operations in order to unify their accounting policies with those of the Enagás Group.

a) Consolidation methods

Consolidation method/Company	Functional currency
Full consolidation	
Enagás Transporte, S.A.U.	Euro
Enagás GTS, S.A.U.	Euro
Enagás Internacional, S.L.U.	US dollar
Enagás Financiaciones, S.A.U.	Euro
Enagás U.S.A., L.L.C.	US dollar
Enagás Perú, S.A.C.	US dollar
Enagás México, S.A. de C.V.	US dollar
Enagás Emprende, S.L.U.	Euro
Enagás Chile, SpA.	US dollar
Enagás Transporte del Norte, S.L. (1)	Euro
Infraestructuras del Gas, S.A. (1)	Euro
Enagás Holding USA, S.L.U.	US dollar
Enagás Infraestructuras de Hidrógeno, S.A.U.	Euro
Musel Energy Hub, S.L. (3)	Euro
Efficiency for LNG Aplications, S.L. (1)	Euro
Enagás Services Solutions, S.L.	Euro
Sercomgas Solutions, S.L. (1)	Euro
Scale Gas Solutions, S.L.	Euro
SPV Scale Mar, S.L.U.	US dollar
Equity method	
Estación de Compresión Soto La Marina, S.A.P.I. de C.V.	US dollar
Bahía de Bizkaia Gas, S.L.	Euro
Trans Adriatic Pipeline AG	Euro
Terminal de LNG de Altamira, S. de R.L. de C.V.	US dollar
Transportadora de Gas del Perú, S.A.	US dollar
Planta de Regasificación de Sagunto, S.A. ("SAGGAS").	Euro
Iniciativas del Gas, S.L.	Euro
Mibgas, S.A.	Euro
Tallgrass Energy L.P.	US dollar
Llewo Mobility, S.L. (4)	Euro
Tecgas, Inc.	US dollar
Mibgas Derivatives, S.A.	Euro
Senfluga Energy Infraestructure	Euro
Hellenic Gas Transmission System Operator, S.A ("Desfa").	Euro
Seab Power Ltd.	Sterling pound
Vira Gas Imaging, S.L.	Euro
Alantra Energy Transition, S.A. (2)	Euro
Knutsen Scale Gas, S.L.	Euro
Green Ports Project, S.L.	Euro
Enagás Renovable, S.L. (Subgrupo)	Euro
Solatom CSP, S.L.	Euro
Sunrgyze, S.L.	Euro
Scale Gas Med Shipping, S.L.U.	US dollar
Trovant Technology, S.L.	Euro
Basquevolt, S.A.	Euro
H2Greem Global Solutions, S.L.	Euro
Axent Infraestructuras de Telecomunicaciones, S.A.	Euro
Hanseatic Energy Hub GmbH	Euro
Hanseatic Energy Hub Operations GmbH	Euro

(1) For these companies the Enagás Group recognises interest corresponding to minority interests under "Minority interests (External partners)" in Equity in the Consolidated Balance Sheet at December 31, 2023.
(2) Reclassified to Non-Current Assets Held for Sale at year-end 2023.
(3) For this company, the Enagás Group recognises the share corresponding to external partners under "Other financial liabilities" (Note 1.5).
(4) Liquidated on December 27, 2023 without effect at consolidated level.

b) Consolidation process

Consolidation of the Enagás Group was carried out in accordance with the following process:

i. Transactions between companies included in the consolidation scope. All balances, transactions, and results between companies consolidated under the full consolidation method were eliminated upon consolidation. For joint operations, the balances, transactions and results of operations with other Group companies were eliminated in the proportion at which they were consolidated. With respect to gains and losses generated through operations among Group companies and companies consolidated under the equity method, the percentage of interest held by the Group in the latter was eliminated.

ii. Harmonisation of criteria. For affiliates which apply different accounting and measurement criteria to those of the Group, the consolidation process included the corresponding adjustments, provided the effect was significant, with a view to presenting the Consolidated Financial Statements based on harmonised measurement standards.

iii. Translation of Financial Statements denominated in foreign currency. The translation to euros of the Financial Statements of the aforementioned companies in the Enagás Group consolidation process was carried out in accordance with the following procedures:

- Assets and liabilities of each corresponding balance sheet denominated in foreign currency are translated at the spot rate prevailing at the balance sheet date.
- Income and expense items making up each income statement heading are translated at the average exchange rate for the year in which the related transactions are carried out.
- The historical exchange rate for Equity is maintained.
- Exchange gains (losses) arising as a result of net assets are recognised as a separate component of equity under "Adjustments for changes in value" and in the income statement under "Translation differences."

When disposing of a company whose functional currency is not the euro; or when disposals are carried out as a result of losing control; or result from business combinations with respect to previously held interest, translation differences recognised as a component of equity relating to said investment are recognised in the Consolidated Income Statement as soon as the effect arising from said disposal is recognised.

The exchange rates with respect to the euro of the main currencies used by the Group during 2023 and 2022 were as follows:

Currency	Average exchange rate applicable to the headings of the income statement	Exchange rate applicable to the balance sheet headings (1)
2023		
US dollar	1.08170	1.10655
Peruvian Nuevo Sol	4.04442	4.09895
Sterling pound	0.86982	0.86935
2022		
US dollar	1.05361	1.06635
Peruvian Nuevo Sol	4.03416	4.04623
Sterling pound	0.85261	0.88455

(1) Equity excluded.

The effect on the main headings of the Group's Consolidated Financial Statements of applying the translation process to the net assets of companies consolidated using the full consolidation method and whose functional currency is the US dollar is as follows:

2023	Consolidated total	Contribution of companies using the euro as functional currency	Contribution of companies using the US dollar as functional currency	Amount in US dollars
Fixed assets and investment properties	4,085,108	4,084,660	448	496
Other non-current financial assets	669,852	649,136	20,716	22,923
Trade and other receivables	224,653	222,661	1,992	2,204
Other current financial assets	22,550	20,146	2,404	2,660
Cash and cash equivalents	838,483	383,859	454,624	503,064
Financial debt and non-current derivatives	3,979,294	3,580,778	398,516	440,978
Financial debt and current derivatives	504,240	345,269	158,971	175,910
Trade and other payables	604,297	601,346	2,951	3,266

iv. Elimination of dividends. Internal dividends are considered to be those a Group company recognises as income for the year and that have been distributed by another Group company.

During the consolidation process, dividends received by subsidiaries and joint operations are eliminated by considering them to be reserves of the recipient company, which consequently recognises them under "Reserves". In the case of minority interests in companies consolidated using the full consolidation method, the amount of the dividend corresponding to said minority interests is eliminated from the consolidated equity heading "Minority interests (External partners)".

v. Equity method. The investment is initially recognised at cost and subsequently adjusted by the share corresponding to the investor of the changes in net assets of the affiliate. In addition, dividends received are accounted for as a lower amount under "Investments accounted for using the equity method".

Also, when the associate or joint venture is acquired, any difference between the cost of the investment and the share of the net fair value of the identifiable assets and liabilities of the associate or joint venture is accounted for as follows:

- The capital gain related to these companies or joint ventures is included in the carrying amount of the investment. This capital gain cannot be amortised.
- Any excess of the share of the net fair value of the identifiable assets and liabilities over the cost of the investment is included as income to determine the share of profit or loss of the associate or joint venture in the period in which the investment is acquired.

The consolidated profit for the year includes participation in the results of the affiliates under "Results of investments accounted for using the equity method" in the accompanying Consolidated Income Statement. If the participation in losses of an associate or joint venture equals or exceeds participation in said entities, the loss will no longer be recognised under additional losses. Once interest in an entity is reduced to zero, the additional losses will be maintained and a liability will only be recognised to the extent the corresponding entity incurred legal or implicit obligations or made a payment on behalf of an associate or joint venture. If the associate or joint venture subsequently reports profits, the entity will once again recognise its interest only after its participation in said profits equals its participation in unrecognised losses.

1.4 Estimates and accounting judgements made

In the Group's Consolidated Annual Accounts for 2023, estimates and judgements were occasionally made by the Senior Management of the Group and of the consolidated companies, subsequently ratified by the Directors, in order to quantify certain assets, liabilities, income, expenses, and commitments reported herein. Basically:

Estimates

- The useful life of PP&E assets (Note 2.4).
- Provisions for dismantling/abandonment costs, other provisions and contingent liabilities (Note 2.9).
- The measurement of investments accounted for using the equity method, and non-financial assets to determine the possible existence of impairment losses (Notes 1.6 and 2.7).

- The fair value of financial instruments (Notes 3.3 and .6).
- Impairment losses on financial assets measured at amortised cost (Notes 2.2 and 3.3).
- The calculation of income tax and deferred tax assetss (Note 4.2).
- The fair value of equity instruments granted under the Long-Term Incentive Plan (ILP) (Note 3.1.c).
- Assumptions on the calculation of the term of lease contracts in application of IFRS 16 (Note 2.4.b).
- Determination of the expected loss associated with receivables (Note 2.2).

Judgements

- The recognition of investments accounted for using the equity method (Note 1.6).
- Compliance with conditions for classifying assets and liabilities as non-current assets and liabilities held for sale (Note 2.6).

Although these estimates were made on the basis of the best information available at December 31, 2023, future events may require these estimates to be modified prospectively in the coming years (upwards or downwards). In accordance with IAS 8, this would be done prospectively, recognising the effects of any change of estimate in the Consolidated Income Statement.

1.5 Changes in the consolidation scope

The following are the changes in the consolidation scope of the Enagás Group:

	Amount (thousands)		Stake percentage		
Entity	In local currency	In euros	At 31.12.2023	At 31.12.2022	Description/Type of control
Entries into the scope					
Musel Energy Hub, S.L.	395,544	395,544	100.0%	—%	Addition to the scope of consolidation by incorporation of the company, which Enagás consolidates globally.
Hanseatic Energy Hub GmbH	2,122	2,122	10.0%	—%	Addition to the scope of consolidation due to the acquisition of 10% of this company. Based on the analysis of the shareholders' agreement and the way the key decisions are articulated, the Enagás Group integrates this company using the equity method
Hanseatic Energy Hub Operations GmbH	52	52	50.1%	—%	Addition to the scope by incorporation of the company. Based on the analysis of the shareholders' agreement and the way decisions are articulated, the Enagás Group will integrate this company using the equity method.
Exits from the perimeter					
Gasoducto de Morelos, S.A.P.I. de C.V. y Morelos O&M, S.A.P.I.	—	—	—%	50.0%	Once the conditions precedent had been met, the transaction was effectively completed, with a positive impact of 42 million euros on the net profit of the Enagás Group.

Musel Energy Hub, S.L.

On March 23, 2023, the Company Musel Energy Hub (hereinafter MEH) was incorporated. Its corporate purpose is the regasification, natural gas storage and the provision of logistical capacity services carried out by the El Musel regasification plant. These are to be carried out by means of or through the corresponding gas infrastructures or facilities, either its own or those of third parties, as well as the performance of ancillary activities or activities linked to the foregoing. The effective start of this activity took place on July 28 following receipt of the Final Commissioning Certificate, as explained in Note 2.4.

In relation to MEH, on February 28, 2023 the Enagás Group, through Enagás Transporte, signed an agreement with Reganosa for the sale of a 25% stake in MEH for an estimated 99.9 million euros, as well as the acquisition by Enagás Transporte of Reganosa's gas pipeline network for 54 million euros. This transaction was subject to the fulfilment of certain conditions precedent which were met in full on September 28, 2023, the effective date of the transaction being September 29, 2023. The Musel terminal business was also spun off on this date, with the assets and liabilities associated with the Musel terminal being transferred to MEH, with no impact on the consolidated income statement.

Under this agreement, a sales option is granted to Reganosa, under which Reganosa has the right to sell, and Enagás Transporte the obligation to buy, 25% of MEH up to a maximum term. Based on this option, the interest transferred has been recorded under financial liabilities, maintaining the application of the full consolidation method for the assets and liabilities of MEH at 100% (Note 3.3).

None of this information related to MEH had any impact on the consolidated income statement.

Hanseatic Energy Hub GmbH ("HEH") and Hanseatic Energy Hub Operations GmbH ("HEH Operations")

On September 26, 2023, the acquisition of 10% of Hanseatic Energy Hub GmbH ("HEH") was completed, which will help ensure security of supply and drive decarbonisation in Germany. The consortium will be located in Stade (Germany), where a Floating Storage and Regasification Unit and an onshore terminal for liquefied gases also be prepared to operate with green ammonia will be located.

They have also set up Hanseatic Energy Hub Operations GmbH, in which the Enagás Group has a 50.1% stake, and through which the O&M work for this project will be carried out.

1.6 Investments accounted for using the equity method

ACCOUNTING POLICIES

- **The Group assesses the existence of joint agreements as well as significant influence with respect to associates, taking into account the shareholder agreements which require a scheme of increased majorities for taking relevant decisions.**
- **In order to classify the joint agreements among joint ventures and joint operations, the Group assesses the rights and obligations of the involved parties as well as the remaining circumstances stipulated in said agreements.**
- **The Group presents the profit for the period of the companies accounted for using the equity method as part of the Group's operating profit, since these companies carry out the same activity as the corporate purpose of the Enagás Group described in Note 1.1.**

SIGNIFICANT ESTIMATES AND JUDGEMENTS

- **At year-end, or when there are indications of impairment, the Group analyses the recoverable amounts of investments accounted for under the equity method to determine the possibility of impairment.**

Opening balance	New acquisitions/ Increases (1)	Dividends	Profit/(loss) for the year	Translation differences	Hedging transactions	Changes into the scope/ Decreases	Valuation adjustments	Other adjustments	Balance at year-end
2023									
2,552,584	167,996	(181,668)	147,304	(71,855)	(22,269)	(512)	—	(1,606)	**2,589,974**
2022									
2,789,684	23,012	(129,454)	146,820	148,901	72,382	(359,598)	(138,808)	(355)	**2,552,584**

(1) "New acquisitions/increases" in 2023 mainly includes increases for the additional 4% of the investment in Trans Adriatic Pipeline amounting to 151,800 thousands of euros, in Enagás Renovable amounting to 8,700 thousands of euros, in Axent amounting to 5,324 thousands of euros and the entry into the company Hanseatic Energy Hub, with a 10% stake, amounting to 2,122 thousands of euros (Note 1.5).

Dividends

The dividends approved during the 2023 and 2022 financial years were as follows:

	2023	2022
TgP	72,590	72,591
Saggas	15,950	2,538
TAP Trans Adriatic Pipeline	76,400	—
BBG	—	7,000
Grupo Altamira	14,062	20,626
Senfluga	2,610	3,654
Tallgrass Energy	—	21,506
Other entities	56	1,539
Total	**181,668**	**129,454**

Appendix II to these consolidated annual accounts provides disclosure on data relating to joint ventures, joint operations, and associates of the Enagás Group at December 31, 2023 and December 31, 2022.

The recoverable amount of investments in associates or business combinations is evaluated for each associate or business combination, unless the associate or business combination does not generate cash flows for continuous use which are largely independent of the cash flows arising from other Group assets. Note 2.7 details how the recoverable amount is estimated.

With respect to the impairment analysis for affiliates, the discount rate applied (cost of equity) in 2023 was as follows: between 8.5% and 9.2% for the United States; between 6.8% and 8.5% for Europe; between 9.5% and 10.2% for Peru; and between 9.8% and 10.5% for Mexico. Considering that all the affiliates have been operating normally during 2023, the sensitivity analysis of the discount rate has been performed using a range of +0.5% and -0.5%.

This analysis would result in a higher recoverable amount of +115.2 million euros and a lower recoverable amount of -103.5 million euros compared to the equity method at December 31, 2023, mainly corresponding to the investment in Tallgrass Energy.

Tallgrass Energy ("TGE")

1.7 Earnings per share

	2023	2022	Change
Net result of the financial year attributed to the parent company (thousands of euros)	342,528	375,774	(8.8)%
Weighted average number of shares outstanding (thousands of shares)	261,239	261,344	— %
Basic earnings per share (in euros)	**1.3112**	**1.4379**	**(8.8)%**
Diluted earnings per share (in euros)	**1.3112**	**1.4379**	**(8.8)%**

As there are no potential ordinary shares at December 31, 2023 and December 31, 2022, the basic earnings and the diluted earnings per share are the same.

For the calculation of the weighted average number of shares outstanding, both the shares delivered under the previous 2019-2021 ILP and the shares acquired in connection with the new 2022-2024 ILP were taken into account for the days on which they were actually outstanding in 2023.

1.8 Dividends distributed and proposed

a) Proposed distribution of profit attributable to the parent

The appropriation of 2023 profit corresponding to the parent Enagás, S.A. proposed by the Board of Directors and which will be submitted for approval by the General Shareholders' Meeting is as follows (in thousands of euros):

	2023
Dividends	455,359
Voluntary reserves	5,675
TOTAL	**461,034**

The dividend is subject to approval by the ordinary General Shareholders' Meeting and is not included as a liability in these Annual Accounts. This gross complementary dividend will amount to a maximum of 273,518 thousands of euros.

At a meeting held on December 18, 2023, the Board of Directors of Enagás, S.A. agreed to distribute an interim dividend charged against 2023 profit, based on the necessary liquidity statement, expressed in thousands of euros, amounting to 181,841 thousands of euros (0.696 euros gross per share), in accordance with Article 277 of the Spanish Corporate Enterprises Act.

The aforementioned interim dividend was paid on December 22, 2023.

The provisional accounting records prepared by the parent of the Group, in accordance with legal requirements and which presented balances sufficient for the distribution of the interim dividend in 2023, were as follows:

Interim accounting statement formulated on November 30, 2023	
Net accounting result	(8,757)
10% legal reserve	—
Interim dividend received from Group companies	468,425
Profit "available" for distribution	**459,668**
Forecast interim dividend	**(181,841)**
Forecast cash balance for the period from November 30 to December 31:	
Cash balance	67,833
Projected collection for the period considered	434,735
Credit lines and loans available from financial institutions	1,559,220
Payments projected for the period under consideration (including the interim dividend)	(418,276)
Estimated available financing after dividend distribution	**1,643,512**

b) Total dividends paid

In addition to the aforementioned interim dividend for 2023, during 2023 Enagás, S.A. distributed the gross complementary dividend for 2022.

This dividend amounted to 269.6 million euros (1.032 euros per share) and was paid on July 6, 2023. .

1.9 Commitments and guarantees

ACCOUNTING POLICIES

- **A financial guarantee contract is a contract which requires that the issuer makes specific payments to repay the holder for losses incurred when a specific debtor does not fulfil payment obligations at maturity, in accordance with the original or modified conditions of a debt instrument. The rights and obligations associated with a financial guarantee will be considered as financial assets and financial liabilities. For subsequent valuation, a contract will be recognised as the greater amount of a) the amount resulting from standards relating to provisions (IAS 37) or b) accumulated amortisation of the initial measurement and possible accrued income.**
- **An investment commitment corresponds to that obligation contracted with a related party which can give rise to outflows of funds or other resources in the future. The following is included among these: commitments not recognised in connection with contributing funds or resources as a consequence of incorporation agreements, capital intensive projects carried out by a joint venture, commitments not recognised in connection with providing loans or other financial support to the joint venture, or commitments not recognised in connection with acquiring a stake, regardless of whether a specific future event occurs or not.**

Commitments and guarantees	Group and related companies	Third parties	Total
2023			
Debt guarantees	645,000	10,750	**655,750**
Guarantees and sureties granted - Other	5,702	279,236	**284,938**
Investment commitments	—	185,101	**185,101**
2022			
Debt guarantees	557,000	—	**557,000**
Guarantees and sureties granted - Other	17,754	142,869	**160,623**
Investment commitments	—	89,725	**89,725**

a) Debt guarantees

TAP

The "Guarantees on debt of related parties" heading includes the corporate guarantee granted by Enagás S.A. for financial institutions acquired in the Financing Agreement of November 30, 2018 in the company TAP, through which the following items are basically guaranteed:

- Principal and interest of the Financing Agreement provided by TAP at any time;
- Market value of the hedging instrument over the interest rate of the Financing Contract.

TAP reached the "Financial Completion Date" on March 31, 2021, a milestone that allowed the partners to replace the guarantees provided on the company's debt during the construction phase of the infrastructure with a mechanism for shareholder support for the repayment of the TAP loan (Debt Payment Undertaking), which will be in effect until its maturity, and which would be activated in the event of certain extraordinary events.

This support mechanism has been granted jointly by each of TAP's shareholders, so that Enagás would only be liable, in a hypothetical case, for the amount corresponding to it in accordance with its stake in TAP's share capital. In 2023 Enagás has increased its stake in TAP from 16% to 20%.

This support mechanism during the operating period is contractually limited by a cap in force throughout the life of the financing arrangement, so that the amounts claimed from Enagás may never exceed a total amount of 903,322 thousands of euros, regardless of the market value of the derivative or any other contingency.

At December 31, 2023 the amount guaranteed by Enagás, S.A. in favour of TAP creditors amounts to 645,000 thousands of euros (557,000 thousands of euros at December 31, 2022), already taking into account the increase in the stake mentioned in the previous paragraph.

Scale Gas

In July 2023, the Enagás Group, through its company Scale Gas Solutions, S.L.U., subscribed a guarantee to cover its 50% share in the financial debt formalised in the affiliate Scale Gas Med Shipping, S.L., in the amount of 11,895 thousands of dollars (10,750 thousands of euros). This guarantee will remain in force until the expiry of the financing contract, which is initially estimated for July 2030.

b) Guarantees and sureties granted - Other

The following items are mainly included:

Group and related companies

- Guarantee of access to the electricity transmission grid, granted by Enagás Renovable, S.L.U. amounting to 5,450 thousands of euros (5,040 thousands of euros in 2022).
- Guarantees granted to the Comisión Federal de la Electricidad ("CFE") for the service contract related to the Soto La Marina Compressor Station in the amount of 116 thousands of euros (December 31, 2022: 121 thousands of euros). The guarantee also granted to the CFE associated with the Gasoducto de Morelos project, which amounted to 9,378 thousands of euros at December 31, 2022, was rendered ineffective in 2023.

- Guarantees and sureties granted to Group companies at December 31, 2022 included financial guarantees granted to third parties by Llewo Mobility, S.L., in the amount of 172 thousands of euros, counter-guaranteed by Enagás, S.A., and a corporate guarantee granted to a financial institution to support a credit facility arranged by the same company in February 2022, in the amount of 3,043 thousands of euros at December 31, 2022. In 2023, the Enagás Group met the financial obligations deriving from the guarantees and sureties granted to its affiliate Llewo Mobility, S.L. At December 2023 both the guarantee and the surety were cancelled.

Third parties

The following items, mainly, are included:

- Technical guarantees granted by financial entities to third parties in the amount of 194,044 thousands of euros (116,158 thousands of euros in 2022) to cover certain responsibilities which may arise during the execution of the contracts constituting the activity of the Enagás Group.
- In addition, there is an insurance policy with as bid bond for the port concession in Colombia for the Buenaventura project amounting to 1,360 thousands of euros (1,412 thousands of euros at December 31, 2022).
- Guarantees and sureties granted by Enagás, S.A. totalling 23,900 thousands of euros to cover technical and operational risks related to the projects of the Group company Efficiency for LNG Applications, S.L.
- A guarantee granted by a financial institution to third parties in the amount of 730 thousands of euros to support the application for an advance payment due to a subsidy granted by the Institute for Energy Diversification and Saving (IDAE).
- As indicated in Note 3.3.a related to the investment in Peru by GSP, a bank guarantee letter in the amount of 59,100 thousands of euros (65,500 thousands of dollars) has been provided in connection with the measures of Law No. 30737 indicated in that note.

No guarantees had been granted with respect to tender processes at December 31, 2023 and at December 31, 2022.

c) Investment commitments

The following items are included:

- The Enagás Group has firm investment commitments in Economic Interest Groupings (EIG) amounting to 22,268 thousands of euros, to be disbursed during 2024 and later years (10,345 thousands of euros at December 31, 2022).
- The Enagás Group has investment commitments for its shareholdings in two investment funds amounting to approximately 51,096 thousands of euros (57,974 thousands of euros in 2022): (i) KLIMA Energy Transition Fund, which seeks investment opportunities through the acquisition of minority stakes in companies with high growth potential in energy transition sectors such as green hydrogen, biogas, energy efficiency, batteries, sustainable transport or digitalisation of electricity grids; and (ii) Clean H2 Infra Fund, which aims to develop the green hydrogen infrastructure sector and have a positive impact on the use and development of hydrogen transmission networks.
- In the last quarter of 2023, the Enagás Group, through its affiliate Scale Gas Solutions, S.L.U., signed two contracts for the construction and long-term chartering of a ship for bunkering liquefied natural gas and alternative fuels, the geographical scope of which covers both Spain and Europe. The investment commitments associated with this project amount to 61,737 thousands of euros (68,315 thousands of dollars).
- The Enagás Group, in relation to the Stade project, has investment commitments estimated at an additional 45,000 thousands of euros until the date of its construction, scheduled for 2027. This commitment corresponds to the disbursements expected to be made by the Group until the start-up of this project, taking into account the forecast for the contracting of long-term debt. The infrastructure projects of the Enagás Group are carried out through long-term contracts in which the Group-related project companies participate, where each project specifies the external debt required for their funding, without recourse to the shareholders or with limited recourse to the guarantees granted.

The Directors consider that no additional significant liabilities will arise in connection with the transactions disclosed in this note other than those already recognised in the accompanying Consolidated Balance Sheet.

1.10 New accounting standards

a) Standards and interpretations adopted by the European Union in force for the current financial year

The accounting policies used in the preparation of these Consolidated Annual Accounts, other than those applied in the Consolidated Annual Accounts for the year ended December 31, 2022, as they came into force on January 1, 2023 are the following: Amendments to IAS 1 and Practice Statement 2 Disclosures on Accounting Policies; Amendment to IAS 8 Definition of Accounting Estimates; Amendment to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction and International Tax Reform - Pillar Two. None of the standards, interpretations or amendments that are applicable for the first time this year have had a material impact on the Group's accounting policies.

Amendment to IAS 12 "Pillar Two"

New international taxation standard (Pillar Two)

Pillar Two rules shall apply to the Enagás Group. Pillar Two legislation is currently being processed in Spain. According to the provisions of the Preliminary Draft Law published on December 19, 2023, the rule, once approved, will enter into force, in general, with retroactive effect from January 1, 2024, so, as of December 31, 2023, the Group has no impact related to the rules of Pillar Two on its current tax expense for the year 2023.

From the financial year 2024 the group will have to pay a supplementary tax that will tax the profits obtained in any jurisdiction in which it operates in which the effective tax rate, calculated at the jurisdictional level, is lower than the minimum rate of 15%.

Furthermore, the group applies the exception to recognise and disclose information on deferred tax assets and liabilities related to Pillar Two income taxes, as provided for in the amendments to IAS 12 issued in May 2023.

Adaptation to Pillar Two

The Enagás Group has made an explicit commitment to apply the OECD Pillar Two guidelines. It is aligned with the principles and actions advocated by the OECD and is working on analysing the impact of the new Pillar Two standard to establish a compliance, control and management system to enable it to adapt to the regulation in a timely manner.

Although a preliminary analysis has been performed for the Group, which will have to be updated in accordance with the Pillar Two standard in Spain taking into account the existing regulatory framework, an estimated calculation has been made of the minimum complementary tax derived from the application of the Pillar Two standard and, as a result of the aforementioned analysis, all Group entities have an effective tax rate that exceeds 15%. Therefore, according to the estimate made, the new global minimum tax should have no impact on the Enagás Group in 2024.

The Spanish Pillar Two standard is still under development, as indicated above, so that the estimate does not take into account the possible effects of possible developments of the reference standard or administrative guide at the domestic level.

b) Standards and interpretations issued by the IASB but not effective for the current year

The Group has not applied in advance the standards, interpretations and amendments to the standards approved by the European Union that have not entered into force at the date of these Consolidated Annual Accounts. Although the Group is currently analysing its impact, based on the analyses carried out to date, the Group does not expect the initial application to have a material impact on its Consolidated Annual Accounts.

Standards	Content	Mandatory application for periods
Amendments to IAS 1	Classification of Liabilities as Current or Non-Current, and of Non-Current Liabilities with Covenants	January 1, 2024
Amendments to IFRS 16	Measurement of the lease liability in a sale with subsequent leaseback	January 1, 2024
Amendments to IFRS 7 and IAS 7	Disclosures in relation to supplier financing arrangements	January 1, 2024 (1)

(1) Standard pending approval for use in the EU.

Amendment to IAS 1 - Classifying Liabilities as Current or Non-current

The Group has analysed all contracts relating to its liabilities and has not identified any clauses that could have a significant impact on the classification as current or non-current in accordance with the amendment to IAS 1 at the effective date of the amendment.

Amendment to IFRS 16 - Sale and leaseback transactions

The Group does not expect to have a significant impact from the application of this amendment as it has not entered into any sale and leaseback transactions since the entry into force of IFRS 16.

2. Operational performance of the group

RELEVANT ASPECTS

Operating profit

- Operating profit amounted to 457 million euros.

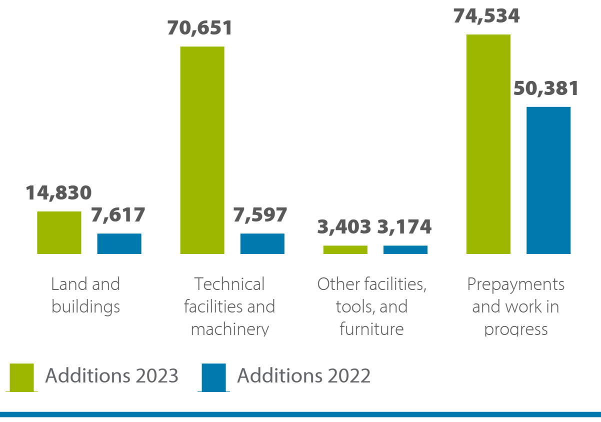
Trade receivables

- "Other receivables - Current" includes the balance pending settlement corresponding to the remuneration of regulated regasification, transmission and underground storage activities for 174 million euros corresponding to the 2023 financial year (453 million euros at December 31, 2022) (Note 2.2).

Property, plant, and equipment

This heading involves, at December 31, 2023, 47% of total assets (44% of total assets at December 31, 2022) (Note 2.4). The change is mainly due to:

- Additions amounting to 162 million euros, corresponding mainly to the acquisition of Reganosa's gas pipeline network, compressor units, air conditioning equipment and work on the Gaviota and Yela underground storage facilities and the Almendralejo and Zamora compressor stations. It also includes actions for the transmission activity, and adaptations to the regasification plants in Barcelona, Cartagena and Huelva.
- The provision for amortisation for the period, in the amount of 255 million euros (249 million euros in 2022).



Current status of the Castor storage collection rights

- Regarding the Castor storage facility, on November 8, 2019, the Council of Ministers Agreement was published, ending the hibernation of the Castor underground storage facility and agreeing on its dismantling in phases, assigning the work to Enagás Transporte. Said Agreement confirmed the Group's obligation to continue with all operations necessary for the maintenance and functioning of the facilities referred to in Article 3.2 of Royal Decree-Law 13/2014 until the final phase of dismantling is completed, a commitment that has been fulfilled up to the date of preparation of these annual accounts. Following the Supreme Court rulings of 2018, which annulled various regulations establishing the conditions for the terms of remuneration for the management of the infrastructure, and given the need to introduce an alternative mechanism to obtain the corresponding remuneration for the aforementioned tasks legally entrusted to the Group and that it currently still performs, on December 18, 2018, the Group, through Enagás Transporte, filed a claim for asset liability with the Ministry of Ecological Transition, which, after being dismissed due to administrative silence, continued before the National Court through the filing the corresponding contentious administrative claim on October 3, 2019. In 2022, the Contentious Administrative Chamber of the National High Court filed a question of jurisdiction in the Supreme Court, which was resolved in November 2023, determining the jurisdiction of the Supreme Court to resolve the aforementioned appeal, which was in the ruling phase at the date of preparation of these consolidated annual accounts.
- Thus, the damages lawsuit consists of continuing in the jurisdiction of the claim that has already been filed by the Company to recover the amounts deducted or that have been refunded and those not received, in accordance with the legal conclusions of external and internal advisors. Based on the above, the account receivable for the right of Enagás Transporte, S.A.U., to be paid for the Castor underground storage administration and dismantling, is maintained in the balance sheet, the conclusion being that there is no negative impact on the Group's financial statements for the financial year (Note 2.2).

2.1 Operating profit

ACCOUNTING POLICIES

Recognition of income

- The Enagás Group measures revenue at the fair value of the consideration received or receivable and represents balances receivable for goods delivered and services provided in the normal course of business, net of discounts and amounts received from third parties such as VAT reimbursements.
- Ordinary revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at the balance sheet date, provided the result of the transaction can be estimated reliably.
- Specifically, income relating to Technical Management of the System (GTS) is regulated by a public body (Appendix III). They are calculated annually on the basis of Enagás GTS, S.A.U.'s remuneration methodology, currently in force for the 2021-2023 and 2024-2026 regulatory periods. Only the revenues from the regulatory account and guarantees of origin are calculated on the basis of the substantiated cost. The monthly attribution of this income to the Income Statement is almost entirely carried out on a straight-line basis.
- Income arising from regasification, storage, and transmission activities in Spain is calculated based on a regulated remuneration system (Appendix III). Remuneration is made up of several terms that aim to remunerate investment, operation and maintenance costs and other items related to improved productivity and efficiency. The return on investment is the sum of amortisation and financial remuneration, calculated by applying the annual net value of the investment and the financial remuneration rate set for each regulatory period.

  The remuneration for productivity and efficiency gains includes the term of the continuity of supply remuneration set in the 2014 regulatory reform. As of 2021, this term will be calculated on the basis of the value established for 2020, adjusted by coefficients that no longer depend on fluctuations in demand.

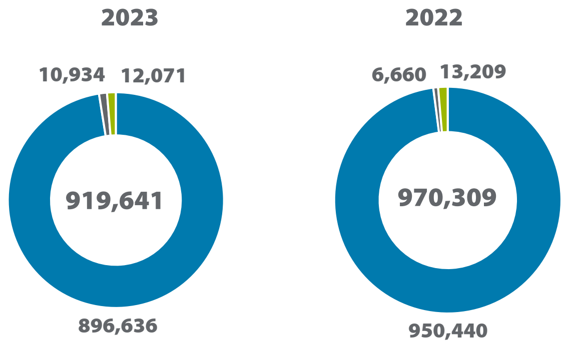
  Once the regulatory useful life of the facilities has elapsed, and in those cases in which the asset remains operational, the operating and maintenance costs are established as fixed remuneration, increased by a coefficient based on the number of years by which the facility exceeds the regulatory useful life, not accruing any amounts as investment remuneration.

- On January 1, 2021, the new regulatory and remuneration framework came into force with the publication of Circulars 9/2019 of December 12, 2019 and 8/2020 of December 23, 2020 and Royal Decree 1184/2020 of December 29, 2020. The main items of this regulatory reform are set out in Appendix III.
- The Group's deferred income mainly corresponds to the accrual of amounts received for connecting the basic network infrastructure of Enagás Transporte, S.A.U. and Enagás Transporte del Norte, S.L. with networks of distribution companies, secondary transmission companies, gas shippers, and qualified customers. Said income is recognised based on the useful life of the assigned facilities.

  Based on the types of contractual agreements supporting this type of income, it has been determined that there is an implicit financing component which, under the new regulatory requirements, must be recognised as a liability in the Consolidated Balance Sheet.

a) Income

The breakdown of Revenue is as follows:



- Income from regulated activities
- Other operating income
- Income from non-regulated activities

The details of revenues with the breakdown of revenues from customer contracts at December 31, 2023 and December 31, 2022 is as follows:

Revenue	2023	2022
Regulated activities:	**896,636**	**950,440**
From customer contracts		—
Others	896,636	950,440
Non-regulated activities:	**10,934**	**6,660**
From customer contracts	4,671	4,390
Other	6,263	2,270
Total revenue	**907,570**	**957,100**

Other operating income	2023	2022
From customer contracts	6,777	8,850
Other	5,294	4,359
Total Other operating income	**12,071**	**13,209**

The distribution of the Revenue based on the Group Companies from which it comes for 2023 and 2022 is as follows

Revenue	2023	2022
Regulated activities:	**896,636**	**950,440**
Enagás Transporte, S.A.U.	800,655	900,194
Enagás Transporte del Norte, S.L.	16,641	21,008
Enagás GTS, S.A.U.	29,055	29,238
Musel Energy Hub, S.L. (1)	50,285	—
Non-regulated activities:	**10,934**	**6,660**
Enagás Transporte, S.A.U.	3,345	2,007
Enagás Internacional, S.L.U.	61	235
Enagás Transporte del Norte, S.L.	447	447
Enagás Services Solutions	3,823	3,438
Sercomgas Gas Solutions	2,686	—
Remaining companies	572	533
Total	**907,570**	**957,100**

(1) Includes revenues from the Musel Energy Hub plant for logistics services.

The Management of the Enagás Group considers that there is no collection uncertainty relating to the income indicated above and therefore has not ceased to recognise any type of income for this reason.

b) Personnel expenses

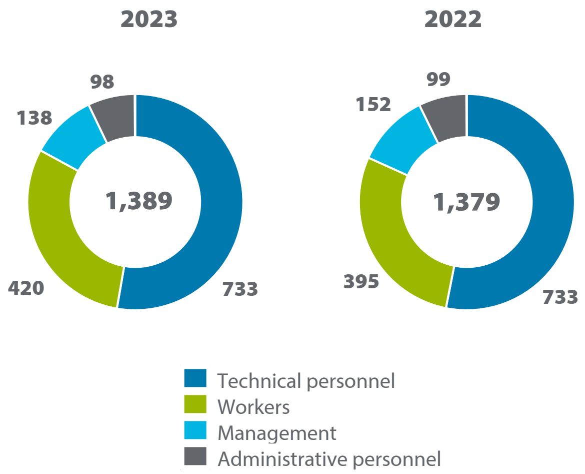
Personnel expenses	2023	2022
Wages and salaries	101,255	98,646
Termination benefits	4,070	11,267
Social Security	23,589	21,625
Other personnel expenses	9,392	10,384
Contributions to external pension funds (defined contribution plan)	2,994	2,939
Works for fixed assets (Note 2.4)	(4,237)	(4,447)
Total	**137,063**	**140,414**

In 2023, wages and salaries include the fair value of services received as consideration for equity instruments granted, in the amount of 1,439 thousands of euros at December 31, 2023 corresponding to the portion of the Long-Term Incentive Plan payable in Enagás, S.A. shares and approved on March 31, 2022 for the Executive Director and senior management, thus representing a share-based transaction. At December 31, 2022, it included 1,279 thousands of euros corresponding to the portion of the Long-Term Incentive Plan payable in Enagás, S.A. shares (2022-2024) approved on March 31, 2022. Services rendered corresponding to the portion of the incentive plan payable in cash were also recognised with a credit to “Provisions” under non-current liabilities, in the amount of 635 thousands of euros at December 31, 2023, corresponding to the Long-Term Incentive Plan (2022-2024). The amount recorded as at December 31, 2022 was 573 thousands of euros and related to the same item. In addition, the employee benefits expense arising from the bonus payable every three years for contribution to results for the 2022-2024 period and corresponding to the remaining personnel of the Group was also included in the amount of 1,954 thousands of euros. In 2022, an expense of 1,740 thousands of euros was included, derived from the same programme.

The Enagás Group contributes, in accordance with the Pension Plan signed and adapted to the Law on Pension Plans and Funds, to an "Enagás Pension Fund” defined contribution plan, managed by Gestión de Previsión y Pensiones, S.A. with Banco Bilbao Vizcaya Argentaria, S.A. as custodian, which covers the Group’s commitments to the workforce in question. The aforesaid plan recognises certain vested rights for past service and undertakes to make monthly contributions averaging 4.23% of eligible salary (4.24% in 2022). It is a mixed plan covering retirement benefits, disability and death. The total number of people adhered to the plan at December 31, 2023 totalled 1,341 participants (1,219 participants at December 31, 2022). The contributions made by the Group in this heading each year are recorded under “Personnel expenses” of the Consolidated Income Statement. At 2023 year-end there were no amounts pending payment with respect to this item.

In addition, the Group has outsourced its pension commitments with respect to its senior managers through a mixed group insurance policy for pension commitments, including benefits in the event of survival, death, and employment disability.

The average number of Group employees broken down by professional category is as follows:



As at December 31, 2023, the Group's workforce consists of 1,390 employees (1,396 employees in 2022) whose distribution by professional group and gender is as follows:

	2023		2022	
Categories	**Women**	**Men**	**Women**	**Men**
Management	47	91	47	91
Technical personnel	235	499	236	498
Administrative personnel	85	11	90	9
Workers	48	374	48	377
Total	**415**	**975**	**421**	**975**

"Management" includes senior executive management of the Group, comprising nine persons (six men and three women); ten persons in 2022 (seven men and three women).

The average number of staff during 2023 and 2022 employed by Group companies with disabilities greater than or equal to 33%, broken down by categories, is as follows:

Categories	2023	2022
Technical personnel	1	1
Administrative personnel	2	2
Workers	4	4
Total	**7**	**7**

c) Other operating expenses

Other operating expenses	2023	2022
External services:		
R+D expenses	885	549
Leases and royalties (1)	3,519	3,844
Repairs and conservation	55,935	51,650
Freelance professional services	19,532	22,155
Transport	195	545
Insurance premiums	9,190	8,878
Banking and similar services	37	352
Advertising, publicity and public relations	3,794	4,340
Supplies	30,689	57,480
Other services	37,983	38,624
External services	**161,759**	**188,417**
Taxes	**15,098**	**13,050**
Other current management expenses	**13,647**	**20,255**
Other external expenses	**11,105**	**11,924**
Change in traffic provisions	**169**	**100**
Total	**201,778**	**233,746**

(1) This account includes expenses for leases, which are excluded from IFRS 16 as they relate to assets of low value or with a term of less than one year, amounting to 2,894 thousands of euros at December 31, 2023 (2,768 thousands of euros at December 31, 2022).

2.2 Trade and other non-current and current receivables

ACCOUNTING POLICIES

- Financial assets are recognised in the Consolidated Balance Sheet at the transaction date when the Group becomes party to the contractual terms of the instrument.

Financial assets measured at amortised cost

- This heading comprises financial assets arising from the sale of goods or the rendering of services in the course of the Company's business, or financial assets which, not having commercial substance, are not equity instruments or derivatives with fixed or determinable payments and are not traded in an active market.
- The said financial assets are initially recognised at fair value of the consideration paid, plus transaction costs directly attributable to the acquisition. They are subsequently measured at amortised cost and related interest accrued at the corresponding effective interest rate is recognised in the Consolidated Income Statement.
- Receivables which do not bear explicit interest are recognised at their face value whenever the effect of not discounting the related cash flows is not significant. Subsequent measurement in this instance is still carried out at face value.
- The Group derecognises financial assets when the contractual rights to the cash flows from the financial asset expire or are transferred, which implies transferring substantially all the risks and rewards inherent in ownership of the financial asset; this is the case in firm asset sales, sales of financial assets with an agreement to repurchase them at their fair value, and securitisations in which the Group neither retains subordinated financing, grants any form of guarantee nor assumes any other type of risk.
- In contrast, the Group does not derecognise financial assets, but rather recognises a financial liability at an amount equal to the consideration received, in the transfer of financial assets in which it retains substantially all the risks and rewards incidental to ownership, such as discounted bills, recourse factoring, disposals of financial assets under repurchase agreements at fixed prices or at the sales price plus interest, and securitisations of financial assets in which the Group retains subordinate liability or grants other types of guarantees which would substantially absorb all possible losses.

SIGNIFICANT ESTIMATES AND JUDGEMENTS

- An impairment loss on financial assets measured at amortised cost arises when there is objective evidence that the Group will not be able to recover all the corresponding amounts in accordance with the original terms established. The impairment loss is recognised as an expense in the Consolidated Income Statement and is determined as the difference between the carrying amount and the present value of future cash flows discounted at the effective interest rate.
- If, in subsequent periods, the value of the financial asset measured at amortised cost recovers, then the impairment loss is reversed. The reversal shall not result in a carrying amount of the financial asset that exceeds the carrying amount had the impairment not been recognised. The reversal is recognised in the Consolidated Income Statement.
- From January 1, 2018, with the application of IFRS 9, the Group recognises an impairment loss for expected credit losses on financial assets.
- The Group assess the expected credit losses of a financial instrument in a way that reflects:

  a) an amount weighted based on probability and not biased, determined by evaluating a series of possible outcomes;

  b) the temporal value of money; and

  c) reasonable and well-founded information available on the date of information, without cost or disproportionate effort, on past events, current conditions and forecasts of future economic conditions.

  Under the new standard, an entity will measure the value correction for losses of a financial instrument in an amount equal to the expected credit losses during the life of the asset, if the risk of that financial instrument has increased significantly since its initial recognition.

  Conversely, that is, if the credit risk of a financial instrument has not increased significantly since the initial recognition, an entity will measure the value correction for losses at an amount equal to the expected credit losses in the next 12 months.

  The gain or loss resulting from impairment of value, the amount of the expected credit losses (or reversals) by which it is required that the value adjustment for losses be adjusted on the posting date to reflect the amount to be recognised under this standard will be recorded in the profit for the period.

  In the case of the Enagás Group, practically all financial assets present a low credit risk at the date of posting, and their exposure to events that generate credit losses during the next 12 months is therefore calculated.

	31.12.2023	31.12.2022
Customer receivables for sales and services rendered	13,145	16,271
Accounts receivable from contracts with customers	1,989	2,600
Accounts receivable from contracts with customers and associates	2,842	3,660
Associate Companies	3,881	9,345
Other receivables	180,868	456,917
Subtotal	**202,725**	**488,793**
Value added tax	21,928	24,238
Trade and other current receivables	**224,653**	**513,031**
Trade and other non-current receivables (Note 3.3.a)	**128,178**	**54,197**

a) Trade and other non-current receivables

This section includes, inter alia, information on:

- Receivable in the amount of 19,536 thousands of euros (18,929 thousands of euros at December 31, 2022) related to the claim of Asset Liability presented to the Council of Ministers to recover the costs incurred in the project of the LNG Regasification Plant of the Port of Granadilla (GASCAN) (see details below).
- Receivable in the amount of 105,720 thousands of euros (2022: 94,283 thousands of euros) related to the administration and operations tasks necessary for the maintenance and operation of the Castor Storage Facility. This receivable has been reclassified to long-term during 2023, as it is estimated that a judgement will be passed and enforced in more than 12 months (see details below).
- The amount corresponding to facilities pending recognition is recorded in the long term as the Directors estimate that they will be recognised in a time horizon of more than one year and will result in a lower future collection.

Financial investment in the Gascan project

In relation to the situation of the regasification assets of the Gascan project in the Canary Islands, on February 21, 2022, the Spanish High Court of Justice was notified of the ruling rejecting the contentious-administrative appeal against the rejection by silence of the application for new administrative authorisation of the LNG regasification plant project in the Canary Islands (GASCAN).

Once the aforementioned ruling became final, on July 6, 2022, a claim for asset liability was submitted to the Council of Ministers, with the aim of implementing an alternative mechanism to recover the costs incurred in said project, considering, based on the legal conclusions, that the recovery of the assets associated with the project is highly probable.

Since the submission of this claim, the assets and liabilities associated with the project were reclassified as long-term receivables and an initial amount of 18,655 thousands of euros were recognised, as well as the default interest.

This led to an entry in the income statement in the amount of 3,605 thousands of euros in the year 2022, under the heading "Profit from fixed assets".

At December 31, 2023 the receivable amounts to 19,536 thousands of euros (December 31, 2022: 18,929 thousands of euros).

Situation of Castor Storage Facility

functions at the Castor storage facility, which it was legally obliged to do in accordance with the provisions of sections 1 and 2 of As explained in Note 9.1 to the 2014 Annual Accounts of Enagás Transporte S.A.U. on October 4 and also in the 2014 Consolidated Annual Accounts o, 2014 the Official State Gazette published Royal Decree-Law 13/2014 of October 3, by virtue of which urgent measures were adopted in connection with the gas system and title to the nuclear power plants, with a view to guaranteeing the security of people, goods, and the environment with respect to the Castor natural gas underground storage facility, which establishes, among other matters, the following:

- The termination of the operating concession for the Castor underground storage facility, granted by Royal Decree-Law 855/2008, of May 16.
- The hibernation of the facilities associated with said concession.
- The appointment of Enagás Transporte, S.A.U. for administration of said facilities, for the sole purpose of carrying out the necessary measures for maintenance and operability during the hibernation period, prioritising the goal of guaranteeing the security of the facilities for persons, goods, and the environment, while ensuring compliance with applicable regulations. Likewise, the decision included the stipulation that the maintenance and operational costs be paid to Enagás Transporte, S.A.U. with a charge to income from tolls and royalties of the gas system.
- The recognition of the investment made for the storage facility by the titleholder of the concession which was extinguished with 1,350,729 thousands of euros, and the establishment of a payment obligation for said amount by Enagás Transporte, S.A.U. to the titleholder of the extinguished concession. As a result of assuming the payment obligation, Enagás Transporte, S.A.U. enjoys the right to collect access tolls and royalties from the gas system's monthly invoicing for 30 years, for the amount paid to the titleholder of the extinguished concession plus the financial remuneration which the Royal Decree-Law expressly recognises. Likewise, this Royal Decree-Law contains the necessary measures to guarantee full effectiveness of this collection right, that said right could be freely available to Enagás Transporte, S.A.U. or its third party titleholders, and could consequently be totally or partially ceded, transferred, discounted, pledged, or taxed in favour of any third parties, including securitisation funds or other special purpose vehicles or companies, either domestic or international. The cession of the collection right will be effective with respect to the gas system, which will pay the new titleholder the corresponding amounts.

In light of the above, on October 4, 2014, Enagás Transporte, S.A.U. signed an agreement with various financial entities by virtue of which it ceded the collection right charged to the gas system awarded by the aforementioned Royal Decree-Law, with said entities assuming the payment obligation imposed on Enagás Transporte, S.A.U. In this manner, on November 11, 2014, said financial entities made a payment of 1,350,729 thousands of euros to the titleholder of the extinguished concession.

Furthermore, Enagás Transporte, S.A.U. transferred the aforementioned contractual obligations and rights inherent to ownership of the financial asset to said financial entities, thus derecognising it from the balance sheet as the Directors of the Group consider that all associated risks and benefits have been transferred.

On December 21, 2017 the Constitutional Court handed down sentence No. 152/2017 declaring various provisions of Royal Decree-Law 13/2014 as unconstitutional and null and void due to formal errors. Specifically, (i) acknowledgement of the investment made by the renouncing concessionaire and costs accrued up to the date of said norm becoming effective, and thus the consideration in the amount of 1,350,729 thousands of euros, as well as (ii) recognition of the correlated collection right of Enagás Transporte, S.A.U. with respect to the gas system for the amount of consideration cited, considering that in both cases the reasons given for the urgency were not justified and therefore said measures should be excluded from the ordinary legislative procedure.

Notwithstanding the foregoing, the Constitutional Court did declare the following as constitutional and valid: (i) adoption of the decision to hibernate the underground storage facility; (ii) the declaration of the extinction of the concession; and (iii) the appointment of Enagás Transporte, S.A.U. for administration of the facilities to the extent the hibernation is prolonged; as well as (iv) recognition of the right to obtain remuneration for the maintenance and operability costs for Enagás Transporte, S.A.U., including any costs incurred for the administration and other related work which said Royal Decree-Law established as a requirement.

In accordance with the analysis carried out by the Company's external legal advisors, the purchase-sale contract for the collection rights signed by Enagás Transporte, S.A.U. with the financial entities represents the transfer of rights and obligations to the financial entities and in no case does it enable the buyers (or their possible transferees) the possibility of claiming reimbursement for the price received or payment of any other amounts from the seller. Thus, in no case can adverse effects arise in connection with the financing of the operation for the Company due to the sentence of the Constitutional Court, as Enagás Transporte, S.A.U. is not titleholder to the collection right which was annulled nor is it obliged to pay the titleholder of the extinguished concession.

In addition, in relation to the above, the Supreme Court issued a ruling on October 27, 2020 partially upholding the contentious-administrative appeal filed by the financial institutions against the alleged rejection by the Council of Ministers of the claim for liability of the Legislature for the partial unconstitutionality of Royal Decree-Law 13/2014, recognising the right of these appellant banks to compensation, by way of liability of the Legislature, of the total debt recognised in their favour, in the amount of 1,350,729,000 euros plus the corresponding legal interest accrued.

Likewise, in accordance with the analysis carried out and the conclusions drawn by the Company's legal advisors and external legal advisors, the aforementioned sentence of the Constitutional Court does not give rise to any negative effect on the right of Enagás Transporte, S.A.U. to obtain remuneration for the administration and operations necessary for maintenance and operability of the infrastructure, as the Royal Decree-Law was not affected in such a manner by the declaration of unconstitutionality. Similarly, on the basis of these same conclusions, it is not believed that there has been any negative effect from the process that targets the liability of the Legislator State to financial institutions, since all the risks and benefits of the financial asset have been contractually transferred to the latter and the Supreme Court has also issued a final ruling in their favour.

During 2023, no judicial or regulatory pronouncements have taken place in relation to the various rulings of previous years referring to the declaration of unconstitutionality of certain articles of Royal Decree-Law 13/2014, beyond those associated with the ordinary procedural actions of the proceedings that remain in progress.

Notwithstanding the above, it should be noted that since 2014 Enagás Transporte, S.A.U. has assumed and been performing management Article 3 of Royal Decree-Law 13/2014, which imposed on it the assumption of the administration of the facilities and of the ownership of all the rights and obligations associated with them during the entire period up to the end of the hibernation period through an agreement of the Council of Ministers referred to in Article 1.2 of the aforementioned Royal Decree-Law 13/2014.

In relation to the Castor storage facility, on November 8, 2019, the Council of Ministers published an agreement ending the hibernation of the Castor underground storage facilities and agreeing to dismantle them in phases, assigning the work to Enagás Transporte and including all the operations required for the maintenance and operation of the facilities referred to in Article 3.2 of Royal Decree-Law 13/2014 until the last phase of dismantling is completed.

With all of the above, in practice, the adoption of the aforementioned Agreement has not meant that Enagás Transporte has ceased to attend to the tasks it had been carrying out to guarantee the safety of people, property and the environment but, on the contrary, it has confirmed its obligation to continue to carry out all of the operations required for the maintenance and operation of the facilities referred to in Article 3.2 of Royal Decree-Law 13/2014 until the last phase of dismantling is completed.

And given that, due to carrying out these tasks, formerly as a storage administrator, and now as a dismantling manager, Enagás Transporte, S.A.U., has so far been assuming the costs derived from the operations maintenance and operations imposed, as well as those for the full assumption of the administration and dismantling of the storage; and given that, in addition, the right of this company to obtain remuneration for the functions entrusted by Royal Decree-Law 13/2014 and developed in relation to Castor storage remains in force, since it does not derive from Article 6, annulled by the Constitutional Court, but is expressly recognised in Article 3.2 of the former, which subsists, it is considered that the right of Enagás Transporte, S.A.U. to receive the remuneration for the costs incurred is beyond any doubt, with only the specific terms in which this right is specified remaining in doubt, since Article 6 has been annulled.

In view of the foregoing and as it is necessary to implement an alternative mechanism to receive the remuneration for said tasks, legally entrusted to Enagás Transporte and which the company is still currently carrying out, on December 21, 2018, Enagás Transporte, S.A.U. filed a claim for damages with the Ministry for Ecological Transition, requesting (i) the right of Enagás Transporte, S.A.U. to obtain compensation, for the damages sustained as a result of the administration tasks of the facilities, plus the pertinent interests, (ii) payment of the amounts corresponding to the remuneration for the costs assumed by Enagás Transporte, S.A.U., up to the moment when the resolution is issued, plus the pertinent interests, and (iii) the right of Enagás Transporte, S.A.U. to obtain compensation for the damages that may be caused to it as a consequence of the tasks of administering the facilities until such time as the Council of Ministers adopted an agreement that would put an end to the storage hibernation situation.

The aforementioned claim for liability filed on December 21, 2018 was rejected by a presumptive resolution of the Ministry for Ecological Transition. On October 3, 2019 action was pursued before the National High Court through the filing of the corresponding contentious-administrative appeal against the aforementioned presumptive resolution in order to recover all amounts corresponding to the tasks entrusted, which Enagás has continued to provide to date. With regard to this contentious-administrative appeal, in 2022 the Contentious-Administrative Chamber of the National High Court filed a question of jurisdiction in the Contentious-Administrative Chamber of the Supreme Court. It was resolved in November 2023, confirming the jurisdiction of the Supreme Court to resolve the aforementioned appeal. At the date of authorisation for issue of these consolidated accounts, the judgement of this court has not yet been delivered.

According to the legal conclusions of the external and internal advisors, it is considered that this damages lawsuit is the mechanism initiated by the Company for recovering both the amounts deducted from the remuneration corresponding to financial year 2017, the amounts not paid referring to financial years 2018 and the following, and the amounts that have been refunded as a result of the review actions by the CNMC in relation to the settlements corresponding to 2014, 2015 and 2016, included in the final approved settlements of the 2015 and 2016 years, as well as their possible interests. Based on the above, the account receivable for the right of Enagás Transporte, S.A.U. to be paid for the performance of the works, the management and the dismantling of the Castor underground storage is maintained in the balance sheet, the conclusion being upheld that there is no negative impact on the Group's financial statements as a result of the judgements of the Constitutional Court or the Supreme Court mentioned above. The amount is recorded as long-term as it is not possible to ensure a collection period of less than twelve months in accordance with the different actions.

At December 31, 2023, the amount recorded as Group revenues during 2014 to 2023 relating to the activities and work associated with the Castor storage facility infrastructure by the Enagás Group that are pending collection amounts to 105,720 thousands of euros (94,283 thousands of euros at December 31, 2022).

b) Trade and other current receivables
Trade and other current receivables

In the "Other receivables" heading, under current assets, the Enagás Group mainly records the outstanding balance corresponding to the remuneration of regulated regasification, transmission and underground storage activities at the end of financial years 2023 and 2022, in the amount of 174,378 thousands of euros and 452,695 thousands of euros, respectively. This heading will include short-term deficit of the Underground Storage business for the 2022 gas year amounting to 7,112 thousands of euros.

The deficit associated with the Local Networks activity for the 2023 and 2022 gas years, in the amount of 12,632 thousands of euros, has been recorded as long term as it is considered that it will be recovered in over 12 months.

It should be noted that, as various gas activities have resulted in surpluses (Trunk Transmission, Underground Storage and Regasification activities in gas year 2023 and Trunk Transmission and Regasification activities in gas year 2022), the corresponding amount has been reclassified to long-term and short-term liabilities based on the best estimate, in the amounts of 133,739 thousands of euros and 200,377 thousands of euros, respectively.

"Accounts receivable from contracts with customers" include the following items, broken down in accordance with IFRS 15:

	31.12.2023	31.12.2022
Accounts receivable from contracts with customers	1,722	2,565
Accounts receivable from contracts with customers and associates	2,267	2,119
Accounts receivable invoices to be issued from contracts with customers	267	35
Outstanding accounts receivable invoices to be issued from customer contracts, group companies and associates	575	1,541

(1) This heading includes the balance payable to the CNMC for Technical Management of the System (GTS) revenue, imbalances and surplus from Regasification, Transmission and Storage activities amounting to 387,842 thousands of euros (December 31, 2022: 456,774 thousands of euros).

The Group has not registered assets under contracts at December 31, 2023 or December 31, 2022.

At December 31, 2023, the Company did not have significant impairment losses on balances receivable from contracts with customers, either registered as accounts receivable or as unissued invoices.

2.3 Trade and other payables

ACCOUNTING POLICIES

The heading "Trade and other payables" includes balances payable to suppliers under reverse factoring arrangements where the financial terms are not materially different from those of other suppliers or creditors. In this regard, it should be noted that payments corresponding to reverse factoring payments to suppliers are presented as part of operating activities in the Consolidated Cash Flow Statement.

The breakdown of the heading "Trade and Other Payables" for 2023 and 2022 is as follows:

Trade and other payables	31.12.2023	31.12.2022
Debts with related companies	1,020	1,800
Rest of suppliers	550,499	615,272
Other creditors	13,656	12,668
Subtotal (Note 3.3.b)	**565,175**	**629,740**
Value added tax (Note 4.2.)	919	670
Public Treasury, payable for withholdings and other (Note 4.2.)	38,203	79,824
Total	**604,297**	**710,234**

Information on the average payment period

Below follows the information required by the Additional provision three of Law 15/2010 of July 5 (amended by Final provision two of Law 31/2014 of December 3) prepared in accordance with the Resolution of the ICAC of January 29, 2016, as well as by Law 18/2022, of September 28, on the creation and growth of companies, together with ICAC Consultation 1-132 of October 2022, regarding information to be included in the notes to the Annual Accounts in relation to the average payment period to suppliers in commercial operations.

The maximum payment term applicable to Group companies in 2023 under Law 3/2004, of December 29, establishing measures to combat late payments in commercial transactions, is 60 days. In order to obtain the foregoing information, payment obligations that have been the object of withholdings as a result of embargoes, enforcement orders, administrative compensation proceedings, or other similar acts handed down by legal or administrative bodies were excluded.

Days	2023	2022
Average payment period to suppliers	17	14

Amount	2023	2022
Total payments made in a period shorter than the maximum period (1)	753,527	1,665,008
Number of invoices paid in a period shorter than maximum period	62,997	49,607

Percentage	2023	2022
% Volume of payments in a period shorter than the maximum period	92%	91%
% Invoices paid in a period shorter than the maximum period	83%	70%

(1) This amount includes payments for transactions carried out by the Enagás Group as Technical Manager of the System.

2.4 Property, plant, and equipment

ACCOUNTING POLICIES

- The cost model is applied, that is, the corresponding assets are measured at acquisition or production cost less the corresponding accumulated amortisation and any impairment losses.
- Acquisition or production cost includes:
- Finance expenses relating to the financing of infrastructure projects accrued only during the construction period, when the building work lasts for more than one year. In 2023 and 2022, no financial expenses were capitalised for this item.
- Personnel expenses directly related to work in progress, lowering personnel expenses in the amount of 4,237 thousands of euros at December 31, 2023 (4,447 thousands of euros at December 31, 2022) (Note 2.1.b).
- The book value of these assets includes an estimate of the current value of the costs to the Group for the dismantling tasks, credited to the "Long-term provisions" heading (Note 2.9.a) of the accompanying Consolidated Balance Sheet. This provision is subject to periodic review, in order to monitor possible changes in any of the hypotheses used to estimate decommissioning costs, in this case assuming the corresponding change in book value, which would be made prospectively, as has been previously indicated in Note 2.9.a to the Consolidated Annual Accounts.
- Non-extractable gas required for exploitation of underground natural gas storage (cushion gas) is recognised under PP&E, depreciated over the specific prevailing useful life (20 years) or over the leasing period if less.
- Natural gas required for minimum levels in gas pipelines and minimum operating levels for regasification plants, (also called "heel gas") is recognised as PP&E that cannot be amortised given that it is not available for sale as indicated under current regulations. It is measured at the purchase price as indicated in Order ITC/3993/2006 an Order IET/2736/2015.
- The restatement of assets recognised under PP&E in accordance with Royal Decree-Law 7/1996 of June 7, on balance sheet restatements, has an effect of 3,135 thousands of euros on amortisation charges in 2023 (3,271 thousands of euros in 2022).
- On January 1, 2021, the new regulatory and remuneration framework came into force with the publication of Circulars 9/2019 of December 12, 2019 and 8/2020 of December 23, 2020 and Royal Decree 1184/2020 of December 29, 2020. (Appendix III).

Grants

- The official grants relating to the assets recognised under PP&E lower the acquisition cost of said assets and are taken to the income statement over the foreseen useful lives of the corresponding assets, decreasing the related amortisation.

SIGNIFICANT ESTIMATES AND JUDGEMENTS

- PP&E items are amortised using the straight-line method, applying annual amortisation rates that reflect the estimated useful lives of the corresponding assets.
- The Directors consider that the carrying amounts of the assets do not exceed the recoverable amounts which result from calculating discounted future cash flows generated by said assets based on foreseen remuneration under current regulations.
- For lease assets arising from the application of IFRS 16, the average term considered in each of the leases has been determined on the basis of both the economic substance and the contractually agreed duration as well as the assumptions on the extension/early termination of the contracts.
- Depreciation is carried out on a straight-line basis in accordance with the following useful lives:

	Annual rate	Useful life (years)
Buildings	2% - 5%	50 – 20
Technical facilities (transmission network)	2,5% - 5%	40 – 20
Tanks	5%	20
Underground Storage Facilities	5% - 10%	20 – 10
Cushion gas	5%	20
Other technical facilities and machinery	2,5% - 12%	40 – 8,33
Equipment and tools	30%	3,33
Furniture and fixtures	10%	10
Information technology equipment	25%	4
Transport equipment	16%	6,25

2023	Opening balance	Inputs or provisions	Increases or decreases due to transfers	Decreases, disposals or reductions	Balance at year-end
Land and buildings	504,114	14,830	1,246	(5,483)	514,707
Technical facilities and machinery	9,374,995	70,651	439,531	(81,349)	9,803,828
Other facilities, tools, and furniture	197,333	3,403	2,249	(2,370)	200,615
Prepayments and work in progress	579,926	74,534	(443,026)	(5,560)	205,874
Capital grants	(601,792)	(1,593)	—	12	(603,373)
Total cost	**10,054,576**	**161,825**	**—**	**(94,750)**	**10,121,651**
Land and buildings	(253,503)	(16,111)	—	659	(268,955)
Technical facilities and machinery	(5,895,106)	(237,178)	—	1,332	(6,130,952)
Other facilities, tools, and furniture	(94,198)	(11,276)	—	1,445	(104,029)
Capital grants	460,114	9,024	—	—	469,138
Total amortisation	**(5,782,693)**	**(255,541)**	**—**	**3,436**	**(6,034,798)**
Technical facilities and machinery	(15,329)	—	—	—	(15,329)
Prepayments and work in progress	(91,642)	(365)	—	4,345	(87,662)
Total impairment	**(106,971)**	**(365)**	**—**	**4,345**	**(102,991)**
Land and buildings	250,611	(1,281)	1,246	(4,824)	245,752
Technical facilities and machinery	3,464,560	(166,527)	439,531	(80,017)	3,657,547
Other facilities, tools, and furniture	103,135	(7,873)	2,249	(925)	96,586
Prepayments and work in progress	488,284	74,169	(443,026)	(1,215)	118,212
Capital grants	(141,678)	7,431	—	12	(134,235)
Net carrying amount of property, plant, and equipment	**4,164,912**	**(94,081)**	**—**	**(86,969)**	**3,983,862**

2022	Opening balance	Inputs or provisions	Increases or decreases due to transfers	Decreases, disposals or reductions	Balance at year-end
Land and buildings	496,537	7,617	—	(40)	504,114
Technical facilities and machinery	9,388,489	7,597	39,222	(60,313)	9,374,995
Other facilities, tools, and furniture	194,304	3,174	—	(145)	197,333
Prepayments and work in progress	610,024	50,381	(39,222)	(41,257)	579,926
Capital grants	(605,776)	(156)	—	4,140	(601,792)
Total cost	**10,083,578**	**68,613**	**—**	**(97,615)**	**10,054,576**
Land and buildings	(238,193)	(15,324)	—	14	(253,503)
Technical facilities and machinery	(5,672,778)	(231,808)	—	9,480	(5,895,106)
Other facilities, tools, and furniture	(83,392)	(10,893)	—	87	(94,198)
Capital grants	450,936	9,181	—	(3)	460,114
Total amortisation	**(5,543,427)**	**(248,844)**	**—**	**9,578**	**(5,782,693)**
Technical facilities and machinery	(14,962)	(367)	—	—	(15,329)
Prepayments and work in progress	(96,637)	(812)	—	5,807	(91,642)
Total impairment	**(111,599)**	**(1,179)**	**—**	**5,807**	**(106,971)**
Land and buildings	258,344	(7,707)	—	(26)	250,611
Technical facilities and machinery	3,700,749	(224,578)	39,222	(50,833)	3,464,560
Other facilities, tools, and furniture	110,912	(7,719)	—	(58)	103,135
Prepayments and work in progress	513,387	49,569	(39,222)	(35,450)	488,284
Capital grants	(154,840)	9,025	—	4,137	(141,678)
Net carrying amount of property, plant, and equipment	**4,428,552**	**(181,410)**	**—**	**(82,230)**	**4,164,912**

The increase in the year in "Technical facilities and machinery" is mainly due to the acquisition of the Reganosa gas pipeline network for 53,460 thousands of euros.

The increases in "Prepayments and work in progress" are mainly due to the acquisition of compressor units, motor compressors, air conditioning equipment and work on the Gaviota and Yela underground storage facilities and the Almendralejo and Zamora compressor stations, amounting to 23,939 thousands of euros. It also includes actions for the transmission activity, amounting to 12,832 thousands of euros, the overhaul of unloading arms and adaptations at the Barcelona, Cartagena and Huelva regasification terminals, amounting to 15,010 thousands of euros, and the investment in technical installations for the start-up of the regasification terminal at Puerto el Musel (Gijón), amounting to 7,166 thousands of euros.

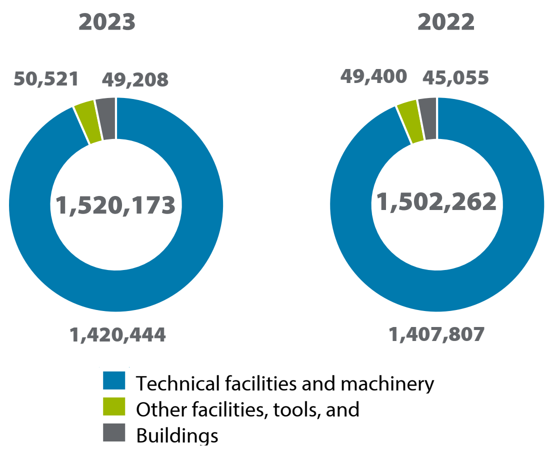
The most significant disposals relate to the heading "Technical facilities and machinery" and are mainly due to the updating of the dismantling of plants and underground storage facilities, amounting to 64,656 thousands of euros.

Transfers recorded under "Technical facilities and machinery" mainly include the work carried out for commissioning based on the commissioning certificate dated July 28, 2023, the value of the tangible assets corresponding to the regasification plant at the Port of El Musel (Gijón), amounting to 389,861 thousands of euros, compression units and motor compressors at the Almendralejo and Coreses Compressor Station, amounting to 15,722 thousands of euros, workover actions and engineering at the Yela and Serrablo underground storage facilities for 11,869 thousands of euros, electricity generation equipment, renovation and capacity at plants and underground storage facilities for 7,134 thousands of euros, and in the basic gas pipeline network, the León-Oviedo alternative gas pipeline route for 6,063 thousands of euros.

There are no mortgages or encumbrances of any type on assets recorded as property, plant, and equipment.

The Group's policy is to provide sufficient insurance coverage for its assets so as to avoid any significant losses. In addition, the Group has contracted the corresponding insurance policies to cover third party civil liabilities.

Fully amortised PP&E assets recognised by the Enagás Group and still in use at 2023 and 2022 year-end are broken down as follows:



a) Subsidies

Accumulated capital grants received at year-end which correspond to investments in gas infrastructure are broken down as follows:

	Grants received	Released to income	Balance at year-end
Regasification plants	81,365	(78,470)	2,895
Gas transmission infrastructure	483,843	(353,030)	130,813
Underground storage facilities	37,725	(37,638)	87
Other items of property, plant and equipment	440	—	440
2023	**603,373**	**(469,138)**	**134,235**
Regasification plants	80,987	(78,316)	2,671
Gas transmission infrastructure	483,079	(344,188)	138,891
Underground storage facilities	37,726	(37,610)	116
2022	**601,792**	**(460,114)**	**141,678**

The breakdown at year-end of said capital grants by public body which grants them is as follows:

	Grants received	Released to income	Balance at year-end
Structural funds of the European Union	437,337	(326,713)	110,624
Official bodies of the Spanish Autonomous Regions	51,905	(37,456)	14,449
Spanish Government	114,131	(104,969)	9,162
2023	**603,373**	**(469,138)**	**134,235**
Structural funds of the European Union	436,038	(319,726)	116,312
Official bodies of the Spanish Autonomous Regions	51,905	(36,388)	15,517
Spanish Government	113,849	(104,000)	9,849
2022	**601,792**	**(460,114)**	**141,678**

The breakdown by timing criteria of the balance pending application at December 31, 2023 is as follows:

	years		
	<1	2 to 5	>5
Government grants	936	4,484	3,742
Autonomous Regions grants	1,064	4,730	8,655
FEDER grants	6,899	33,694	70,031
Total grants	**8,899**	**42,908**	**82,428**

b) Supplementary information on IFRS 16

The activity during the 2023 and 2022 financial years in rights of use by category included under "Property, plant and equipment" was as follows:

	Balance at 12.31.2022	Additions (1)	Disposals (1)	Amortisation	Write-offs	Balance at 12.31.2023
Land and natural assets	155,327	1,037	(4,676)	(8,747)	12	142,953
Buildings	12,823	13,120	—	(3,874)	—	22,069
Technical facilities	189,283	9,165	(12,319)	(8,435)	—	177,694
Machinery	488	24	(29)	(258)	29	254
Furniture	276	—	(23)	(66)	7	194
Transport equipment	15,338	1,606	(2,350)	(6,671)	2,030	9,953
Total	**373,535**	**24,952**	**(19,397)**	**(28,051)**	**2,078**	**353,117**

(1) The additions and disposals recorded in the year 2023 are mainly due to updates of the maturities of various lease agreements, as well as respective CPI updates and revisions of the future instalments payable on the fibre optic contract.

	Balance at 12.31.2021	Additions (1)	Disposals (1)	Amortisation	Write-offs	Balance at 12.31.2022
Land and natural assets	161,241	2,732	(667)	(8,580)	601	155,327
Buildings	12,466	5,442	(1,270)	(3,815)	—	12,823
Technical facilities	239,639	12,949	(53,707)	(9,598)	—	189,283
Machinery	101	293	(119)	(123)	336	488
Furniture	98	161	(26)	(40)	83	276
Transport equipment	20,483	1,656	(609)	(6,823)	631	15,338
Total	**434,028**	**23,233**	**(56,398)**	**(28,979)**	**1,651**	**373,535**

Likewise, the maturity of financial liabilities for IFRS 16 leases is as follows:

Maturity	12.31.2023	12.31.2022
Up to 3 months	9,334	9,222
Between 3 and 12 months	28,342	28,261
Between 12 months and 5 years	122,285	121,901
More than 5 years	322,483	354,375
Total without deduction	**482,444**	**513,759**
Updating effect	(103,429)	(113,856)
Total Debt IFRS 16 Leases (Note 3.4b)	**379,015**	**399,903**

Regasification plant - Port of El Musel (Gijón)

In relation to the situation of the regasification plant at the Port of El Musel (Gijón), on February 3, 2023, the CNMC notified the company of the Resolution establishing a special temporary economic regime for this infrastructure, and on February 17, 2023, the terminal received approval from the CNMC of the special economic regime for its logistics use.

Subsequently, on June 7, 2023, the Ministry for Ecological Transition and the Demographic Challenge (MITECO) granted Administrative Authorisation to the El Musel LNG terminal by Ministerial Order TED/578/2023, establishing the technical conditions for the provision of LNG logistics services at the plant.

The logistics services offered by this infrastructure, which are provided on the basis of unregulated access, are the unloading and loading of ships and storage, which were allocated in favour of Endesa as part of the "open season" process.

In addition, the Terminal will offer regulated access services, such as the regasification capacity strictly necessary for the efficient management of boil-off gas as well as tanker truck loading.

Following the publication of the Ministerial Order, on July 28 the Commissioning Certificate was approved by the Industry and Energy Department of the Government Delegation in the Principality of Asturias, in accordance with the terms established in article 85 of Royal Decree 1434/2002, at which time both the provision of the aforementioned logistics services and the economic regime applicable to the terminal established by the Resolution of the Regulatory Supervision Chamber of the CNMC, dated February 3, 2023, commenced, thus initiating the corresponding depreciation of the property, plant and equipment corresponding to the terminal.

2.5 Intangible assets

ACCOUNTING POLICIES

Goodwill and business combinations

- **The acquisition of control of a subsidiary by the parent constitutes a business combination, which is recognised using the acquisition method.**
- **Goodwill or negative goodwill arising on the combination is calculated as the difference between the fair value of the assets acquired and liabilities assumed which meet the relevant recognition criteria and the cost of the business combination, all measured at the acquisition date.**
- **Goodwill that arises upon acquisition of companies whose functional currency is not the euro is recognised in the functional currency of the acquired company, translating to euros at the exchange rate prevailing at the balance sheet date.**
- **Goodwill is not amortised and is subsequently measured at cost less any impairment losses. Goodwill impairment losses are not reversed in subsequent periods.**

Other intangible assets

- **Development costs are capitalised by amortising on a straight-line basis over the corresponding useful life, provided they are specifically itemised by project, their amounts can be clearly established, and technical success and economic and commercial feasibility of the project are reasonably assured.**

The Group recognises all research expenses in the Consolidated Income Statement, including those development costs for which technical and commercial viability cannot be established. The amount recognised in the accompanying Consolidated Income Statement in connection with research expenses totals 885 thousands of euros in 2022 (549 thousands of euros in 2022).

- **Concessions can only be included under assets when acquired for consideration separately by the Company and corresponding to concessions that can be transferred, or in the amount of expenses incurred to acquire them directly from the corresponding State or Public Authority. Should circumstances involving non-compliance with stipulated conditions arise which lead to the loss of rights related to a concession, the corresponding carrying amount for the concession will be written down in order to cancel the net value. These concessions are amortised on the basis of their useful lives.**
- **Acquisition and development costs incurred with respect to basic IT systems used for management are recognised with a charge to "Intangible assets" in the Consolidated Balance Sheet. Maintenance costs of IT systems are recognised in the Consolidated Income Statement for the year in which they are incurred. They are measured at the amount disbursed for ownership or right-of-use of the IT programs, as well as their production cost if they are developed by the Group.**

SIGNIFICANT ESTIMATES AND JUDGEMENTS

- **Amortisation of intangible assets is carried out on a straight-line basis in accordance with the following useful lives:**

	Annual rate	Useful life (years)
IT applications	10% - 25%	10 - 4
Development costs	5% - 50%	20 - 2
Port concessions (IFRS 16)	1,28% - 7,6%	78 - 13

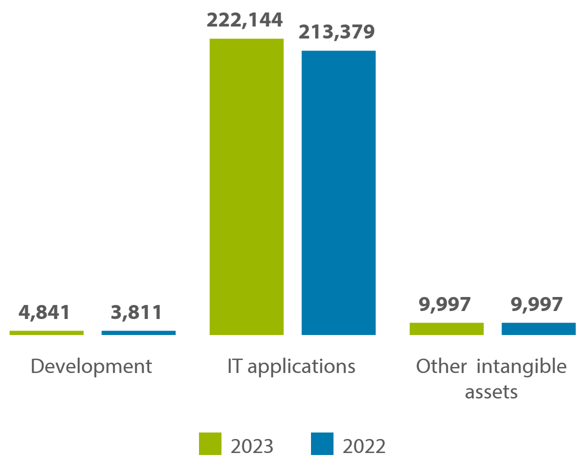
2023	Opening balance	Additions or allocations (2)	Increases or decreases due to transfers	Decreases, disposals or reductions	Balance at year-end
Goodwill (1)	17,521	—	—	—	17,521
Other intangible assets		—	—	—	
Development	9,157	395	—		9,552
Concessions	5,871	—	—	—	5,871
IT applications	298,178	17,471	84	—	315,733
Other intangible assets	8,253	633	(84)		8,802
Total cost	**338,980**	**18,499**	**—**	**—**	**357,479**
Other intangible assets					
Development	(6,906)	(430)	—		(7,336)
Concessions	(4,207)	(49)	—	—	(4,256)
IT applications	(236,862)	(17,323)	—	—	(254,185)
Other intangible assets	(7,836)	—	—	—	(7,836)
Total amortisation	**(255,811)**	**(17,802)**	**—**	**—**	**(273,613)**
Goodwill (1)	—				—
Other intangible assets	—				—
Total impairment	**—**	**—**	**—**	**—**	**—**
Total Goodwill	17,521	—	—	—	17,521
Total Other intangible assets	65,648	697	—	—	66,345
Net carrying amount of intangible assets	**83,169**	**697**	**—**	**—**	**83,866**

(1) Corresponds to the goodwill arising on the acquisition of ETN.
(2) Among the additions in the year, the most significant were computer applications for the evolution in technological services IT infrastructures, cybersecurity and metering processes for 7,139 thousands of euros, adaptation to the gas system billing regulations for 3,637 thousands of euros, migration and technological security SL-ATR for 2,110 thousands of euros, implementation of the Monarch SCADA system for 1,055 thousands of euros and development of the analytical model Finance UP for 1,019 thousands of euros.

2022	Opening balance	Additions or provisions	Increases or decreases due to transfers	Decreases, disposals or reductions	Balance at year-end
Goodwill	25,812	—	—	(8,291)	17,521
Other intangible assets					
Development	12,818	500	—	(4,161)	9,157
Concessions	5,871	—	—	—	5,871
IT applications	276,461	21,717	—	—	298,178
Other intangible assets	9,815	—	—	(1,562)	8,253
Total cost	**330,777**	**22,217**	**—**	**(14,014)**	**338,980**
Other intangible assets					
Development	(6,404)	(502)	—		(6,906)
Concessions	(4,159)	(48)	—	—	(4,207)
IT applications	(222,134)	(14,728)	—	—	(236,862)
Other intangible assets	(7,836)	—	—	—	(7,836)
Total amortisation	**(240,533)**	**(15,278)**	**—**	**—**	**(255,811)**
Goodwill	(2,609)	—	—	2,609	—
Other intangible assets	(1,011)	—	—	1,011	—
Total impairment	**(3,620)**	**—**	**—**	**3,620**	**—**
Total Goodwill	23,203	—	—	(5,682)	17,521
Total Other intangible assets	63,421	6,939	—	(4,712)	65,648
Net carrying amount of intangible assets	**86,624**	**6,939**	**—**	**(10,394)**	**83,169**

Fully amortised elements

Fully amortised intangible assets recognised by the Enagás Group and still in use at 2023 and 2022 year-end are detailed as follows:



2.6 Non-current assets held for sale

ACCOUNTING POLICIES

- **An entity classifies a non-current asset (or disposal group) as held for sale if its carrying amount will be recovered through a sale transaction rather than through continuing use.**
- **For the classification, the asset (or disposal group) must be available for immediate sale in its present condition, which is expected to be completed within one year from the date of classification, with the period being extended if the delay is caused by events and circumstances beyond the company's control and there is sufficient evidence of commitment to the sale plan and a reasonable price is negotiated than Management can consider acceptable.**
- **An entity shall measure non-current assets (or disposal groups) classified as held for sale at the lower of their carrying amount and fair value less costs to sell.**

SIGNIFICANT ESTIMATES AND JUDGEMENTS

Classification in this category involves the application of judgement to determine whether the asset (or disposal group) meets the above requirements by performing a detailed analysis of the particular facts and circumstances of each transaction.

On April 24, 2023, Enagás Internacional, S.L.U. effectively closed the transaction whereby Enagás Internacional, S.L.U. transferred its shareholdings in Gasoducto de Morelos, S.A.P.I. de C.V. and Morelos O&M, S.A.P.I. de C.V. under the agreement of sale to MIP V International AIV, L.P. (a wholly owned subsidiary, indirectly, of the Macquarie Infrastructure Partners V, L.P. fund managed by Macquarie Asset Management). The agreement was signed in 2021 for 190 million dollars (100%), resulting in an after-tax capital gain for the Enagás Group of 42.2 million euros.

As it has not represented a line of business, it has not been included in the income statement as a discontinued operation.

2.7 Impairment of non-financial assets

ACCOUNTING POLICIES

- With respect to goodwill, at the closing of each year, or more frequently if certain circumstances or changes arise which indicate that the net value of said goodwill may not be entirely recoverable, and when there are indications of impairment losses on the remaining non-current assets, the Company analyses the corresponding recoverable amounts to determine the possibility of impairment.
- The potential impairment loss is determined by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units) to which the goodwill relates at the time it arises.
- The period used by the Enagás Group to determine the projected cash flows of the cash-generating units corresponds to the period in which the asset accrues revenue associated with the investment (Appendix III). At the closing of this period, the Enagás Group considers residual values based on the cash flows of the last period with a growth rate equal to zero.

SIGNIFICANT ESTIMATES AND JUDGEMENTS

Determination of impairment losses on non-current assets other than financial assets is based on fulfilment of a series of hypotheses which are described below in this note and are revised annually. The Group identifies its operating segments based on internal reports relating to the companies comprising the Group which are regularly reviewed, discussed, and evaluated in the decision-making process, as indicated in Note 4.7.

To the extent that assets grouped within a segment are at the lowest level at which independent cash flows can be identified, the segment is identified as a cash generating unit (CGU).

The CGUs identified by the Enagás Group in 2023 are shown below:

- Infrastructure activity in Spain (includes transmission, regasification, and storage).
- Technical Management of the System.

In addition, as explained in Note 1.6, for investments accounted for by the equity method, each associate or joint venture is considered as a CGU.

The goodwill presented in the balance sheet is allocated to the Infrastructure Activity CGU in Spain.

To estimate value in use, the Enagás Group prepares forecasts regarding future cash flows after taxes based on the most recent budget approved by the Directors. The best estimates available for income, costs, investment and dividends (in the case of investments accounted for using the equity method) relating to CGUs are used for said forecasts, making use of past experience, sector forecasts, and future expectations, in accordance with the prevailing regulatory framework and corresponding contracts.

With regard to infrastructure activities, in continuation of the impairment methodology applied in previous years, the best estimate of revenue items is used, calculated on the basis of the changes in the parameters taken into account in the current remuneration framework. This criterion is in line with that used in the economic and financial projections included in the strategic update of the Enagás Group. Therefore, in order to determine the residual value, in application of standard market methodological practices, it is assumed that the flows of the last year analysed will be normalised (taking as a reference base the projection of the main variables of the current remuneration framework at both the revenue level - financial/ amortisation/REVU/OPEX - and the expense level - OPEX and amortisation) without applying any adjustment and assuming a growth rate equal to zero.

The last period considered for projections is the one corresponding to the year in which the regulatory useful life ends, based on the age of the facilities at the time.

With respect to the activities corresponding to Technical Management of the System, residual values were calculated based on the cash flows of the last financial year, using a zero growth rate and no normalisation adjustments. This is due to the fact that, as indicated in Appendix III, revenue corresponding to this activity is meant to settle the obligations of Enagás GTS, S.A.U. as Technical Manager of the System. This is calculated according to the applicable remuneration methodology for the 2021-2023 and 2024-2026 regulatory periods (see Note 2.1). For the last period, the same criteria were applied as those used for infrastructure activity, under the understanding that while the gas infrastructure is operational and there is demand for gas, technical management of the gas system will continue.

As mentioned in Note 2.1 and developed in Appendix III, on January 1, 2021, the new regulatory and remuneration framework came into force with the publication of Circulars 9/2019 of December 12, 2019 and 8/2020 of December 23, 2020 and Royal Decree 1184/2020 of December 29, 2020.

The modifications in the remuneration model incorporated in these have been taken into account in the calculation of the projected flows from January 1, 2021.

The Directors consider that their projections are reliable and that past experience, taken together with the nature of the business, make it possible to predict cash flows for the periods under consideration.

The most representative hypotheses used in the projections, based on business forecasts and past experience, are the following:

- Operating and maintenance costs were estimated considering the prevailing operation and maintenance contracts, as well as remaining estimated costs based on sector knowledge and past experience. The projections made were consistent with the growth expected as a result of the investment plan.
- Other revenue and costs were projected based on sector knowledge, past experience, consistent with the growth expected as a result of the investment plan.
- Future dividends have been projected based on the company's knowledge, past experience and activity in free cash flows.
- In addition, lease liabilities have not been taken into account in the value in use of the CGU or in its carrying amount.
- In order to calculate present value, projected future cash flows are discounted at an after-tax rate which reflects the weighted average cost of capital (WACC) corresponding to the business and the geographical area in which the business is carried out. For its calculation, the time value of money is taken into consideration together with the risk-free rate and risk premiums generally used by analysts of the business and geographic area in question. The risk-free rate corresponds to the sovereign bonds issued by each country in the corresponding market, with sufficient depth and solvency. However, associated country risk is also taken into consideration for each geographical area. The risk premium of the asset corresponds to the risks specific to the asset, calculated taking into consideration the estimated betas in accordance with the selection of comparable businesses dedicating themselves to a similar main activity.

- Regulated remuneration was estimated in accordance with the remuneration approved by CNMC Circulars and RD 1184/2020 for the years in which it is available, while for subsequent years the same updating mechanisms established by law have been used and a better estimate has been made for the costs paid based on audited costs.
- Investment: the best available information on investment plans for assets and maintenance of infrastructures and systems has been used, based on the one hand on the history of investment in maintenance and systems and, on the other, in new projects that are highly likely to be executed in accordance with the work in progress being developed with the Ministry and the CNMC.
- In addition, lease liabilities have not been taken into account in the value in use of the CGU or in its carrying amount. The after-tax discount rate for regulated activities in Spain will be between 5.1% and 7.0% in 2023 (between 3.8% and 5.8% in 2022), while the pre-tax rate will be between 6.7% and 9.3% in 2023 (between 4.6% and 6.5% in 2022).
- Considering that all the CGUs have been operating normally during 2023, the sensitivity analysis of the discount rate has been performed using a range of +0.5% and -0.5%. No significant associated risks have arisen from this analysis. Thus, the Group management considers that, within the specified ranges, there would be no changes in the impairment calculation.

2.8 Other non-current liabilities

The heading "Other current liabilities" includes mainly liabilities from customer contracts, in accordance with IFRS 15, the breakdown and changes of which are shown below:

Other non-current liabilities	Connections to basic network	Other	Total
Balance at December 31, 2021	**37,421**	**806**	**38,227**
Additions	761	203	964
Disposals	(999)	—	(999)
Reclassifications	(675)	(796)	(1,471)
Recognised in profit and loss	(1,023)	—	(1,023)
Balance at December 31, 2022	**35,485**	**213**	**35,698**
Additions	697	—	697
Reclassifications	210	(6)	204
Recognised in profit and loss	(485)	—	(485)
Balance at December 31, 2023	**35,907**	**207**	**36,114**
Of which:			
Liabilities from long-term customer contracts	35,907	—	35,907
Other non-current liabilities	—	207	207

At December 31, 2023, the heading "Liabilities from customer contracts" includes performance obligations pending execution with an estimated term of more than one year, amounting to 2,017 thousands of euros (1,743 thousands of euros at December 31, 2022).

At December 31, 2023, the Enagás Group had no refund or reimbursement rights associated with contracts with customers.

2.9 Provisions and contingent liabilities

SIGNIFICANT ESTIMATES AND JUDGEMENTS

- **The Consolidated Annual Accounts include all significant provisions when the Group considers that it will more likely than not have to settle the related obligations. Contingent liabilities are not recognised in the Consolidated Annual Accounts, but rather are disclosed, unless the possibility of an outflow of resources embodying economic benefits is considered remote.**
- **Provisions, which are quantified taking into consideration the best available evidence on implications of obligating events and that are re-estimated at each balance sheet date, are used to cover the specific obligations for which they were originally recognised and are partially or fully reversed when said obligations decrease or cease to exist.**
- **The compensation to be received from a third party when an obligation is settled is recognised as an asset, provided it is certain that reimbursement will be received, unless there is a legal relationship whereby a portion of risk has been externalised as a result of which the Group is not liable, in which case, reimbursement will be taken into consideration in estimating the amount of any provisions.**

  The policy followed with respect to the recognition of provisions for risks and expenses is to recognise the estimated amount required to settle probable or certain liabilities arising from litigation underway, pending indemnities or liabilities, sureties and similar guarantees. They are recognised upon emergence of the liability or obligation determining the indemnity or payment.
- **At year-end 2023 and 2022, several legal proceedings were underway against business groups in connection with matters relating to the normal course of their activities. The Group's legal advisors and Directors consider that the final outcome of these proceedings and claims will not have a significant effect on its future Consolidated Annual Accounts.**
- **Dismantling provisions are subject to periodic review, in order to monitor possible changes in any of the assumptions used, assuming in that case the corresponding change in book value, applied prospectively.**

a) Provisions

The movements during the period under the heading "Non-current provisions" and "Current provisions" were as follows:

Current and non-current provisions	Opening balance	Additions and provisions	Updates	Exchange rate differences	Reclassifications	Disposals and Applications	Balance at year-end
Other long-term provisions	2,337	2,833	—	(3)	771	(1,069)	4,869
Dismantling	428	6,163	—	—	—	(323)	6,268
Total non-current provisions	293,128	—	2,107	—	—	(64,656)	230,579
Other short-term provisions	**295,893**	**8,996**	**2,107**	**(3)**	**771**	**(66,048)**	**241,716**
Total current provisions	11,564	—	—	(165)	—	(6,644)	4,755
Total current and non-current provisions	**11,564**	**—**	**—**	**(165)**	**—**	**(6,644)**	**4,755**
Total provisiones corrientes y no corrientes	**307,457**	**8,996**	**2,107**	**(168)**	**771**	**(72,692)**	**246,471**

The dismantling provisions correspond to the underground storage facilities of Gaviota, Yela, and Serrablo, as well as the regasification plants of Barcelona, Cartagena, Huelva, and El Musel (Gijón) in accordance with the prevailing regulatory framework (Note 2.4 and Appendix III).

These provisions have been updated in the periods following its incorporation, applying a discount rate before taxes that reflects the current assessments that the market is making of the temporal value of money, and those specific risks related to the actual obligation subject provision.

In addition, dismantling provisions are subject to periodic review, in order to monitor possible changes in any of the assumptions used, assuming in that case the corresponding change in book value, applied prospectively.

The following movements have taken place in 2023:

- An increase in the dismantling provision due to the effect of the financial restatement, which has resulted in an amount of 2,107 thousands of euros in 2023, which has been recorded as a financial expense (2022: 2,202 thousands of euros).
- In addition, at December 31, 2023, as part of this periodic review, the value of decommissioning was re-estimated, resulting in an increase in the amount of 64,656 thousands of euros.

Lastly, the Group has proceeded to perform the corresponding sensitivity analyses, showing that a change in the discount rate of 5 basis points and a variation in estimated dismantling provisions of 2.5%, would result in a change in the amount recognised for the provision of (3.31%)-3.12%.

"Personnel remuneration" includes the accrued cash portion of the Long-Term Incentive Plan ("ILP") for the Executive Director and senior management (Note 4.4) as well as the bonus payable every three years for contribution to results aimed at the remaining personnel of the Group, payable on 2025.

Other long-term liabilities include, among others, a provision that has its origin in the disputed tax assessments due to the non-acceptance of part of the deduction for technological innovation (TI) applied in the 2012-2015 financial years in the amount of 5.7 million euros (this amount includes the fee and interest on arrears). (Note 4.2)

The Directors of the Company consider that the provisions recognised in the accompanying Consolidated Balance Sheet for litigation and arbitration risk as well as other risks described in this note are adequate and, in this respect, they do not expect any additional liabilities to arise other than those already recorded. Given the nature of the risks covered by these provisions, it is not possible to determine a reasonably reliable schedule of payment dates, if any.

b) Contingent liabilities

At December 31, 2023, the Enagás Groups has a contingent liability amounting to 2 million euros further to those indicated in Note 3.3.a in relation to the GSP project in Peru, as well as in Note 4.2.

3. Capital structure, financing and financial result

RELEVANT ASPECTS

Financial leverage

- Financial leverage at December 31, 2023 amounted to 53.0% (53.0% in 2022) (Note 3.7).
- On December 15, 2023, the credit rating agency Fitch Ratings maintained Enagás' outlook at stable, and placed Enagás' rating at BBB. On December 4, 2023, the credit rating agency Standard & Poor's placed Enagás' credit rating at BBB, with a stable outlook (Note 3.7).

Equity

- At December 31, 2023, equity has increased by 7% compared to the previous year, to a total of 3,000 million euros.
- The share price of the parent company, Enagás, S.A. recognised at December 31, 2023 amounted to 15.265 euros.
- No individual or legal entity can invest directly or indirectly in a proportion in excess of 5% of the share capital of Enagás, S.A., nor exercise political rights in this company above 3% (1% for those subjects who, directly or indirectly, perform activities in the gas sector). These restrictions are not applicable to direct or indirect holdings corresponding to the public business sector (Note 3.1.a).

Net financial debt

- Net financial debt is the main indicator used by Management to measure the Group's debt level. At December 31, 2023 net financial debt amounted to 3,347 million euros (3,469 million euros in 2022) (Note 3.4.a).
- The average annual interest rate during 2023 for the Group's gross financial debt amounted to 2.6% (1.8% in 2022). (Note 3.4.a).
- The percentage of fixed rate net financial debt at December 31, 2023 and December 31, 2022 amounted to more than 80%, with the average maturity period of the debt at December 31, 2023 being 3.9 years (4.4 years at December 31, 2022) (Note 3.4.a).

Available funds

- The Group has available funds in the amount of 3,309 million euros at December 31, 2023 (3,794 million euros in 2022) (Note 3.8.b).

Financial result

- Total financial expenses went from 100 million euros in 2022 to 128 million euros in 2023 (Note 3.5).
- Financial income and similar increased from 38 million euros in 2022 to 46 million euros in 2023. (Note 3.5).

Derivative financial instruments

- At December 31, 2023, the net fair value of the Group's derivatives, including assets and liabilities derivatives, was 9 million euros of liabilities (21 million euros of liabilities at December 31, 2022) (Note 3.6). During 2023, the Group maintains cash-flow hedges and net investment hedges.

Gasoducto Sur Peruano, S.A. ("GSP")

- In relation to the situation of the investment in GSP, as a result of the termination of the concession contract on January 24, 2017, the dispute between the Peruvian State and Enagás regarding the application of the investment recovery mechanism established in the GSP Concession contract continues. In this regard, an international arbitration was initiated in 2018 under the Agreement for the Promotion and Reciprocal Protection of Investments (hereinafter, APPRI) Spain-Peru, as detailed in Note 3.3.a submitted to the International Centre for Settlement of Investment Disputes (hereinafter ICSID). This proceeding continues to take its regular course, and once hearings have been held and briefs filed in the second half of 2022, the award is expected. According to the indications of the Arbitration Court, it is at an advanced stage and is expected to be issued during the first half of 2024.
- In order to enforce the application of TGP's Legal Stability Agreements against the prohibitions on the transfer abroad of the dividends collected on said investment, after initiating direct treatment on February 24, 2021 with the Peruvian State, on December 23, 2021, the request for arbitration proceedings was filed with ICSID under the Spain-Peru APPRI (Note 3.3.a). This procedure continues its regular course, with Enagás having filed an statement of claim with ICSID on June 1, 2023, as well as the response from the Peruvian State on October 6, 2023.
- At December 31, 2023, the total amount to be recovered by GSP amounted to 456,779 thousands of euros (473,999 thousands of euros at December 31, 2022) relating to both the recovery of the financial investment in this company and the credit rights associated with the recovery of the guarantees executed against the Enagás Group as a result of the termination of the concession contract in GSP (Note 3.3.a)

3.1 Equity

a) Share capital

At both 2023 and 2022 year-end the share capital of Enagás S.A. amounted to 392,985 thousands of euros, represented by 261,990,074 shares with a face value of 1.5 euros each, fully subscribed, and paid in.

All shares of the parent company Enagás, S.A. are listed on the four official Spanish Stock Exchanges and are traded on the continuous market. At the closing of December 31, 2023 the quoted share price was 15.265 euros, having reached a maximum of 18.515 euros per share on June 6, 2023.

It is worth noting that, subsequent to publication of Additional Provision 31 of Hydrocarbon Sector Law 34/1998, in force since enactment of Law 12/2011, of May 27,"no natural or legal person can participate directly or indirectly in the shareholder structure of Enagás, S.A with a stake exceeding 5% of share capital, nor exercise political rights in said parent company exceeding 3%. These shares cannot be syndicated under any circumstances." Furthermore, "any party operating within the gas sector, including natural persons or legal entities that directly or indirectly own equity holdings in the former of more than 5%, may not exercise voting rights over 1%. Said limitations shall not be applicable to direct or indirect interest held by the public corporate sector."

At December 31, 2023 and 2022 the most significant shareholdings in the share capital of Enagás, S.A. were as follows (from the information published by the National Securities Market Commission (CNMV in Spanish) (1) at December 31, 2023):

Company	Investment in share capital (%) 12.31.2023	12.31.2022
Sociedad Estatal de Participaciones Industriales	5.000	5.000
Partler 2006 S.L.	5.000	5.000
Bank of America Corporation	3.614	3.614
BlackRock Inc.	5.422	4.988
State Street Corporation	—	3.008
Mubadala Investment Company PJSC	3.103	3.103

(1) The information obtained from the CNMV was based on the last notification that each entity thus obliged must send to said body, in connection with the stipulations of Royal Decree 1362/2007, of October 19 and Circular 2/2007, of December 19.

b) Issue premium

At December 31, 2023 and 2022 the Parent Company's issue premium amounted to 465,116 thousands of euros.

The Consolidated Text of the Corporate Enterprises Act expressly permits the use of the issue premium account balance to increase capital and does not establish any specific restrictions as to its use.

c) Treasury shares

At December 31, 2023, once the process for delivering and acquiring treasury shares has been completed, Enagás, S.A.'s treasury shares amounted to 723,579, representing 0.28% of the total shares issued by Enagás, S.A. at December 31, 2023. This acquisition took place within the framework of the "Temporary Treasury Share Buy-Back Scheme", whose exclusive aim was to meet the obligations of delivering shares to the Executive Director and members of the Enagás Group management team under the current remuneration scheme according to the terms and conditions of the 2022-2024 Long-Term Incentive Plan (ILP) and the Remuneration Policy approved at the General Shareholders' Meeting held on March 31, 2022. The shares were purchased in compliance with the conditions set out in Article 5 of Regulation EC/2273/2003 and subject to the terms authorised at the General Shareholders' Meeting held on March 31, 2022. Management of the Temporary Treasury Share Buy-Back Scheme was entrusted to Banco Bilbao Vizcaya Argentaria (BBVA), which carried out the transaction on behalf of Enagás, S.A. independently and without exercising influence on the process (Note 4.4).

During the period from January 1, 2023 to December 31, 2023, the following movements in treasury shares have taken place:

No. of shares as at January 1, 2023	No. of shares acquired new target	No. of shares implemented for the target	Nº acciones al 31 de diciembre 2023
821,375	—	(97,796)	723,579

d) Reserves

The Corporate Enterprises Act stipulates that 10% of profit for the year must be transferred to the legal reserve until it represents at least 20% of share capital. At 2023 and 2022 year-end, the legal reserve was fully allocated and totalled 78,597 thousands of euros.

The legal reserve can be used to increase capital by the amount exceeding 10% of the new capital after the increase. Except for this purpose, until the legal reserve exceeds the limit of 20% of capital, it can only be used to compensate losses provided there are no other reserves available.

e) Income and expenses recognised directly in equity

	Opening balance	Change in value	Recognised in profit and loss	Balance at year-end
2023				
Cash flow hedges	(8,318)	2,480	583	(5,255)
Tax recognised in equity	2,087	(620)	(146)	1,321
Translation differences	(130,243)	(16,912)	—	(147,155)
Fully-consolidated companies	**(136,474)**	**(15,052)**	**437**	**(151,089)**
Cash flow hedges	73,220	(13,016)	(12,229)	47,975
Tax recognised in equity	(10,350)	1,522	1,454	(7,374)
Translation differences	203,646	(71,851)	—	131,795
Companies accounted for using the equity method	**266,516**	**(83,345)**	**(10,775)**	**172,396**
Cash flow hedges	—	—	2,609	2,609
Tax recognised in equity	—	—	(783)	(783)
Translation differences	(7,024)	(901)	(2,056)	(9,981)
Non-current Assets Held for Sale	**(7,024)**	**(901)**	**(230)**	**(8,155)**
Assets at fair value with changes in Other Comprehensive Income	**2,786**	**(407)**	**—**	**2,379**
Total	**125,804**	**(99,705)**	**(10,568)**	**15,531**
2022				
Cash flow hedges	(11,531)	(414)	3,627	(8,318)
Tax recognised in equity	2,890	104	(907)	2,087
Translation differences	(110,119)	(50,913)	30,789	(130,243)
Fully-consolidated companies	**(118,760)**	**(51,223)**	**33,509**	**(136,474)**
Cash flow hedges	(11,667)	81,172	3,715	73,220
Tax recognised in equity	2,157	(11,682)	(825)	(10,350)
Translation differences	54,745	148,901	—	203,646
Companies accounted for using the equity method	**45,235**	**218,391**	**2,890**	**266,516**
Translation differences	—	30,397	(37,421)	(7,024)
Non-current Assets Held for Sale	**—**	**30,397**	**(37,421)**	**(7,024)**
Assets at fair value with changes in Other Comprehensive Income	**534**	**2,252**	**—**	**2,786**
Total	**(72,991)**	**199,817**	**(1,022)**	**125,804**

3.2 Result and variation in minority interests

ACCOUNTING POLICIES

- **Minority interests are those that can be attributed to shareholders who have no control over the subsidiary.**
- **Such control is transferred when ownership of the shares gives the holder the risks and rewards associated with ownership and access to the returns associated with its interest.**
- **They are recognised under equity as a line item separate from the equity attributable to the parent.**
- **In business combinations, minority interests are measured at fair value or the proportional part of net assets acquired.**
- **Changes in the percentage of ownership interest held by the parent in the subsidiary which do not represent a loss of control are recognised as equity transactions.**
- **The amount corresponding to minority interests is calculated for the whole Enagás Group based on the carrying amounts of the companies in which minority interests is held.**

	Minority interests holding	Opening balance	Changes in the consolidation scope	Dividends distributed	Other adjustments(1)	Distribution of results	Balance at year-end
2023							
ETN, S.L.	10,0%	15,708	—	(455)	48	324	15,625
Remaining companies		313	—	(1,635)	1,616	156	450
Total 2023		**16,021**	**—**	**(2,090)**	**1,664**	**480**	**16,075**
2022							
ETN, S.L.	10,0%	15,660	—	(568)	—	616	15,708
Remaining companies		560	(306)	(252)	287	24	313
Total 2022		**16,220**	**(306)**	**(820)**	**287**	**640**	**16,021**

(1) In 2023 and 2022, "Other adjustments" includes mainly the amounts recorded in Gas Infrastructure Reserves for dividends received from Group companies.

The summarised financial information of these affiliates is shown below. This information is based on the amounts recognised before eliminations among Group companies:

	2023	2022
Condensed income statement	**ETN S.L.**	**ETN S.L.**
Ordinary revenue	17,254	21,461
Cost of sales	(7,663)	(7,656)
Administrative expenses	(4,228)	(4,123)
Financial expenses	(1,630)	(2,066)
Profit/(loss) before tax	**3,733**	**7,616**
Income tax expense	(493)	(1,456)
Profit/(loss) for the year from continuing operations	**3,240**	**6,160**
Total results	**3,240**	**6,160**
Attributable to minority interests	324	616
Dividends paid to minority interests	455	568

	12.31.2023	12.31.2022
Condensed balance sheet	**ETN, S.L.**	**ETN, S.L.**
Inventories, treasury, and current accounts (current)	10,622	14,980
PP&E and other assets (non-current)	216,672	219,625
Suppliers and payables (current)	10,880	14,039
Loans, credits, and deferred tax liabilities (non-current)	60,161	63,459
Total equity	**156,253**	**157,108**
Attributable to:		
Shareholders of the parent company	140,628	141,400
Minority interests	15,625	15,708

	2023	2022
Cash flow statement	**ETN, S.L.**	**ETN, S.L.**
Operating income	4,848	26,679
Investment	(2,263)	(137)
Financing	(8,546)	(18,679)
Total net cash flows	**(5,961)**	**7,863**

3.3 Financial assets and liabilities

ACCOUNTING POLICIES

Financial assets

- Financial assets are classified under "Financial assets measured at amortised cost" except for the investments accounted for using the equity method (Note 1.6) and derivative financial instruments (Note 3.6) and financial assets measured at fair value through other comprehensive income.

Financial assets measured at amortised cost

- Receivables which do not bear explicit interest are recognised at their face value whenever the effect of not discounting the related cash flows is not significant. Subsequent measurement in this instance is still carried out at face value.

Financial assets measured at fair value with changes in other comprehensive income

- Equity instruments are measured by default at fair value through profit or loss, but there is an option at initial recognition to present changes in fair value in profit/loss. This decision is irrevocable and is made for each asset individually.

Fair value measurement

- In accordance with IFRS 13, for purposes of financial disclosure, the measurement of fair value is classified as Level 1, 2, or 3, based on the degree that the inputs applied are observable and their importance in measuring fair value in its totality, as described below:
  - Level 1 – Inputs are based on quoted prices (unadjusted) for instruments of an identical nature traded in active markets.
  - Level 2 – Inputs are based on valuation models for which all significant inputs are observable in the market or can be corroborated by observable market data.
  - Level 3 – Inputs are not generally observable and generally reflect estimates regarding market movements for determining the price of the asset or liability.

Trade and other payables

- Trade and other payables that do not accrue explicit interest are measured at their face value when the effect of financial discounting is not significant.

SIGNIFICANT ESTIMATES AND JUDGEMENTS

- In accordance with the requirements established under IFRS 9, the Group regularly calculates the effect of the expected loss on financial assets. This has had an effect on the Consolidated Income Statement for the current year of 148 thousands of euros (152 thousands of euros at December 31, 2022), with the cumulative effect on the Consolidated Balance Sheet amounting to 409 thousands of euros at December 31, 2023 (657 thousands of euros at December 31, 2022).

a) Financial assets

	Categories							
	Amortised cost		Fair Value with changes in the income statement (*)		Fair value through profit/loss		Total	
Class	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Equity instruments	—	—	—	—	28,482	22,147	28,482	22,147
Loans	33,187	20,822	—	—	—	—	33,187	20,822
Trade and other receivables (Note 2.2)	128,178	54,197	—	—	—	—	128,178	54,197
Derivatives (Note 3.6)	—	—	3,977	—	—	—	3,977	—
Other	476,028	496,032	—	—	—	—	476,028	496,032
Total non-current financial assets	**637,393**	**571,051**	**3,977**	**—**	**28,482**	**22,147**	**669,852**	**593,198**
Loans	1,208	198	—	—	—	—	1,208	198
Derivatives (Note 3.6)		—	2,273	3,166			2,273	3,166
Other	19,069	25,816	—	—	—	—	19,069	25,816
Total current financial assets	**20,277**	**26,014**	**2,273**	**3,166**	**—**	**—**	**22,550**	**29,180**
Total financial assets	**657,670**	**597,065**	**6,250**	**3,166**	**28,482**	**22,147**	**692,402**	**622,378**

(*) In the specific case of those derivatives to which cash flow hedges or net investment are attributed, the accumulated amounts in equity are transferred to the Consolidated Income Statement in the periods when the covered items affect the Consolidated Income Statement.

The Directors estimate that the fair value of the financial assets at December 31, 2023 does not differ significantly with respect to their carrying amount.

Equity instruments

This heading includes the Enagás Group's investments in companies over which it does not have control, joint control or significant influence on the basis of the way in which the relevant decision-making is established.

At December 31, 2023, this mainly includes the Enagás Group's investments in 19% of the company Depositi Italiani GNL and the investments in the company Satlantis Microsats, S.L. (7.59%) and the funds Klima Energy Transition Fund, F.C.R. and Clean H2 Infra Fund. The change compared to 2022 is mainly due to the change in the fair value of these investments, as well as additional investments made by the Enagás Group during 2023.

Loans

This mainly includes loans granted to group companies consolidated using the equity method and therefore not eliminated in the consolidation process.

The detail of current and non-current loans to Group companies is detailed in Note 4.3.

Other

"Other non-current financial assets" include an amount of 2,250 thousands of euros (6,505 thousands of euros at December 31, 2022) corresponding to the investment made by the Group in Economic Interest Groupings (EIG) whose activity is the leasing of assets managed by another entity unrelated to the Group and which retains both the majority of profits as well as the risks related to the activities, with the Group only availing itself of the regulated tax incentives in Spanish legislation. The Group attributes the carry-forward tax losses generated by these EIGs against shares and taking into account the debt registered with the Tax Authorities, recognising the corresponding financial income.

In addition, receivables from the termination of the GSP concession contract are included. At December 31, 2023, the total amount to be recovered amounted to 456,779 thousands of euros (473,999 thousands of euros at December 31, 2022) relating to both the recovery of the financial investment and the credit rights associated with the recovery of the guarantees executed against the Enagás Group as a result of the termination of the concession contract in GSP, the amount being updated and considering June 30, 2024 as the date for obtaining a favourable award.

Gasoducto Sur Peruano ("GSP")

In relation to the investment in Gasoducto Sur Peruano, S.A. (hereinafter "GSP") as indicated in the Consolidated Annual Accounts of the Enagás Group for 2016, on January 24, 2017 the Directorate General of Hydrocarbons of the Peruvian Government's Ministry of Energy and Mines (hereinafter the "State of Peru") sent an official letter to GSP stating "the termination of the concession agreement owing to causes attributable to the concession holder", in accordance with the terms of Clause 6.7 of the "Improvements to the Energy Security of the Country and the Development of the Gasoducto Sur Peruano" (hereinafter "the Project") concession agreement, because the financial close had not been evidenced within the period established in the agreement (January 23, 2017), and proceeded to the immediate enforcement of the totality of the guarantee for full compliance given by GSP (262.5 million dollars), to ensure fulfilment of the obligations relating to the concession, which in the case of Enagás generated a payment of 65.6 million dollars. Also in January 2017, they paid GSP bank financing sureties to Enagás amounting to 162 million dollars, including both principal and interest pending payment. In December 2017, the process for delivering the Concession Assets held by GSP was substantially completed with the Peruvian State assuming control over them.

As a result of the termination of the concession contract, in accordance with the opinion of external and internal legal advisors, the Peruvian State had the obligation to apply Clause 20 of the Concession Contract, calculating the Net Carrying Amount (hereinafter NCA) of the Concession Assets, calling up to a maximum of three auctions to award the Concession, with the auction result being to pay GSP the NCA. With the amount that GSP would have received for the NCA of the Concession Assets, it would have proceeded to settle its obligations to third parties and, if appropriate, reimburse the capital contributions made by its shareholders.

As a result of inaction by the State of Peru in relation to the aforementioned procedure, on December 19, 2017, Enagás notified the Peruvian State about the existence of a dispute relating to the investment in GSP with a view to reaching an amicable agreement on the terms of Article 9.1 of the Agreement for the Reciprocal Promotion and Protection of APPRI in Spanish signed by the Republic of Peru and the Kingdom of Spain. This notification represented the beginning of the six-month period for direct contact prior to initiating international arbitration in which the APPRI acts as the mechanism for recovering the investment in GSP. Once the required six months of direct contact between Enagás and the Peruvian State had elapsed without it being possible to reach an amicable settlement of this dispute, on July 2, 2018, Enagás filed an application for the initiation of arbitration against the Peruvian State regarding its investment in GSP with the ICSID.

Through this arbitration procedure, it is expected that the Peruvian State will reimburse Enagás for its investment in GSP, this being the mechanism by which the financial assets recorded in the balance sheet would be recovered. Thus, it is expected that the Arbitration Court hearing the arbitration procedure in the ICSID will uphold the arguments of Enagás, issuing an award recognising that the Peruvian State has not protected Enagás' investment under the APPRI and, therefore, it must compensate it by paying it the value of that investment.

With respect to this ICSID arbitration procedure, the Arbitration Court was constituted on July 18, 2019, and Legal Resolution No. 1 was issued on September 24, 2019, establishing the procedural rules that govern the arbitration procedure until the award is handed down.

In accordance with this Resolution, Enagás filed its claim on January 20, 2020, and the Peruvian State replied on July 17, 2020. Subsequently, the documentary exhibition phase took place in which the parties requested each other to provide documents that each of them considered relevant. This was followed by the presentation of the reply by Enagás on May 31, 2021 and the rejoinder by the Peruvian State on October 20, 2021, with Enagás finally presenting its rejoinder on preliminary objections on January 17, 2022. The hearing phase continued in September 2022, with written submissions in November 2022. According to the indications of the Court, it is at an advanced stage and is expected to be issued during the first half of 2024.

Also with regard to the ICSID, on January 21, 2020, Odebrecht filed a request to initiate arbitration against the Republic of Peru to recover its investment in GSP.

Regarding the Enagás' statement of claim, the main argument maintained by Enagás is that, if the Peruvian State had complied with its obligation under the Concession Contract, it would have calculated the NCA and organised the three auctions, which it was obliged to do, to award the Concession, and the proceeds of the auction would have been delivered to GSP, which would have applied the amount delivered to pay its creditors and return the capital to its shareholders. Enagás' claim is based on the fact that the Peruvian State must pay 100% of the NCA to GSP, since on January 24, 2018, one year has passed since the end of the concession contract and in that time there have been no calls for auctions. The absence of an auction means that the legal advisors of Enagás believe that it should be considered that GSP would have received 100% of the NCA because it was deprived of the possibility of receiving it when not even the first auction was convened. Therefore, starting from the NCA considered, a certain payments waterfall would have been applied.

Enagás considers that, taking into account the NCA of the Concession Assets determined by an independent expert, and also taking into account the payment waterfall as per the terms of the insolvency legislation, as well as the contracts between Enagás and the members and creditors of GSP relating to subordination and credit agreements, if the State had satisfied its obligations, and thus paid GSP the amount obtained in the auction, Enagás would have recovered its investment.

With respect to the amount of the NCA, there have been no variations other than the evolution of the exchange rate for certain items in Peruvian soles, maintaining at December 31, 2023 the valuation performed by a firm of independent appraisers hired by Enagás for a total updated value of the NCA of 1,959 million dollars (1,953 million dollars at December 31, 2022).

Taking into account this updated NCA, if the payment waterfall were to be applied to it as per the terms of the insolvency laws, the subordination and the assignment of credit agreements entered into by Enagás and its partners in GSP, Enagás would recover the total value of its investment claim with the ICSID in the amount of 511 million dollars.

In relation to the aforementioned contracts for the subordination of rights and assignment of credits, their effectiveness and form of application has been successively called into question by Enagás' partners in GSP through different arbitration proceedings, with the Peruvian legal advisors considering these agreements to be fully valid and enforceable. Likewise, the INDECOPI authority has recognised the full effectiveness of the aforementioned agreements in GSP's bankruptcy process. In relation to the arbitration proceeding still in process filed by Negocios de Gas, subsidiary from Aenza (formerly Graña y Montero) questioning the legitimacy of Enagás to claim its credits against GSP, on July 13, 2021, Negocios de Gas communicated to the Court its withdrawal of the claim, thus requesting the end of the arbitration proceeding without the issuance of an award.

As regards the arbitration proceedings against the State of Peru, based on the conclusions determined by Enagás' external and internal legal advisors, the recoverability of the totality of the Enagás investment in GSP, consisting of receivables in relation to the aforementioned enforced guarantees to the total of 226.8 million dollars, interests of 1.8 million dollars, various invoices for professional services rendered to the amount of 7.6 million dollars and the share capital contributed to GSP for the amount of 275.3 million dollars, is considered likely.

Regarding the duration of the recovery periods, taking into account the time required to resolve a dispute of this complexity through international arbitration, as well as the timeframes indicated in the aforementioned ICSID Resolution No. 1 and the review of the planned proceedings, and the indications of the Court itself, it is considered that June 30, 2024 is the estimated date for obtaining an award in favour of Enagás.

Based on this, the amounts outlined in the preceding paragraph are recorded at their updated value in the Consolidated Balance Sheet at December 31, 2023 for a total amount of 456,779 thousands of euros (473,999 thousands of euros at December 31, 2022).

Other related matters

On March 12, 2018, Law No. 30737 was published "guaranteeing immediate payment to the Peruvian State to repair civil damage caused by corruption and related crimes". On May 9, 2018, Supreme Decree 096-2018-EF was published, enacting the regulations of the aforementioned Law.

In accordance with Article 9 of Law No. 30737, legal persons and legal entities in the form of partnerships, consortiums and joint ventures who may have benefited from the awarding of contracts, or subsequent to it, jointly with persons who have been convicted or who may have acknowledged having committed crimes against the public administration, asset laundering or related crimes, or their equivalents against the State of Peru, in Peru or abroad are classified as Category 2, and therefore fall within its scope of application.

In June 2019, the Peruvian Judiciary approved the Effective Partnership Agreement reached between the Odebrecht Group and the Peruvian Public Prosecutor's Office, and the GSP project was not included as one of the projects affected by corruption-related events. Subsequently, on October 15, 2019, Enagás Internacional received notification from the Peruvian Public Prosecutor's Office informing it of the existence of an extension of this effective partnership agreement with Odebrecht, in which it would be acknowledging that it had made illegal payments - according to the Public Prosecutor's Office - with respect to the GSP project, although there are still no facts known or consistent or proven links between GSP and corruption in the awarding of the project.

With regard to other processes of effective collaboration with other third parties, in the second quarter of 2022, the judicial approval of those relating to José and Hernando Graña took place, with the remaining ones pending approval. From the information contained in the tax record, there is no consistent or proven element linking GSP to corruption in the awarding of the project.

In this regard, no new facts were presented in the arbitration before ICSID, neither in the statement of defence nor in the rejoinder, nor in the hearings held, which demonstrably and irrefutably link the GSP to corruption.

Notwithstanding the above comments on the extension of the initial Effective Collaboration Agreement signed by Odebrecht and the Public Prosecutor of Peru, there have been no significant developments regarding the actions of the Public Prosecutor of Peru on the investigation of Odebrecht's activities in Peru and other investigations carried out by the Special Team of the Peruvian Prosecutor's Office for alleged crimes that could somehow be related to the awarding of the project. In this regard, two investigations are known to be in progress:

- The first one signed with Folder 321-2014, related to aggravated collusion between a former Odebrecht employee and a public official, whose control and clean-up phase has been resumed on June 28, 2019, after the Supreme Court rejected the request of the Ad Hoc Attorney's Office of Peru to include one of Odebrecht's subsidiaries as a civil third party. At this stage it is expected that a decision on the opening of the oral proceedings will be taken. Based on the opinions of Enagás external legal advisors for the Peruvian criminal code, the possibility of sentencing Odebrecht's former employee is considered to be remote. In this same case, the preparatory investigative court has declared the incorporation of GSP as a liable third party as wrongful.
- In relation to the second investigation opened, sealed with Folder 12-2017, being that those under investigation include two employees of Enagás and Enagás Internacional, S.L.U., on February 27, 2020, it was decided to move to the preliminary investigation stage. Based on the opinion of our external legal advisors in Peruvian criminal law, it is maintained that to date there is no indication that the investigations could be detrimental to Enagás.

In relation to this second file, on December 30, 2020, the Peruvian Public Prosecutor's Office requested its incorporation as a civil plaintiff in the criminal proceedings in order to request the payment of a possible reparation in the aforementioned proceedings once a final judgement has been handed down, as well as in order to request possible precautionary measures that seek to ensure the eventual reparation. The initial request was rejected on formal grounds on June 4, 2021. On November 23, 2021, the Attorney's Office submitted a new request for 1,107 million dollars for the GSP project. After the two previous initial applications were rejected on formal grounds, the last application was admitted on March 28, 2023 and thus the Public Prosecutor's Office was constituted as a civil plaintiff, with Enagás Internacional, S.L.U. being incorporated as a civilly liable third party on August 2, 2023. Both proceedings have been contested and have not yet been decided.

The amount will be determined in detail by the criminal judge in charge once the final sentence has been handed down. According to both external and internal lawyers, the amount requested has not been duly supported nor does it comply with the possible civil liability that could be claimed on the basis of the offences referred to in the indictment. An objective reference for the calculation is the one established by Law No. 30737, which assures payment of civil compensation to the Peruvian State. Considering the very preliminary stage of the criminal process, taking into account the elements of knowledge available to date and based on the conclusions of the specialist local lawyers, it is considered that the probability of the imposition of this compensation in any case does not exceed 50% (possible), and therefore it is not appropriate to register any provision, as it is considered a contingent liability. Likewise, in the event that it could eventually be declared well-founded, and the amount of the compensation could not be reliably estimated, the reference amount to be considered would be between 0 and 242 million dollars.

Moreover, with regard to civil compensation, even without evidence of a criminal conviction or a confession of the commission of crimes, as required under Article 9 of Law No. 30737, on June 28, 2018, the State of Peru classified Enagás Internacional on the "List of Contracts and Subjects of Category 2 indicating the legal person or legal entity included under Section II of Law No. 30737" in relation to the concession contract awarded to GSP. The application of the mentioned standard involves different measures to contribute to the payment of potential civil compensation, such as setting up an escrow account, reporting information, limiting transfers to other countries or preparing a compliance programme.

The total amount of the escrow account that would correspond to Enagás, estimated as 50% of the entire average equity that corresponds to its participation in GSP confirmed with the Ministry of Justice, amounts to 65.5 million dollars, Enagás having delivered a bank guarantee letter for this amount in August 2023 (Note 1.9).

In addition, the Peruvian State has also affirmed that the measure prohibiting companies included in Category 2 from making transfers outside of Peru, pursuant to Law No. 30737, is applicable. Based on the conclusions of Enagás' external and internal legal advisors, it is maintained that this measure would be applicable to the investment in GSP and should not restrict the dividends received from TGP (amounting to 461.2 million dollars), also considering that this investment is protected by the Legal Stability Agreements in force in Peru, a regulation whose prevalence and application has been formally requested to the Peruvian state.

In order to put into practice the application of these Legal Stability Agreements, direct negotiations with the Peruvian State were initiated on February 24, 2021, followed by the submission by Enagás of a request for international arbitration under the Spanish-Peruvian APPRI on December 23, 2021. In addition, Enagás Internacional has pledged its TGP shares in favour of Enagás Financiaciones, S.A.U. and Enagás, S.A. to guarantee the payment of its present or future obligations and debts.

With respect to this ICSID arbitration procedure, the Arbitration Court was constituted on December 5, 2022, and Legal Resolution No. 1 was issued on January 26, 2023, establishing the procedural rules that govern the arbitration procedure until the award is handed down. On June 1, 2023, Enagás' statement of claim was filed with ICSID, followed by the statement of defence filed by the Peruvian State on October 6, 2023.

In view of the above, it is still maintained that these regulations do not have a negative effect on the recovery of accounts receivable through the international arbitration process indicated above recorded on the balance sheet at December 31, 2023.

Based on all of the above, the directors of Enagás, in line with the opinion of their external and internal legal advisors, and of an independent expert and independent expert accountant, consider these facts to have no bearing on the estimation for recovery of the investment in the stake in GSP and the previously mentioned receivables to the amount of 456,779 thousands of euros (473,999 thousands of euros at December 31, 2022).

Impairment losses on assets

At December 31, 2023, the impact resulting from analysis of the expected loss in accordance with IFRS 9 for the financial assets of the Enagás Group described in this section amounts to 308 thousands of euros (433 thousands of euros at December 31, 2022).

b) Financial liabilities

Details of current and non-current "Financial Liabilities" of the Enagás Group at December 31, 2023 and December 31, 2022 are as follows:

	Categories							
	Fair Value with changes in Profit and Loss		Amortised cost		Derivatives designated as hedging instruments		Total	
Class	2023	2022	2023	2022	2023	2022	2023	2022
Debts with credit institutions (Note 3.4)	—	—	1,049,880	1,224,172	—	—	1,049,880	1,224,172
Debt settlement costs and accrued interest payable (Note 3.4)	—	—	(4,107)	(4,080)	—	—	(4,107)	(4,080)
Debentures and other marketable securities (Note 3.4)	—	—	2,350,000	2,350,000	—	—	2,350,000	2,350,000
Debt settlement costs and accrued interest payable (Note 3.4)	—	—	(19,158)	(34,014)	—	—	(19,158)	(34,014)
Derivatives (Note 3.4)	—	—	—	—	5,565	19,340	5,565	19,340
Trade payables	—	—	17	14	—	—	17	14
Other financial liabilities (Note 3.4)	116,292	15,600	480,805	364,765	—	—	597,097	380,365
Total non-current financial liabilities	**116,292**	**15,600**	**3,857,437**	**3,900,857**	**5,565**	**19,340**	**3,979,294**	**3,935,797**
Debts with credit institutions (Note 3.4)	—	—	413,299	462,284	—	—	413,299	462,284
Debt settlement costs and accrued interest payable (Note 3.4)	—	—	1,702	8,224	—	—	1,702	8,224
Debentures and other marketable securities (Note 3.4)	—	—	—	400,000	—	—	—	400,000
Debt settlement costs and accrued interest payable (Note 3.4)	—	—	14,545	20,588	—	—	14,545	20,588
Derivatives (Note 3.6)	—	—	—	—	9,687	4,790	9,687	4,790
Trade payables (*) (Note 2.3)	—	—	565,174	629,742	—	—	565,174	629,742
Other financial liabilities (Note 3.4)	—	—	65,007	74,554	—	—	65,007	74,554
Total current financial liabilities	**—**	**—**	**1,059,727**	**1,595,392**	**9,687**	**4,790**	**1,069,414**	**1,600,182**
Total financial liabilities	**116,292**	**15,600**	**4,917,164**	**5,496,249**	**15,252**	**24,130**	**5,048,708**	**5,535,979**

(*) The amount of "Trade payables" does not include the balance with the Public Administrations as it is not a financial liability.

The detail by maturity of non-current financial debt for 2023 and 2022, respectively, is as follows:

Maturities at the end of 2023	2025	2026	2027	2028 and later years	Total
Debentures and other marketable securities	600,000	500,000	—	1,250,000	2,350,000
Debts with credit institutions	772,882	51,858	51,765	173,375	1,049,880
Total	**1,372,882**	**551,858**	**51,765**	**1,423,375**	**3,399,880**

Maturities at the end of 2022	2024	2025	2026	2027 and later years	Total
Debentures and other marketable securities	—	600,000	500,000	1,250,000	2,350,000
Debts with credit institutions	51,742	895,468	51,886	225,076	1,224,172
Total	**51,742**	**1,495,468**	**551,886**	**1,475,076**	**3,574,172**

The estimated future interest payments on the contracted financial debt at the closing date until maturity at December 31, 2023 and December 31, 2022 are shown below:

Estimated payment of interest at 2023 year-end	2024	2025	2026	2027	2028 and later years	Total
Payment of interest (*)	90,387	42,199	30,117	24,806	38,425	**225,934**

Estimated payment of interest at 2022 year-end	2023	2024	2025	2026	2027 and later years	Total
Payment of interest (*)	101,750	90,387	42,199	30,117	63,231	**327,684**

(*) Includes a projection of interest on variable debt taking into account current interest rates.

The amounts and characteristics of the main instruments included under the headings "Debentures and other marketable securities" and "Debts with credit institutions" at December 31, 2023 are detailed below:

	Instrument	Nominal Interest	Currency of issue	Maturity	Nominal outstanding (thousands of euros)
Institutional debt (EIB and ICO)	Loan	EURIBOR + Margin	EUR	2031	186,667
	Loan	Fixed rate	EUR	2031	100,134
	Loan	EURIBOR + Margin	EUR	2027	23,636
	Loan	Fixed rate	EUR	2030	70,000
	Loan	Fixed rate	EUR	2026	146
Banking debt	Loan	EURIBOR + Margin	EUR	2025	450,000
	Loan	TSOFR + Margin	USD	2024	361,483
	Loan	TSOFR + Margin	USD	2025	271,113
				Nominal outstanding	1,463,179
				Debt settlement expenses	(4,107)
				Accrued interest payable	1,702
				Total financial debts with credit institutions	**1,460,774**

	Instrument	Coupon	Currency of issue	Maturity	Nominal outstanding (thousands of euros)
Bond issue and Private Placements	EMTN bonus	1.25 %	EUR	2025	600,000
	EMTN bonus	1.38 %	EUR	2028	750,000
	EMTN bonus	0.75 %	EUR	2026	500,000
	EMTN bonus	0.38 %	EUR	2032	500,000
				Nominal outstanding	2,350,000
				IFRS 9 and others	(19,158)
				Accrued interest payable	14,545
				Total debentures and other marketable securities	**2,345,387**

The amounts and characteristics of the main instruments included under the headings "Debentures and other marketable securities" and "Debts with credit institutions" at December 31, 2022 are detailed below:

	Instrument	Nominal Interest	Currency of issue	Maturity	Nominal outstanding (thousands of euros)
Institutional debt (EIB and ICO)	Loan	EURIBOR + Margin	EUR	2031	210,000
	Loan	Fixed rate	EUR	2031	112,500
	Loan	EURIBOR + Margin	EUR	2027	29,545
	Loan	Fixed rate	EUR	2030	80,000
	Loan	EURIBOR + Margin	EUR	2023	25,000
	Loan	EURIBOR + Margin	EUR	2023	1,000
	Loan	Fixed rate	EUR	2026	193
Banking debt	Loan	EURIBOR + Margin	EUR	2025	450,000
	Loan	LIBOR + Margin	USD	2025	393,729
	Loan	TSOFR + Margin	USD	2023	384,489
				Nominal outstanding	**1,686,456**
				Debt settlement expenses	(4,080)
				Accrued interest payable	8,224
				Total financial debts with credit institutions	**1,690,600**

	Instrument	Coupon	Currency of issue	Maturity	Nominal outstanding (thousands of euros)
Bond issue and Private Placements	EMTN bonus	1.25 %	EUR	2025	600,000
	EMTN bonus	1.00 %	EUR	2023	400,000
	EMTN bonus	1.38 %	EUR	2028	750,000
	EMTN bonus	0.75 %	EUR	2026	500,000
	EMTN bonus	0.38 %	EUR	2032	500,000
				Nominal outstanding	**2,750,000**
				IFRS 9 and others	(31,057)
				Accrued interest payable	17,631
				Total debentures and other marketable securities	**2,736,574**

3.4 Financial debts

ACCOUNTING POLICIES

- **Financial liabilities are initially measured at the fair value of the consideration received less directly attributable transaction costs.**
- **Subsequently, financial liabilities are recognised at amortised cost, except for derivative financial instruments, which are recognised at fair value.**
- **Financial liabilities are derecognised when the related contractual obligations are cancelled or expired. The Group also derecognises financial liabilities when there is a material change in cash flows or debt terms and conditions.**
- **Options on minority interests, when the agreement does not transfer the risks and rewards to the holder of the shares, result in the recognition of a financial liability. The changes in fair value of the financial liability are accounted for in the Consolidated Income Statement**

	2023	2022
Debentures and other marketable securities	2,345,387	2,736,574
Debts with credit institutions	0	0
Other receivables	662,104	454,220
Total financial debts	**3,007,491**	**3,190,794**
Non-current financial debts (Note 3.3)	3,973,712	3,916,443
Current financial debts (Note 3.3)	494,553	964,951

The fair value of debts owed to credit entities as well as debentures and other marketable securities at December 31, 2023 and 2022 is as follows:

	2023	2022
Debts with credit institutions	1,451,681	1,745,420
Debentures and other marketable securities	2,181,944	2,472,921
Fair value total	**3,633,625**	**4,218,341**
Carrying amount total	**3,806,161**	**4,427,174**

a) Net financial debt

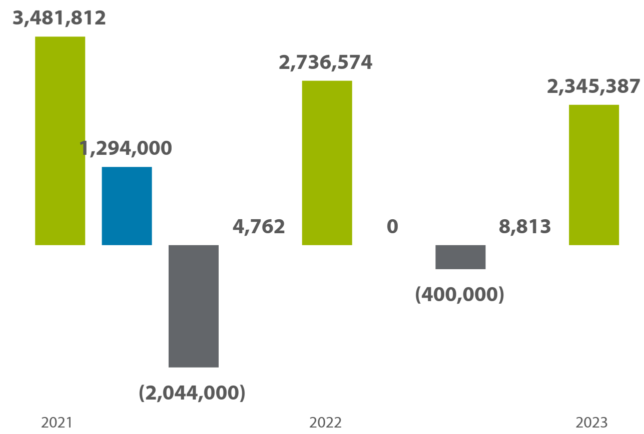
Net financial debt or net debt is the main indicator used by Management to measure the Group's debt level. It is comprised of gross debt less cash in hand:

	2023	2022
Debts with credit institutions (Note 3.3)	—	1,690,600
Debentures and other marketable securities (Note 3.3)	2,345,387	2,736,574
Loans from the General Secretariat of Industry, the General Secretariat of Energy, Oman Oil, ERDF E4E and others	815	1,112
Leases (IFRS 16)	379,015	399,903
Other	(135)	—
Gross financial debt	**2,725,082**	**4,828,189**
Cash and other cash equivalents (Note 3.8)	—	—
Net financial debt	**2,725,082**	**4,828,189**

The gross financial cost during 2023 for the Group's financial debt amounted to 2.6% (1.8% in 2022). The percentage of financial debt at fixed interest rate at December 31, 2023 amounted to more than 80%, while the average maturity period at that date amounted to 3.9 years (4.4 years at December 31, 2022). The gross financial costs are determined by dividing gross financial expenses by the average gross debt multiplied by the number of effective days in the year (360 days) divided by the natural days of the period (365 days), where gross financial expenses correspond to Interest on debt (Note 3.5). Further, average gross debt is calculated as the daily average of nominal amounts of gross debt.

b) Debentures and other marketable securities

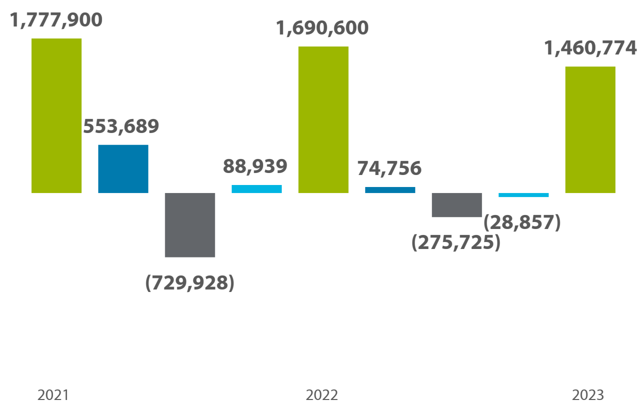
The most significant events of the 2023 financial year include:



(*) Includes interest paid, accrued interest, valuations, and other

- On March 25, 2023, the 400 million euros bond held by Enagás Financiaciones matured.
- On July 27, 2023, Enagás Financiaciones, S.A.U. renewed the Euro Medium Term Note (EMTN) programme for a maximum amount of 4,000 million euros, registered in the Luxembourg Stock Exchange in 2012, with Enagás, S.A. as guarantor.
- In addition, on July 27, 2023, Enagás Financiaciones, S.A.U. renewed the Euro Commercial Paper (ECP) programme for a maximum amount of 1,000 million euros, registered in the Irish Stock Exchange on May 4, 2017, with Enagás, S.A. as guarantor.

c) Debts with credit institutions



(*) Includes interest paid, accrued interest, valuations, and other.

The most significant events of the 2023 financial year include:

- On January 25, 2023, Enagás S.A. extended the maturity of the Club Deal multi-currency credit facility from December 2026 to January 2028, and increased the amount from 1,500 to 1,550 million euros. In addition, on December 22, 2023, Enagás S.A. extended the maturity date to January 2029.
- On January 17 and May 17, Enagás Holding USA repaid 119.8 million dollars (110.7 million euros) on the loan contracted in March 2021 by an amount of 218 million dollars and maturing in March 2025.
- On December 19, Enagás Internacional extended to December 2024 the maturity of the 400 million dollars loan contracted in December 2021 for an original amount of 550 million dollars (with a balance of 410 million dollars at December 31, 2022).

At December 31, 2023, the Group had access to credit lines in the amount of 2,470,521 thousands of euros (2,434,489 thousands of euros in 2022), of which 2,470,521 thousands of euros had not been drawn down (2,434,489 thousands of euros in 2022) (Note 3.8). Along these lines, a sustainable syndicated credit line amounting to 1,550,000 thousands of euros is included, the price of which is linked to the reduction of CO_2 emissions. This credit line is held by 12 national and international financial institutions.

In the opinion of the Directors of the Company, this situation allows for sufficient funding to meet possible liquidity requirements in the short-term considering its current obligations.

d) Other financial liabilities

	2023	2022
Loans from the General Secretariat of Industry, the General Secretariat of Energy, Oman Oil, ERDF E4E and others	815	1,112
Fair value of sales option on interest held by EVE	15,600	15,600
Leases (NIIF 16) (Note 2.4)	379,015	399,903
Fair value of sales option on interest held by Reganosa	100,692	—
Accounts payable to the CNMC	135,566	—
Other	30,416	37,605
Total other financial liabilities	**662,104**	**454,220**

At December 31, 2023 and December 31, 2022, "Other receivables" mainly includes the financial liability associated with IFRS 16 on leases. Payments for this item amounted to 38,072 thousands of euros in 2023 (38,175 thousands of euros in 2022).

Given the situation of over-collection of the gas system, mainly due to the increase in regasification activity in 2023, the long-term portion corresponding to the Enagás Group has been recorded as "other financial liabilities" in the amount of 135,566 thousands of euros for the over-collection corresponding to the Enagás Group. The amount corresponding to the short term has been recorded under Creditors, amounting to 200,377 thousands of euros (Note 2.2.b).

Additionally, as explained in Note 1.5 in relation to the agreement with Reganosa for the sale of a 25% stake in MEH for an initial amount of 99.9 million euros, the put option granted to Reganosa, under which Reganosa has the right to sell, and Enagás Transporte the obligation to buy, 25% of MEH up to a maximum term has been registered under this heading.

Finally, "Other" includes accounts payable to suppliers of fixed assets amounting to 20,165 thousands of euros (33,123 at December, 31, 2022), and grant received in advance amounting to 7 million of euros.

3.5 Financial result

	2023	2022
Income from associates	1,474	252
Finance revenue from third parties	10,812	24,394
Income/expenses in cash and other cash equivalents	33,676	12,879
Financial income	**45,962**	**37,525**
Financial expenses and similar	(8,522)	(2,354)
Interest on debt	(116,399)	(95,096)
Capitalised interest	(3)	(16)
Other	(3,268)	(2,882)
Financial expenses	**(128,192)**	**(100,348)**
Gains (losses) on hedging instruments	**214**	**20**
Exchange differences	**782**	**70**
Impairment and result from disposal of financial instruments (Notes 1.5 and 1.6)	**45,450**	**110,891**
Financial result	**(35,784)**	**48,158**

3.6 Derivative financial instruments

ACCOUNTING POLICIES

- The Enagás Group contracts derivative financial instruments to cover its exposure to financial risk arising from fluctuations of interest rates and/or exchange rates, and does not use derivative financial instruments for speculative purposes. All derivative financial instruments are measured, both initially and subsequently, at fair value. The differences in fair value are recognised in the Consolidated Income Statement except in the case of specific treatment under hedge accounting.
- The measurement and recognition criteria for derivative financial instruments in keeping with the different types of hedge accounting are as follows:
    - Cash flow hedges

      Hedges for exposure to changes in cash flows that: (i) are attributed to a specific risk associated with an asset or liability recognised for accounting purposes, with a highly likely expected transaction or with a firm commitment if the hedged risk is an exchange rate and (ii) may affect profit for the period. The effective portion of the changes in fair value of the hedging instrument are recognised under Equity, and the gains and losses relating to the ineffective portion are recognised in the Consolidated Income Statement. The accumulated amounts under Equity are transferred to the Consolidated Income Statement in the periods in which the hedged items affect the Consolidated Income Statement.
    - Net investment hedging in a foreign operation

      These instruments hedge the foreign currency risk arising from net investments in foreign operations.

      The hedges for net investments in transactions carried out abroad are accounted for in a similar manner to cash flow hedges, though the valuation changes in these transactions are accounted for as translation differences under "Adjustments for changes in value" in the accompanying Consolidated Balance Sheet.

      These translation differences are taken to the Consolidated Income Statement when the gain or loss on disposal of the hedged item occurs.
- In order for these derivative financial instruments to be classified as hedges they are initially designated as such, and the relationship between the hedging instrument and the hedged items is documented, together with the risk management objective and the hedge strategy for the various hedged transactions. In addition, the Group verifies initially and then periodically throughout the life of the hedge (and at least at the end of each reporting period) that the hedging relationship is effective, i.e., that it is prospectively foreseeable that the changes in fair value or in the cash flows from the hedged item (attributable to hedged risk) are almost entirely offset by those of hedging instrument.

  Any remaining loss or gain from the hedging instrument will represent an ineffectiveness of the hedge to be recognised in income of the period.
- Hedge accounting is discontinued when the hedging instrument expires, or when it is sold, or exercised, or when it no longer qualifies for hedge accounting (after taking into account any rebalancing of the hedging relationship, if applicable). At that time, any cumulative gain or loss on the hedging instrument that has been recognised in Equity will be transferred to the income statement to the extent that the expected future cash flows covered will affect profit or loss for the year.
- In accordance with IFRS 13, for purposes of presenting financial information, the measurements of fair value are classified as Level 1, 2, or 3, as indicated in Note 3.3.

SIGNIFICANT ESTIMATES

- **The Group has determined that most of the inputs employed to determine the fair value of the derivative financial instruments are in Level 2 of the hierarchy, but that the adjustments for credit risk use Level 3 inputs such as credit estimates based on a credit rating or comparable companies to evaluate the likelihood of the bankruptcy of the company or of the company's counterparties.**
- **The Group evaluated the relevancy of the inputs and recognised the corresponding adjustments to credit risk in the total valuation of derivative financial instruments, which were not significant.**
- **Thus, the entire portfolio of derivative financial instruments is classified under Level 2 of the hierarchy.**

Category	Type	Maturity	Notional contracted	Fair value 12.31.2022	Fair value 12.31.2023
Cash flow hedges					
Interest rate swap (**)	Floating to fixed	Jan-23	25,000	6	—
Interest rate swap (**)	Floating to fixed	Dec-23	955,111	2,471	—
Interest rate swap	Floating to fixed	July-24	281,334	231	837
Interest rate swap (*)	Floating to fixed	Dec-24	135,556	—	1,436
Interest rate swap (*)	Floating to fixed	Mar-25	271,113	—	(1,192)
Net investment hedging					
Cross Currency Swap	Fixed to fixed	May-28	237,499	(23,672)	(10,082)
Total			**1,905,613**	**(20,964)**	**(9,001)**

(*) Derivative financial instruments arranged in the year 2023. See Note 3.6 a).
(**) This financial instrument matures in 2023. See Note 3.6 a).

The movement in derivative financial instruments in 2023 was as follows:

		Income and expenses recognised directly in equity		Amounts transferred to the income statement	
Category	Fair value 12.31.2022	Hedging transactions	Translation differences	Changes in results	Fair value 12.31.2023
Cash flow hedges	2,708	(3,092)	1,228	237	1,081
Net investment hedging	(23,672)	5,572	7,762	346	(10,082)
Total	**(20,964)**	**2,480**	**8,900**	**583**	**(9,001)**

a) Cash flow hedges

The following rate hedges were arranged in 2023:

- In Enagás Internacional, S.L.U. hedges for 150 million dollars (136 million euros) maturing in December 2024.
- In Enagás Holding USA, S.L.U. hedges for 300 million dollars (271 million euros) maturing in March 2025.

With respect to cash flow hedges, the breakdown by period in which the related cash flows will arise is as follows:

Category	Contracted amount (thousands of euros)	Total	2024	2025	2026 and later years
Interest rate swap	281,334	837	837		
Interest rate swap	135,556	1,436	1,436	—	—
Interest rate swap	271,113	(1,192)	(5,169)	3,977	—
Total	**688,003**	**1,081**	**(2,896)**	**3,977**	**—**

b) Net investment hedging in foreign operations

The main characteristics of the derivative financial instrument contracted as a hedge of the net investment are as follows:

Category	Contracted amount in Euros	Contracted amount in USD	Type	Maturity
Cross Currency Swap	237,499	270,000	Fixed to fixed	May 2028
Total	**237,499**	**270,000**		

The investment considered as a hedged item in the aforementioned hedging relationship is as follows:

Project	Investments hedged in USD
TgP	270,000
Total	**270,000**

As explained in Note 3.7 below, the Enagás Group directly finances part of the foreign investments with foreign currency, which is then designated as a net foreign investment.

By this means, the Enagás Group tries to designate exchange rate hedges to cover fluctuations in the exchange rates of its investments in foreign currency. As required by IFRS 9, an eligible hedged item and hedging instrument have to be designated. By this means, the exchange fluctuations of the investment in foreign currency are associated with the fluctuations due to the debt obtained to finance the acquisition, which is also in that currency (Note 3.7), in such a way that there is no impact on the income statement.

With respect to net investment hedging in foreign operations, the breakdown by period in which the related cash flows will arise is as follows:

2023	2024	2025	2026	2027	2028	Total
Derivatives	(4,518)	(4,164)	(3,969)	(3,787)	6,355	**(10,083)**

2022	2023	2024	2025	2026	2027 and later years	Total
Derivatives	(4,790)	(4,396)	(4,198)	(4,026)	(6,262)	**(23,672)**

3.7 Financial and capital risk management

The Enagás Group is exposed to various risks intrinsic to the sector, the market in which it operates and the activities it performs, which, should they materialise, could prevent it from achieving its objectives and executing its strategies successfully.

The Company has established a risk control and management model based on the principle of due control, aimed at ensuring the achievement of its objectives in line with the Company's risk tolerance level and the risk appetite approved by the governing bodies, and with a risk profile periodically assessed for all its risks. The particularities of the model are set out in section IV. Risk management of the Company's Management Report.

The main risks of a financial and tax nature to which the Group is exposed are as follows:

Credit risk

Credit risk relates to the possible losses arising from the non-payment of monetary or quantifiable obligations of a counterparty to which the Enagás Group has granted net credit which is pending settlement or collection.

Credit risk in connection with trade receivables arising from its commercial activity is historically very limited as the Group operates in a regulated environment (Note 1.1). However, regulations have been developed establishing standards for managing guarantees in the Spanish gas system and which oblige shippers to provide guarantees for: (i) contracting capacity in infrastructure with regulated third-party access and international connections, (ii) settlement of imbalances; and (iii) participation in the organised gas market.

The Enagás Group is also exposed to the risk of its counterparties not complying with obligations in connection with financial derivatives and placement of surplus cash balances. In order to mitigate this risk, these transactions are carried out in a diversified manner with highly solvent entities.

Interest rate risk

Interest rate fluctuations affect the fair value of those assets and liabilities that accrue interest at fixed rates, and the future cash flows from assets and liabilities that accrue interest at floating rates.

The objective of interest rate risk management is to create a balanced debt structure that minimises financial costs over a multi-year period while also reducing volatility in the Consolidated Income Statement.

Based on the Enagás Group's estimates and debt structure targets, hedges are put in place using derivatives that reduce these risks (Note 3.6).

Exchange rate risk

Exchange rate fluctuations may affect positions held with regard to debt denominated in foreign currency, certain payments for services and the purchase of capital goods in foreign currency, income and expenses relating to companies whose functional currency is not the euro and the effect of converting the financial statements of those companies whose currency is not the euro during the consolidation process. With a view to mitigating said risk, the Group can avail itself of financing obtained in US dollars, as well as contracting derivative financial instruments which are subsequently designated as hedging instruments (Note 3.6). In addition, the Enagás Group tries to balance the cash flows of assets and liabilities denominated in foreign currency in each of its companies.

Liquidity risk

Liquidity risk arises as a consequence of differences in the amounts or payment and collection dates relating to the different assets and liabilities held by the Group.

The liquidity policy followed by the Enagás Group is oriented towards ensuring that all short-term payment commitments acquired are fully met without having to secure funds under burdensome terms. For this purpose, different management measures are taken such as maintenance of credit facilities ensuring flexibility, sufficient amounts and sufficient maturities, diversified sourcing for financing needs via access to different markets and geographical areas, as well as the diversification of maturities in debt issued.

The financial debt of the Group at December 31, 2023 has an average maturity of 3.9 years (4.4 years at December 31, 2023) (Note 3.4).

Tax risk

The Enagás Group is exposed to possible modifications in tax regulatory frameworks and uncertainty relating to different possible interpretations of prevailing tax legislation, potentially leading to negative effects on results.

The Enagás Group has a Board-approved tax strategy, which includes the policies governing compliance with its tax obligations, attempting to avoid risks and tax inefficiencies

Other risks

The Enagás Group is exposed to cross-cutting risks that do not correspond to a single risk category but may be correlated with several of them, namely risks related to the three pillars of sustainability: environmental, social and governance (ESG).

In the context of ESG risks, Enagás is exposed to certain risks arising from climate change. These risks are managed and assessed in an integrated manner within the risk management model described in the Management Report. Risks are identified and quantified which arise from factors such as political and regulatory measures to promote the use of renewable energy, natural disasters or adverse weather conditions, the volume of CO_2 emissions, the use and technological development of renewable gases, and reputational risks (for more details on climate change risks, see chapter 'Climate Action and Energy Efficiency' of the Management Report).

The impact of climate-related risks and how management assesses these risks to incorporate them into the judgements, estimates and uncertainties that affect the consolidated financial statements are described in Note 4.6.a.

Given the dynamic nature of the business and its risks, and despite having a reputational risk control and management system that responds to the best international recommendations and practices, it is not possible to guarantee that some risk may exist that is not identified in the risk inventory of the Enagás Group.

In addition, the internationalisation process carried out by the Enagás Group in recent years means that a part of its operations are carried out by companies over which it does not exercise control and which perform their activities within different regulatory frameworks and with different business dynamics, so that potential risks may arise relating to financial investment.

Also, there are uncertainties related to the deployment of renewable gases and the company's future role in the energy sector.

a) Quantitative information

Interest rate risk

The percentage of debt at fixed interest rates at December 31, 2023 and December 31, 2022, amounted to more than 80%. Taking into account these percentages of financial debt at fixed rates, and after performing a sensitivity analysis to changes in market interest rates, the Group considers that, according to its estimates, the impact on results of such variations on financial costs relating to variable rate debt could be as follows:

	Interest rate change			
	2023		2022	
	25 bps	-10 bps	25 bps	-10 bps
Change in financial costs	206	(82)	591	(236)

In addition, the aforementioned changes would not produce any significant changes in the Company's equity position in connection with contracted derivatives.

Exchange rate risk

The currency that generates the greatest exposure to exchange rate changes within the Enagás Group is the US dollar.

The exposure of the Group to changes in the US dollar/euro exchange rate is mainly determined by the effect of translating the financial statements of the companies whose functional currency is the US dollar. In addition, there are Group companies whose functional currency is the Peruvian nuevo sol and pound sterling, although their effect is not significant.

The sensitivity of profit/(loss) for the year and equity to exchange rate risk, via appreciation or depreciation of exchange rates and based on said equity held by the Enagás Group at December 31, 2023, is shown below:

	Thousands of euros			
	Appreciation/(Depreciation) of the euro against the dollar			
	2023		2022	
	5,00%	-5,00%	5,00%	-5,00%
Effect on net profit	4,073	(4,073)	3,028	(3,028)
Effect on equity	5,552	(5,552)	11,422	(11,422)

b) Capital management

The Enagás Group carries out capital management at corporate level and its objectives are to ensure financial stability and obtain sufficient financing for investments, optimising the cost of capital in order to maximise the value created for the shareholder while maintaining its commitment to solvency.

The Enagás Group uses its leverage ratio as an indicator for monitoring its financial situation and capital management. The ratio is defined as the result of dividing consolidated net financial debt by net consolidated assets (understood as the sum of net financial debt and consolidated own funds).

The Group's financial leverage, calculated as the ratio of net financial debt and total financial net debt plus own funds at December 31, 2023 and 2022, is as follows:

	2023	2022
Net financial debt (Note 3.4)	2,725,082	3,468,905
Shareholders' equity	2,968,155	3,076,477
Financial leverage	**47.9%**	**53.0%**

On December 15, 2023, the credit rating agency Fitch Ratings maintained Enagás' outlook at stable, and placed Enagás' rating at BBB. On December 4, 2023, the credit rating agency Standard & Poor's placed Enagás' credit rating at BBB, with a stable outlook.

3.8 Cash flows

ACCOUNTING POLICIES

- **Under the Cash and other cash equivalents heading of the Consolidated Balance Sheet the Group recognises cash in hand, sight deposits, and other highly liquid short-term investments that can be readily converted into cash and are subject to an insignificant risk of changes in value.**

a) Cash and cash equivalents

	31.12.2023	31.12.2022
Treasury	366,757	562,474
Other cash and cash equivalents	471,726	796,810
Total	**838,483**	**1,359,284**

Deposits that are readily convertible into cash are recorded under the heading "Other liquid assets".

Generally, the banked cash accrues interest at rates similar to daily market rates. The deposits maturing in the short-term are easily convertible into cash, and accrue interest at the going market rates. There are no significant restrictions on cash drawdown other than those indicated in Note 3.3.a in relation to the GSP project in Peru.

b) Available funds

In order to guarantee liquidity, the Enagás Group has arranged credit lines which it has not drawn down. Thus, liquidity available to the Enagás Group is broken down as follows:

Available funds	31.12.2023	31.12.2022
Cash and cash equivalents	838,483	1,359,284
Other available funds (Note 3.4)	2,470,521	2,434,489
Total available funds	**3,309,004**	**3,793,773**

In the opinion of the Directors of the Parent Company, this situation allows for sufficient funding to meet possible liquidity requirements in the short-term considering its current obligations.

c) Reconciliation of movements in liabilities arising from financing activities and cash flows

		Debts with credit institutions	Debentures and marketable securities	Total
12.31.2022		**1,690,600**	**2,736,574**	**4,427,174**
Cash flows	Issuance and collection	74,756	—	**74,756**
	Repayment and redemption	(275,725)	(400,000)	**(675,725)**
	Payment of interest	(74,312)	(27,437)	**(101,749)**
Without an impact on cash flows	Interest expense	70,448	36,251	**106,699**
	Changes due to exchange rates and other	(24,993)	(1)	**(24,994)**
12.31.2023		**1,460,774**	**2,345,387**	**3,806,161**

The information for the 2022 financial year is detailed below:

		Debts with credit institutions	Debentures and marketable securities	Total
12.31.2021		**1,777,900**	**3,481,812**	**5,259,712**
Cash flows	Issuance and collection	953,980	1,294,000	**2,247,980**
	Repayment and redemption	(1,235,479)	(2,044,000)	**(3,279,479)**
	Payment of interest	(25,023)	(45,900)	**(70,923)**
Without an impact on cash flows	Interest expense	34,422	50,695	**85,117**
	Changes due to exchange rates and other	184,800	(33)	**184,767**
12.31.2022		**1,690,600**	**2,736,574**	**4,427,174**

4. Other information

RELEVANT ASPECTS

Remuneration for Board of Directors and Senior Management

- **Remuneration to the Board of Directors, without taking into account insurance premiums and termination benefits, amounted to 5,022 thousands of euros (5,119 thousands of euros in 2022) (Note 4.4).**
- **Remuneration to the Senior Managers, without taking account of pension plans, insurance premiums and termination benefits, amounted to 4,586 thousands of euros (4,593 thousands of euros in 2022) (Note 4.4).**

4.1 Investment properties

ACCOUNTING POLICIES

Investment properties

- **The cost model is applied for measuring investment property, that is, the corresponding assets are measured at acquisition cost less the corresponding accumulated amortisation and any impairment losses. However, as one plot of land is not currently in use, it was measured at its recoverable amount, calculated as the fair value less the necessary costs for its sale.**
- **The market appraisal was performed by the independent expert in accordance with the Governing Rules of the Royal Institution of Chartered Surveyors (RICS), set out in the so-called "Red Book" - RICS Valuation - Professional Standards, January 2014. Said market valuations defined by RICS are internationally recognised by advisors and accountants providing services for investors and corporations that own investment properties, as well as by The European Group of Valuers (TEGoVA) and The International Valuation Standards Committee (IVSC).**

	Balance at December 31, 2021	Impairment allowances 2022	Balance at December 31, 2022	Impairment allowances 2023	Balance at December 31, 2023
Cost (1)	47,211	—	47,211	—	47,211
Impairment	(28,551)	(1,250)	(29,801)	(30)	(29,831)
Net carrying amount	**18,660**	**(1,250)**	**17,410**	**(30)**	**17,380**

(1) Corresponds entirely to a plot of land located at km 18 of the A-6 motorway in Las Rozas (Madrid). The independent company Jones Lang LaSalle España, S.A. issued a valuation report dated December 31, 2023, which concluded that the recoverable amount of the plot at that date amounted to 17,380 thousands of euros (17,410 thousands of euros at December 31, 2022). It is worth noting that the aforementioned independent expert's report did not include any scope limitations with respect to the conclusions reached. There are no mortgages or encumbrances of any type on said property. In addition, the Group has contracted the corresponding insurance policies to cover third party civil liabilities.

4.2 Tax situation

ACCOUNTING POLICIES

- **Income tax expense for the year is calculated as the sum of current tax, resulting from applying the corresponding tax rate to taxable income for the year (after applying any possible deductions) and any changes in deferred tax assets and liabilities.**
- **Deferred tax expense or income relates to the recognition and derecognition of deferred tax assets and liabilities. These include the temporary differences, identified as those amounts expected to be payable or recoverable, arising from the difference between the book value of assets and liabilities and their tax bases, as well as any unused tax credits. These amounts are measured by applying the tax rate to the corresponding temporary differences or tax credits at which they are expected to be recovered or settled.**
- **Deferred tax assets are only recognised when the Group expects sufficient future taxable profits to recover the deductible temporary differences. Deferred tax liabilities are recognised for all taxable temporary differences except for those arising from the initial recognition of goodwill.**
- **Recognised deferred tax assets are reassessed at the end of each reporting period and the appropriate adjustments are made when there are doubts as to their future recoverability.**
- **The Group offsets deferred tax assets and deferred tax liabilities corresponding to one and the same tax authority, as established in IAS 12.74.**

SIGNIFICANT ESTIMATES AND JUDGEMENTS

- **In accordance with prevailing legislation in Spain, tax returns cannot be considered final until they have been inspected by the tax authorities or until the four-year inspection period has elapsed. However, the four-year period can vary in the case of Group companies subject to other fiscal regulations. The Directors consider that the income tax returns for the aforementioned taxes have been filed correctly and, therefore, even in the event of discrepancies in the interpretation of prevailing tax legislation with respect to the treatment applied, the resulting potential tax liabilities, if any, would not have a material impact on these Consolidated Annual Accounts.**
- **The deferred tax assets were recognised in the balance sheet as the Directors believe, based on the best estimate of future profits and reversals of deductible temporary differences, that it is probable that these assets will be recovered.**

a) Balances with Tax Authorities

	2023	2022
Debit balances		
Deferred tax assets (Note 4.2.f)	**79,019**	**72,969**
Income tax and other taxes (1)	10,623	453
Value added tax	21,928	24,238
Total current assets	**32,551**	**24,691**
Credit balances		
Deferred tax liabilities (Note 4.2.f)	**208,809**	**221,720**
Income tax (2)	5,652	70,204
Value added tax	919	670
Tax Authorities creditor for withholdings and other (2)	38,203	79,824
Total current liabilities	**44,774**	**150,698**

(1) Corresponds mainly to the Corporate Income Tax of the 2023 Tax Group, amounting to 10,623 thousands of euros of balances receivable (453 thousands of euros at December 31, 2022).

(2) The variation is mainly due to the capital gains tax and the retention pending payment and derived from the divestment process in Chile following the sale of GNL Quintero, S.A. in 2022, disbursed in 2023.

b) Tax returns

Enagás S.A. has been the parent company of the Tax Consolidation Group 493/12 for Corporate Income tax from January 1, 2013, comprising the following subsidiaries at December 31, 2023:

- Enagás Transporte, S.A.U.
- Enagás GTS, S.A.U.
- Enagás Internacional, S.L.U.
- Enagás Financiaciones, S.A.U.
- Enagás Emprende S.L.U.
- Infraestructuras del Gas, S.A.
- Scale Gas Solutions, S.L.
- Efficiency for LNG Applications, S.L.
- Enagás Services Solutions, S.L.
- Sercomgas Gas Solutions, S.L.
- Enagás Holding USA. S.L.U.
- Enagás Infraestructuras de Hidrógeno, S.L.
- Musel Energy Hub, S.L. (since its incorporation in March 2023)

The Group's remaining companies file individual income tax returns in accordance with the applicable tax laws.

c) Corporate Income Tax

	2023	2022
Before-tax consolidated accounting results	**421,094**	**526,398**
Permanent differences and consolidation adjustments (1)	(119,310)	10,654
Consolidated tax base	**301,784**	**537,052**
Tax rate	**25%**	**25%**
Adjusted result by tax rate (2)	(75,446)	(134,263)
Effect of applying different rates to tax base	(2,961)	(10,672)
Tax base	**(78,407)**	**(144,935)**
Effect of deductions	5,281	6,137
Other adjustments to Corporate Income Tax (3)	(4,960)	(11,186)
Corporate Income Tax for the period	**(78,086)**	**(149,984)**
Current income tax (4)	(53,338)	(131,255)
Deferred income tax	4,247	7,953
Adjustments to income tax rate	(28,995)	(26,682)

(1) The permanent differences mainly correspond to the elimination of the results of companies consolidated under the equity method, as well as other consolidation adjustments relating to, among others, the reconciliation of local regulations and IFRS, as well as the impairment losses recognised.

(2) In order to determine income tax, a 25% rate was applied to all Spanish companies, except for those that file tax returns under the special regime of Vizcaya (Enagás Transporte del Norte, S.L) where a 24% rate is applied. For both 2022 and 2023, the tax rates applicable to the foreign companies Enagás Perú, S.A.C.; Enagás Chile S.P.A.; Enagás México, S.A. de C.V. and Enagás USA, L.L.C. were 29.5%, 27%, 30% and 24%, respectively.

(3) "Other Corporate Income Tax Adjustments" includes, among others, the effect of the limitation on the deductibility of dividends (as from January 1, 2021, in accordance with prevailing Spanish legislation, the exemption on dividends and capital gains associated with holdings in both resident and non-resident entities is 95% of the amount thereof).

(4) In 2023, 76,606 thousands of euros were paid (58,432 thousands of euros in 2022) in connection with the amount to be disbursed for settling 2023 Corporate Income Tax, of which 76,210 thousands of euros correspond to the Tax Consolidation Group (57,955 thousands of euros in 2022). In addition, 2,191 thousands of euros have been disbursed for Corporate Income Tax for the year 2022 (12,288 thousands of euros were received in 2022 for the Tax Consolidation Group's 2020 Corporate Income Tax refund claim). It is also included the record associated with the 50% limitation of unutilized negative taxable bases by the companies of the Fiscal Group in 2023, as mentioned in Note 4.2.e. Additionally, in 2023, 67.5 million euros have been paid for the taxation in Chile associated with the capital gain from the divestment in GNL Quintero, as well as 4.5 million euros for the capital gain associated with the divestment in Gasoducto de Morelos

d) Tax recognised in equity

	2023			2022		
	Increases	Decreases	Total	Increases	Decreases	Total
Income and expenses recognised directly in equity						
Tax effect on cash flow hedges	1,522	(620)	902	—	(11,578)	(11,578)
Amounts transferred to the income statement						
Tax effect on cash flow hedges	1,454	(929)	525	—	(1,732)	(1,732)
Total income tax recognised in equity	**2,976**	**(1,549)**	**1,427**	**—**	**(13,310)**	**(13,310)**

e) Years open for inspection and tax audits

In accordance with prevailing legislation in Spain, tax returns cannot be considered final until they have been inspected by the tax authorities or until the four-year inspection period has elapsed. However, the four-year period can vary in the case of Group companies subject to other fiscal regulations.

During financial year 2021, Enagás S.A. and Enagás Transporte S.A.U. were notified that the Central Economic Administrative Court (hereinafter TEAC) had rejected the claims filed in relation to the assessments signed challenging the Corporate Income Tax for the years 2012 to 2015. During 2022, an appeal against the decisions of the Central Economic Administrative Tribunal (TEAC) was filed with the National Court of Appeal, which has not yet been decided at the time of preparing these consolidated annual accounts.

In the event that this appeal were ultimately contrary to the interests of the Group, it would result in a disbursement of approximately 11.7 million euros (not including any late payment interest that may be applicable), giving rise to the recognition of a deferred tax asset of 7.5 million euros and a negative effect on net profit /(loss) of approximately 4.2 million euros. In accordance with what is mentioned in Note 2.9, during the 2023 financial year part of the provision for this concept amounting to 5.7 million euros has been made, which includes both fees and interest on late payment.

The appeal is expected to be resolved in more than one year.

Likewise, at 2023 year-end, the years 2020 to 2023 are pending audit for the taxes applicable to the company, with the exemption of Corporate Income Tax, which is pending audit for the years 2019 to 2023.

The Directors consider that all taxes mentioned have been duly paid so that even in the event of discrepancies in the interpretation of prevailing tax legislation with respect to the treatment applied to transactions, the resulting potential tax liabilities, if any, would not have a material impact on the accompanying Consolidated Annual Accounts.

f) Deferred tax assets and liabilities

	Initial measurement	Recognised on profit and loss	Recognised in equity	Creation	Translation differences	Final value
Deductible temporary differences						
Capital grants and others	765	(107)	—	—	—	658
Amortisation deduction limit R.D.L. 16/2012 (1)	8,369	(4,184)	—	—	—	4,185
Provisions for personnel remuneration	4,066	129	—	—	—	4,195
Fixed assets provision	33,789	(2,314)	—	—	—	31,475
Provisions for litigation and other	21,262	(1,950)	—	—	—	19,312
Derivatives	1,191	—	(694)	—	(66)	431
Carry-forward tax losses (4)	**1,845**	**—**	**—**	**16,073**	**—**	**17,918**
Deductions pending and others (2)	**1,682**	**(837)**	**—**	**—**	**—**	**845**
Total deferred tax assets	**72,969**	**(9,263)**	**(694)**	**16,073**	**(66)**	**79,019**
Accelerated amortisation (3)	(204,427)	8,402	—	—	—	(196,025)
Derivatives	(612)	—	108	—	13	(491)
Deferred expenses	(2,570)	1,341	—	—	—	(1,229)
Other	(14,111)	3,047	(207)	—	207	(11,064)
Total deferred tax liabilities	**(221,720)**	**12,790**	**(99)**	**—**	**220**	**(208,809)**
Net carrying amount	**(148,751)**	**3,527**	**(793)**	**16,073**	**154**	**(129,790)**

(1) Arises from the limitation to tax deductible amortisation with respect to the Corporate Income Tax for the years 2013 and 2014. Said amortisation is recoverable from a tax point of view from 2015 on a straight line basis over 10 years.
(2) In addition, it includes the deduction to be applied from 2015 in accordance with the thirty-seventh transitory provision of Law 27/2014, by virtue of which those contributors for whom limited amortisation was applicable in 2013 and 2014 will have the right to a 5% deduction of the tax base with respect to the amounts included in the taxable income for the corresponding period.
(3) Arising from application of accelerated amortisation of certain assets for tax purposes during the period 2009-2014.
(4) This heading includes the recognition of the deferred tax asset corresponding to the limitation of 50% of the carry-forward tax losses not offset by the Tax Group companies in 2023, in accordance with Additional Provision nineteen of Law 27/2014 on Corporate Income Tax. This asset will be reversed on a straight-line basis over a period of ten years from 2024.

The Enagás Group offset deferred tax assets in the amount of 77,368 thousands of euros from the Tax Consolidation Group in Spain (71,275 thousands of euros in 2022) against deferred tax liabilities in its consolidated statement of financial position in accordance with IAS 12.

	Final value of assets and deferred tax liabilities by nature	Offset of deferred tax assets and liabilities - Tax Group	Final value
Deferred tax assets	72,969	(71,275)	1,694
Deferred tax liabilities	(221,720)	71,275	(150,445)
Net carrying amount 2022	**(148,751)**	**—**	**(148,751)**
Deferred tax assets	79,019	(77,368)	1,651
Deferred tax liabilities	(208,809)	77,368	(131,441)
Net carrying amount 2023	**(129,790)**	**—**	**(129,790)**

The Enagás Group has unregistered deferred tax assets and liabilities amounting to 29,705 thousands of euros and 34,892 thousands of euros, respectively, at the end of 2023 (33,387 thousands of euros and 35,010 thousands of euros, respectively, at the end of 2022). These correspond mainly to taxable temporary differences associated with investments in companies that are accounted for using the equity method and that meet the requirements established in IFRS to apply the accounting exception.

4.3 Related party transactions and balances

ACCOUNTING POLICIES

- **In addition to subsidiaries, associates, multigroup companies and significant shareholders, the Group's "related parties" are considered to be its "key management personnel" (members of the Board of Directors and Senior Managers, along with their close relatives), and the entities over which key management personnel may exercise significant influence or control, considering the definitions indicated in the commercial and reference regulations for listed companies.**
- **The terms of transactions with related parties are equivalent to those made on an arm's length basis and the corresponding remuneration in kind has been recorded.**

Income and expenses	Directors and Senior Managers	Group Personnel, Companies or Entities	Total [1]
2023			
Expenses:			
Services received [2]	—	28,265	28,265
Other expenses	10,800	—	10,800
Total Expenses	**10,800**	**28,265**	**39,065**
Income:			
Financial income	—	1,143	1,143
Rendering of services	—	4,151	4,151
Total income	**—**	**5,294**	**5,294**
2022			
Expenses:			
Services received [2]	—	133,085	133,085
Other expenses	13,959	—	13,959
Total Expenses	**13,959**	**133,085**	**147,044**
Income:			
Financial income	—	195	195
Rendering of services	—	4,039	4,039
Total income	**—**	**4,234**	**4,234**

(1) No transactions were carried out during 2023 and 2022 with significant shareholders.
(2) Includes the operations that Enagás GTS has carried out with Mibgas.

Other transactions	Significant shareholders	Group Personnel, Companies or Entities	Total
2023			
Debt guarantees (Note 1.9)		645,000	645,000
Guarantees and sureties granted - Other (Note 1.9)		5,702	5,702
Dividends and other earnings distributed	100,613		100,613
2022			
Guarantees for related parties debt (Note 1.9)	—	557,000	557,000
Guarantees and sureties granted - Other (Note 1.9)	—	17,754	17,754
Dividends and other earnings distributed	106,321	—	106,321

The detail of current and non-current loans to related parties is as follows:

	Interest rate	Maturity	12.31.2023	12.31.2022
Non-current credits to related parties (*)			**33,456**	**20,217**
Planta de Regasificación de Sagunto, S.A.	Eur6m + Spread	June-2025	5,977	7,876
Knutsen Scale Gas, SL	7,00%	Aug-2027	2,000	2,000
Scale Gas Med Shipping	4.9% (reviewable in 2024)	Sep-2028	11,117	10,341
Hanseatic Energy Hub GMBH	5%	Jun-2041	14,362	—
Current loans to related parties			**1,208**	**198**
Planta de Regasificación de Sagunto, S.A.	Eur6m + Spread	June-2025	315	14
Llewo Mobility, S.L (previously “Gas to Move, S.L.”)	2,58%	Oct.-2023	—	4
Scale Gas Med Shipping	4.9% (reviewable in 2024)	Sep.-2028	730	131
Knutsen Scale Gas, SL	7,00%	Aug-2027	49	49
Hanseatic Energy Hub GMBH	5,00%	Jun-2041	114	—
Total			**34,664**	**20,415**

(*) Unaffected by the expected loss

4.4 Remuneration for the Board of Directors and Senior Management

ACCOUNTING POLICIES

Share-based payments

- The Group classifies its share-based settlement plan for the Executive Director and senior management according to the manner of settling the transaction:
  - With Parent Company shares: Personnel expense is determined based on the fair value of the shares to be delivered at the grant date, taking into account the degree to which the objectives relating to said plan have been fulfilled. This expense is recognised over the stipulated period during which employee services are rendered with a credit to "Other equity instruments" in the accompanying balance sheet.
  - In cash: personnel expenses are determined based on the fair value of the liability at the date recognition requirements are met. Personnel expenses are recognised over the stipulated period during which services are rendered in the stipulated period (Note 2.9) and are entered in "Long-term provisions" in the accompanying Balance Sheet, until it is estimated that they will be settled within less than one year, at which time the associated provision is reclassified to the Personnel line under "Trade and other payables" on the liability side of the accompanying Balance Sheet. The liability is subsequently measured at fair value at each balance sheet date, up to and including the settlement date, with changes in fair value recognised in the Income Statement.
  - The Enagás Group used the Monte Carlo model to evaluate this programme. The fair value of the equity instruments at the granting date is adjusted to include the market conditions relating to this plan. Likewise, the Company takes into account the fact that the dividends accrued during the plan period are not paid to the beneficiaries as they do not become shareholders of the Parent Company until the plan has effectively been settled.

SIGNIFICANT ESTIMATES AND JUDGEMENTS

- The Enagás Group estimates fair value of the equity instruments granted on an accrual basis over the corresponding plan period, plus the deferral and loyalty periods of approximately four months for full disbursement. In the 2022 financial year, both the 2019-2021 ILP Plan and the 2022-2024 ILP Plan are considered. 2024.
- As for that part of the plans payable in shares, the Enagás Group estimates the fair value of the amount payable in cash on an accrual basis over the plan period (January 1, 2019 to December 31, 2021 for the 2019-2021 ILP and January 1, 2022 to December 31, 2024 for the 2022-2024 ILP), plus the deferral and loyalty periods of approximately four months for full disbursement.
- On September 29, 2022, the National Commission on Markets and Competition (CNMC) approved its supervisory report on the application of the measures to separate the activities of Enagás GTS, S.A.U., with the following requirements:
  - The multi-year variable remuneration that may be assigned to Enagás GTS managers must be independent of parameters associated with transmission and other incompatible activities.
  - The Executive Director of Enagás GTS and other persons responsible for the management of this company who are beneficiaries of long-term variable remuneration shall not receive shares in the share capital of Enagás as payment for such remuneration.
- In view of the above, it has been necessary to align the 2022-2024 Long-Term Incentive Plan with the requirements of the CNMC, developing two Plans and their respective Regulations, one for the Enagás Group (with the exception of Enagás GTS, S.A.U. senior managers), and another specific Regulation for Enagás GTS so that senior managers belonging to Enagás GTS will receive their variable remuneration in cash instead of receiving it in Enagás S.A. shares

Remuneration received	Salaries	Per diems	Other items	Pension plans	Insurance premiums	Termination benefits
2023						
Board of Directors	2,533	2,400	89	—	73	—
Senior Management	4,330	—	256	63	74	—
Total	**6,863**	**2,400**	**345**	**63**	**147**	**—**
2022						
Board of Directors	2,645	2,382	92	—	44	1,630
Senior Management	4,412	—	181	82	37	2,454
Total	**7,057**	**2,382**	**273**	**82**	**81**	**4,084**

The remuneration of the members of the Board of Directors for their Board membership and those corresponding to the Chairman and the Chief Executive Officer for the exercise of their executive and non-executive functions, respectively, during 2023 were approved by the General Shareholders' Meeting held on May 27, 2021 as part of the "Directors' Remuneration Policy for 2022, 2023 and 2024", having been modified by the General Shareholders' Meeting held on March 31, 2022, as Item 8 of the Agenda.

The Chairman, Mr Antonio Llardén Carratalá, was beneficiary of the 2019-2021 Long-Term Incentive Plan approved by the General Shareholders' Meeting on March 29, 2019 as Item 8 of the Agenda. During the 2022 and 2023 financial years, the aforementioned incentive has been settled and a total of 25,061 gross shares have been awarded in 2022 and 27,398 gross shares in 2023, which will not be available until April 2024.

The Chief Executive Officer is a beneficiary of the 2022-2024 Long-Term Incentive Plan approved at the General Shareholders' Meeting held on March 31, 2022. Item 9 of its Agenda assigned him a total of 96,970 rights relating to shares. These rights do not entail the acquisition of shares for the time being, since the termination of the programme and the right to accrue the final incentive, which depends on the degree of achievement of the programme's objectives, will be generated within thirty days following the approval of the 2024 annual accounts by the General Shareholders' Meeting to be held in 2025.

Members of Senior Management (members of the Management Committee) were equally beneficiaries of the 2019-2021 Long-Term Incentive Plan. In the terms approved at the General Shareholders' Meeting, in the settlement of this incentive in the 2023 financial year, 29,239 gross shares and a cash incentive amount of 205 thousands of euros corresponded to them.

Members of Senior Management (members of the Executive Committee) are equally beneficiaries of the 2022-2024 Long-Term Incentive Plan. As approved at the General Shareholders' Meeting, the Board has assigned them a total of 145,764 rights relating to shares as well as an incentive in cash amounting to approximately 1,000 thousands of euros. These rights do not entail the acquisition of shares for the time being, since the termination of the programme and the right to accrue the final incentive, which depends on the degree of achievement of the programme's objectives, will be generated within thirty days following the approval of the 2024 annual accounts by the General Shareholders' Meeting to be held in 2025.

The Group has outsourced its pension commitments with respect to its Senior Managers through a mixed group insurance policy for pension commitments, including benefits in the event of survival, death, and employment disability. The Chairman was part of the group covered by this policy and of the total premium paid for this during 2022, 62 thousands of euros corresponded to him. The Chief Executive Officer does not have a pension commitment instrument, as he does not have an employment relationship with the company, but rather a commercial relationship. The Chief Executive Officer maintains an assimilated individual savings insurance at a cost of 222 thousands of euros.

The members of the Senior Management also form part of the group insured under the mixed group insurance policy for pension commitments. The total premium paid for the same during the financial year amounts to 698 thousands of euros.

The aforementioned remuneration, broken down for each member of the Board of Directors, without taking into account insurance premiums, is as follows:

	2023	2022
Mr Antonio Llardén Carratalá (Executive Chairman) (1)	730	1,594
Mr Arturo Gonzalo Aizpiri (Chief Executive Officer) (2) (4)	2,152	969
Sociedad Estatal de Participaciones Industriales (Proprietary Director) (3)	160	160
Mr José Blanco López (Independent Director) (3)	160	160
Ms Ana Palacio Vallelersundi (Independent Leading Director) (3)	190	190
Mr José Montilla Aguilera (Independent Director) (3)	175	175
Mr Cristóbal José Gallego Castillo (Independent Director) (3)	160	160
Ms Eva Patricia Úrbez Sanz (Independent Director) (3)	160	160
Mr Santiago Ferrer Costa (Proprietary Director) (3)	160	160
Ms Natalia Fabra Portela (Independent Director) (3)	160	160
Ms María Teresa Arcos Sánchez (Independent Director) (3)	175	170
Mr David Sandalow (Independent Director) (3) (4)	160	114
Ms Clara García Fernández-Muro (Independent Director) (3) (4)	160	113
Ms María Teresa Costa Campi (Independent Director) (3) (4)	160	114
Mr Manuel Gabriel González Ramos (Independent Director) (3) (4)	160	113
Mr Ignacio Grangel Vicente (Independent Director) (3) (4)	—	44
Mr Gonzalo Solana González (Independent Director) (3) (4)	—	44
Mr Antonio Hernández Mancha (Independent Director) (3) (4)	—	44
Ms Isabel Tocino Biscarolasaga (Independent Director) (3) (4)	—	44
Mr Marcelino Oreja Arburúa (former Chief Executive Officer) (3) (4)	—	431
Total	**5,022**	**5,119**

(1) The remuneration of the Executive Chairman for the exercise of his executive duties during 2022 was that approved in detail by the General Shareholders' Meeting held on May 27, 2021 as part of the "Directors' Remuneration Policy for the 2022, 2023 and 2024 financial years" as approved as Item 10 of the Agenda as amended by the General Shareholders' Meeting held on March 31, 2022 under Item 8 of the Agenda to cover his remuneration as non-executive Chairman as from that date. In 2023, the Chairman received a fixed remuneration of 600 thousands of euros. He also received remuneration for membership of the Board amounting to 130 thousands of euros, making a total of 730 thousands of euros.

(2) The remuneration of the Chief Executive Officer for the 2023 financial year has been approved in detail by the General Shareholders' Meeting held on May 27, 2021 as part of the "Directors' Remuneration Policy for the 2022, 2023 and 2024 financial years", approved as Item 10 of the Agenda and modified by the General Shareholders' Meeting held on March 31, 2022, as Item 8 of the Agenda. During financial year 2023, he received fixed remuneration of 1,000 thousands of euros and variable remuneration of 583 thousands of euros. In addition, he received remuneration in the amount of 130 thousands of euros for Board membership, as well as other remuneration in kind amounting to 89 thousands of euros (the changes in remuneration in kind with respect to previous years are exclusively a result of measurement differences without there having been any additional items included in the remuneration). Thus, the combined amounts totalled 2,152 thousands of euros. In addition, he was also the beneficiary of a life insurance policy with a premium of 73 thousands of euros for the year. The Chief Executive Officer is a beneficiary of the 2022-2024 Long-Term Incentive Plan approved at the General Shareholders' Meeting held on March 31, 2022. Item 9 of its Agenda states that the meeting assigned him a total of 96,970 performance shares or rights relating to shares. These rights do not entail the acquisition of shares for the time being, since the right to accrue the final incentive, which depends on the degree of achievement of the programme's targets will be generated within thirty (30) days following the approval of the 2024 annual accounts by the General Shareholders' Meeting to be held in 2025. In addition, the CEO maintains an individual savings insurance at a cost of 222 thousands of euros.

(3) The remuneration for these Directors relating to Board and committee membership was approved in detail by the General Shareholders' Meeting on March 31, 2022 as part of the proposal to modify the "Directors' Remuneration Policy for the 2022, 2023, and 2024 financial years".

(4) On February 21, 2022 the Board of Directors co-opted Mr Arturo Gonzalo Aizpiri as Executive Director to fill the vacancy caused by the resignation of the former Chief Executive Officer, Mr Marcelino Oreja Arburúa, on that date. On March 31, 2022, Mr Antonio Hernández Mancha, Mr Gonzalo Solana González, Mr Ignacio Grangel Vicente and Ms Isabel Tocino Biscarolasaga stepped down from their posts, while Mr David Sandalow, Mr Manuel González Ramos, Ms Clara García Fernández-Muro and Ms María Teresa Costa Campi were appointed as new Directors. Ramos, D.ª Clara García Fernández- Muro y D.ª María Teresa Costa Campi.

Share-based payments

As reported in the Annual Accounts since 2019, on March 29, 2019, the General Shareholders' Meeting of the Parent of the group, Enagás S.A,. approved a Long-Term Incentive Plan ("ILP") aimed at the then Executive Directors and senior management of the Parent Company and its Group, with a view to maximising motivation and loyalty as well as promoting the good results achieved by the Enagás Group, aligning its interests with the long-term value of shareholders. In this regard, and as previously reported, the aforementioned programme has been 50% settled during the first half of 2023.

On March 31, 2022, the Enagás, S.A. General Shareholders' Meeting approved the 2022-2024 Long-Term Incentive Plan (ILP) aimed at the Executive Director, the members of the Executive Committee and the senior management of the Parent Company and its Group. The objective of the Plan is to (i) encourage the sustainable achievement of the objectives of the Company's Strategic Plan, (ii) give the opportunity to share the creation of value with participants, (iii) foster a sense of belonging to the Company and shared destiny, (iv) be competitive, and (v) align with the requirements of institutional investors, proxy advisors, and best Good Corporate Governance practices and, especially, those resulting from the recommendations of the CNMV's new Good Governance Code.

The plan consists of an extraordinary mixed multi-year incentive which will permit the beneficiaries to receive, after a certain period of time, a bonus payable in (i) Enagás, S.A. shares and (ii) cash; provided that certain strategic objectives of the Enagás Group are met.

On September 29, 2022, the National Commission on Markets and Competition (CNMC) approved its supervisory report on the application of the measures to separate the activities of Enagás GTS, S.A.U., with the following requirements:

- The multi-year variable remuneration that may be assigned to Enagás GTS managers must be independent of parameters associated with transmission and other incompatible activities.
- The Executive Director of Enagás GTS and other persons responsible for the management of this company who are beneficiaries of long-term variable remuneration shall not receive shares in the share capital of Enagás as payment for such remuneration.

In view of the above, it has been necessary to align the 2022-2024 Long-Term Incentive Plan with the requirements of the CNMC, developing two Incentive Plans and their respective Regulations, one for the Enagás Group (with the exception of Enagás GTS, S.A.U. senior managers), and another specific Regulation for Enagás GTS so that senior managers belonging to Enagás GTS will receive their variable remuneration in cash instead of receiving it in Enagás S.A. shares.

With respect to the portion payable in shares, a maximum of 679,907 shares are deliverable, all of which will come from the Company's treasury shares. Furthermore, the beneficiaries of the plan are not guaranteed any minimum value for the assigned shares. The cash part of the Plan is limited to an estimated payment of approximately 3.3 million euros should all the objectives be fully met.

This plan is aimed at persons who, due to their level of responsibility on their position in the Enagás Group, contribute decisively to achieving the Company's objectives. The Plan initially designated 53 beneficiaries, notwithstanding the possibility that new recruitments due to mobility or professional level changes may include new beneficiaries during the measurement period.

The objectives determined to evaluate the achievement of the Enagás S.A. Long-Term Incentive Plan are as follows:

- Accumulated results corresponding to the Funds for Operations ("FFO") of the Enagás Group. This metric shows the financial soundness and net profit growth, which are the cornerstones of the Strategic Plan. This takes into account both the EBITDA of the regulated business and the dividends received from the subsidiaries that are not controlled by Enagás. It is a benchmark indicator for investors. Fulfilling this objective will satisfy the Company forecasts for the distribution of Group, investment and debt amortisation dividends. It accounts for 20% of the total targets.
- Accumulated cash flows received from international affiliates and other businesses ("Dividend"). This shows the focus on international growth and a realistic and profitable investment plan as the cornerstones of the Strategic Plan. It measures the profitability of the international business compared with the annual remuneration objective which measures the year's international investment volume. It accounts for 20% of the total targets.
- Total shareholder return ("TSR"). To ensure appropriate, competitive shareholder remuneration. It takes into account share performance and the dividend policy. This objective comprises two components, each with a relative importance of 12.5% of the total objectives:

  a) Absolute TSR: this is measured as the acquisition of a target share price in 2024. The target price has been established by investing estimated share dividends and is based on profitability and market parameters.

  b) Relative TSR: this is measured with respect to the Peer Group of fifteen companies.

- **The Company's commitment to long-term sustainable value creation ("Sustainability").** The target will have five indicators:
  - **Decarbonisation:** Reduction of CO_2 emissions in line with the decarbonisation pathway (emissions 2024 vs. emissions 2021). It accounts for 6% of the total targets.
  - **Investment in renewable gases:** 2022-2024 investment associated with the adaptation of infrastructure for the transmission of renewable gases and the development of infrastructure dedicated to the transmission and storage of renewable gases. It accounts for 6% of the total targets.
  - **Diversity and inclusion:** Percentage of female members on the Board of Directors. It accounts for 2% of the total targets. .
  - **Percentage of women in managerial and pre-managerial positions.** It accounts for 3% of the total targets.
  - **Percentage of promotions that are women in managerial and pre-managerial positions.** It accounts for 3% of the total targets.
- **Digitalisation of the company.** The target will consist of 2 indicators:
  - Implementation of the Digital Transformation Strategy and improvement of the associated indicators.
  - Strengthening the positioning of Enagás' digital assets in the company's strategic areas.

It accounts for 15% of the total targets (7.5% for each indicator respectively).

Regarding the measurement period, although it will occur during the period from January 1, 2022 to December 31, 2024, its settlement will take place on the following dates:

a. The beneficiary will receive 50% of the incentive within thirty (30) days following approval of the 2024 Annual Accounts by the General Shareholders' Meeting. This 50% will apply to the assets part of the incentive as well as the cash part of the incentive;

b. The beneficiary will receive the remaining 50% of the incentive once a period of one year has elapsed from the first payment date.

In this regard, and since the Enagás S.A. ILP Regulation establishes the obligation for the beneficiaries to continue to provide their services to the Enagás Group until the first payment date in order to receive 50% of the incentive, and until the second payment date in order to receive the remaining 50%, the Enagás Group accrues the estimated fair value of the equity instruments granted taking account both of the target measurement period (January 1, 2022 to December 31, 2024) and the service conditions established for the period required to consolidate the remuneration.

The portion of said plan to be settled in Enagás, S.A. shares is considered a share-based transaction payable in equity instruments in accordance with IFRS 2 and, in keeping with said standard, the fair value of services received, as consideration for the equity instruments granted, is included in the Consolidated Income Statement at December 31, 2023, under "Personnel expenses" in the amount of 1,439 thousands of euros and a credit to "Other equity instruments" in the consolidated balance sheet at December 31, 2023 (1,279 thousands of euros at December 31, 2022).

The breakdown and fair value of the shares at the granting date of the ILP of the Enagás Group are as follows:

	ILP 2022-2024
Total shares at the concession date (1)	679,907
Fair value of the equity instruments at the granting date (EUR)	20.15
Dividend yield	7.94 %
Expected volatility	26.15 %
Discount rate	0.48 %

(1) This number of shares reflects the maximum number of shares to be delivered under the plan, and includes both the possibility of achieving the maximum degree of fulfilment of objectives established in the plan (125%), as well as the possibility that new hiring, staff mobility, or changes in professional levels, lead to the inclusion of new beneficiaries during the measurement period.

With respect to that part of the bonus payable in cash, the Enagás Group recognised the rendering of services corresponding to this plan as personnel expenses amounting to 635 thousands of euros with a credit to "Provisions" under non-current liabilities in the consolidated balance sheet at December 31, 2023 (573 thousands of euros at December 31, 2022). As in the case of the share-based payment plan component, the Enagás Group accrues the estimated fair value of the cash-settled amount over the term of the plan (from January 1, 2022 to December 31, 2024) and the service conditions established for the period of time required for the consolidation of the remuneration.

The objectives set to assess the achievement of the Enagás GTS, S.A.U. Long-Term Incentive Plan are as follows:

- **The Company's commitment to long-term sustainable value creation**. It accounts for 25% of the total targets.
- **Digitisation of the Company**. It accounts for 30% of the total targets.
- **Improvement of the GTS income statement**. It accounts for 25% of the total targets.
- **Security of supply**. It accounts for 20% of the total targets.

As for the measurement period, although it will take place during the period from January 1, 2022 to December 31, 2024, it will be settled on the basis of the payment dates set out in the Regulation.

4.5 Other information concerning the Board of Directors

The information included below as required by Article 229 and subsequent of the Spanish Corporate Enterprises Act was prepared considering that they are companies with similar or complementary activities to those carried out by Enagás, that is, natural gas transmission, regasification, distribution, and commercialisation activities regulated by Law 31/1198 of the Hydrocarbons Sector.

At December 31, 2023 and December 31, 2022, there were no holdings in the share capital of companies with the same, similar or complementary type of activity reported to the Company by the Directors.

Positions held or duties performed by Group Directors at companies whose corporate purpose is the same, similar or complementary disclosed to Enagás, S.A. at December 31, 2023 and 2022, are as follows:

DIRECTOR	COMPANY	POSITION
2023		
Arturo Gonzalo Aizpiri	Enagás Transporte del Norte, S.L.	Chairman
Arturo Gonzalo Aizpiri	Tallgrass Energy G.P.	Director

DIRECTOR	COMPANY	POSITION
2022		
Arturo Gonzalo Aizpiri	Enagás Transporte del Norte, S.L.	Chairman
Arturo Gonzalo Aizpiri	Tallgrass Energy G.P.	Director

There are no activities of the same, similar or complementary nature to those carried out by Enagás which are performed by its Board members, on their own behalf or on behalf of third parties, not included in the above section.

At 2023 year-end, neither the members of the Board of Directors of the Company nor any parties related to them had notified the remaining Board members of any conflicts of interest, direct or indirect, with those of the Company.

4.6 Other information

ACCOUNTING POLICIES

Free-of-charge emission rights

- The Enagás Group does not initially recognise any free-of-charge CO_2 emission rights in the financial statements when applying the accounting method corresponding to the net value of the asset and the grants allocated to it in accordance with IAS 20. Likewise, neither expenditure (with the provision of allowance consumption) nor revenue is recorded, if the actual emission of rights is in line with the allocated rights.

Obtaining CO_2 emission allowances for consideration

- The Enagás Group only recognises the expense in the Consolidated Income Statement when it becomes known that the company has caused more emissions than were allocated to it. In this situation, the Enagás Group goes to the market and acquires CO_2 emission rights for a fee.
- Following the approval of Royal Decree 602/2016 of December 2, the Enagás Group records the carrying amount of CO_2 emission allowances under inventories (Note 4.8).
- If the Enagás Group intends to consume part of these rights in a period exceeding one year, the inventories heading recorded under assets in the balance sheet will be broken down for separate collection of those estimated to be consumed before and after that period.
- CO_2 emission rights acquired for consumption in the production process are recognised in inventories at their acquisition price, making the appropriate valuation adjustments if the recoverable amount of these rights is lower than their carrying amount and they will not be used in its activity, in which case an expense is recognised in the Consolidated Profit and Loss Account.
- The Enagás Group recognises an expense for the year in the Consolidated Income Statement, and the corresponding provision, which will be maintained until such time as the Group has to cancel the obligation through the delivery of the corresponding rights to the corresponding body, based on the following criteria:
- According to the weighted average cost related to the CO_2 emission rights acquired;
- In case of having a shortfall of emission rights, according to the best possible estimate to cover said shortfall.
- The above expenses are recognised in the "Other current management expenses" item, under "Other operating expenses" in the Consolidated Income Statement.
- These rights are verified during the first quarter of the following year by an accredited entity (SGS) and, after verifying them, the Enagás Group delivers the rights consumed, recording their accounting derecognition in the balance sheet.

a) Information on the impact and management of climate change

Activities for protection of the environment and biodiversity, energy efficiency, reduction in emissions, and the responsible consumption of resources are essential elements in the Enagás Group's environmental management to mitigate the impact of its activities.

The Enagás Group remains firmly committed to energy transition and has set a target to be carbon neutral by 2040. In order to achieve this, the decarbonisation of the sector and the promotion of the use of hydrogen as a key vector in the transition was established as a priority within its Strategic Plan. Enagás is working to boost domestic production of renewable hydrogen in Spain as well as in the development of new hydrogen connections with France and Portugal.

For the preparation of these Consolidated Annual Accounts and the disclosures of the Management Report, Management has considered both the impact of these initiatives and the main risks arising from climate change. These risks include regulatory measures to discourage the use of fossil fuels that reduce future gas demand and the risk of increased operating costs due to natural disasters. More detail on Climate Risks and Opportunities is provided in the section "Management of risks and opportunities arising from climate change" contained in the Non-Financial Information Statement.

The main aspects that the Group has considered in incorporating the measures and risks mentioned above are described below:

- Impairment of non-financial assets: In the short and medium term (horizon up to 2030) a limited impact is estimated. Revenues for regasification, storage and transportation assets in Spain are calculated on the basis of a regulated remuneration system, which is made up of different terms aimed at remunerating the investment for the indicated useful lives, operating and maintenance costs, and other items associated with improving productivity and efficiency. As of today, the flows considered for the impairment test are calculated on the basis of this stable regulatory framework and are not affected by demand risk.

  Flows arising from future European hydrogen projects for the development and use of new infrastructures, such as H2Med, as well as the eventual adaptation of existing infrastructures, will be taken into account from the definition and approval of the regulatory framework for investment and remuneration, including, if applicable, the utilisation factor to be applied to existing infrastructures. The Group is monitoring the regulatory developments being undertaken at European level in this respect.

- Property, plant and equipment: With regard to possible investments from the new connections, it should be noted that the process is currently still at an initial stage, in which the first pillars of the future Hydrogen Backbone Network are being analysed and planned and, based on the studies on the supply and demand of green hydrogen, it is being determined which plants can be reused or need to be built from scratch. At present, it has not been considered necessary to re-estimate the useful life of gas infrastructures as long as the same current regulatory and remuneration framework continues to apply, in which revenues from regasification, storage and transport activities guarantee the remuneration of the investment. In addition, the progressive plan to replace natural gas turbocompressors (the acquisition cost ranges from 10 to 20 million euros per turbocompressors depending on the power) is being continued.

- Provisions and contingencies: Physical risks caused by natural disasters or adverse weather conditions (floods, landslides, etc.) may cause damage to our infrastructures in Spain and in other countries in which Enagás participates. The need for additional provisions for these items or regulatory changes associated with the remuneration of decommissioning costs is reviewed at regular intervals in order to monitor possible changes in the assumptions used.

- Impairment of investments accounted for using the equity method. No significant impacts have been identified in the calculation of the recoverable value associated with the risk of a possible fall in demand for natural gas. As far as non-financial assets are concerned, revenue projections for each of the investments have been taken into account for their infrastructure, most of which correspond to long-term stable contracts with off-takers, concessions, regulated revenues, etc.

In addition, other measures related to the energy transition that continue this year are: the inclusion of sustainability as a target in the variable remuneration of all the Group's professionals, the weight of which has increased in recent years; the Enagás Group incorporates environmental criteria in its relationships with suppliers and contractors, as well as in decision-making when awarding contracts for the provision of services and products. As indicated in Note 3.4, the Group has entered into a sustainable credit line with an interest rate linked to the reduction of CO_2 emissions.

During 2023, environmental actions were carried out in the amount of 6,752 thousands of euros, recognised as investments under assets in the Balance Sheet (8,012 thousands of euros in 2022). The Company also assumed environmental expenses amounting to 26,686 thousands of euros in 2023, recognised under "Other operating expenses" (20,459 thousands of euros in 2022).

The Group has arranged sufficient civil liability insurance to meet any possible contingencies, compensation and other risks of an environmental nature which it might incur.

The Group did not benefit from any tax incentives during 2023 as a consequence of activities relating to the environment.

b) Greenhouse gas emission rights

Some of the Enagás Group's facilities are included within the scope of Law 1/2005 of March 9, which regulates the commercial regime for greenhouse gas emission rights.

Directive 2018/410 of the European Parliament and of the Council of March 14, 2018, reformed the scheme with a view to the 2021-2030 period, dividing it into two periods of free allocation of emission allowances for fixed facilities: 2021-2025 period and 2026-2030 period. The calculation of the allocations subject to public consultation has been carried out by applying the allocation methodology set out in Delegated Regulation (EU) 2019/331.

On July 13, 2021, the Council of Ministers approved the final assignation of free greenhouse gas emission rights to institutions subject to the greenhouse gas emission allowance trading regime for the period 2021-2025, among which certain facilities of the Enagás Group are included.

The rights assigned in 2023 and 2022 were 50,881 emission rights (31,724 emission rights in 2022) measured at 83.18 euros/right and 83.52 euros/right, respectively, the spot price on the first working day of 2023 and 2022 of SENDECO2 (European CO_2 Negotiation System), a company engaged in the purchase and sale of emission rights on its own account and in providing technical and administrative advice on industrial facilities subject to the Trade Directive (EU ETS).

In addition, in 2023, 274,000 emission allowances were acquired for consideration for a total of 22,393 thousands of euros, distributed as follows: 75,259 emission allowances in the amount of 6,738 thousands of euros for emissions in 2022 and 198,741 allowances in the amount of 15,655 thousands of euros for emissions in 2023 (in 2021, 204,150 allowances were acquired for consideration in the amount of 16,170 thousands of euros).

The Enagás Group consumed 215,438 greenhouse gas emission rights during 2023 (283,402 rights during 2022).

During the first quarter of 2023, the Enagás Group presented the verified emissions reports of 2022 by the accredited entity (SGS) to the corresponding Autonomous Communities, which validated the emissions. In the second quarter of 2022, the Enagás Group delivered greenhouse gas emission allowances equivalent to the verified emissions in 2022 for all the facilities referred to.

During 2022 and 2023, the Enagás Group did not engage in any negotiations for future contracts relating to greenhouse gas emission rights, nor were there any contingencies relating to penalties or provisional cautionary measures in the terms established by Law 1/2005.

c) Audit fees

"Other operating expenses" includes the fees for audit and non-audit services provided by the auditor of the Group, Ernst & Young, S.L., or by a company belonging to the same group or related to the auditor, broken down as follows:

	2023		2022	
Categories	**Services rendered by the accounts auditor and related companies**	**Services provided by other auditors of the Group**	**Services rendered by the accounts auditor and related companies**	**Services provided by other auditors of the Group**
Audit services (1)	1,081	197	1,090	253
Other assurance services (2)	427	—	336	—
Total audit and related services	**1,508**	**197**	**1,426**	**253**
Total professional services (3)	**1,508**	**197**	**1,426**	**253**

(1) Audit services: This heading includes services rendered for the performance of statutory audits of the Group's annual accounts and the limited review work performed with respect to the Interim and Quarterly Consolidated Financial Statements as well as the Certification of the Internal Control over Financial Reporting (ICFR) System.

(2) Other audit-related assurance services: This section includes the work relating to the Annual Corporate Governance Report, the review of the non-financial information included in the Management Report, the report on agreed procedures on the ICFR, the Audit Report for the Renewal of the Comfort letter, as well as the issuance of a Report on Agreed Procedures in relation to the regulatory information on costs submitted to the CNMC on June 30, 2023; Preparatory work for the issuance of a possible

(3) Law 22/2015 on the Audit of Accounts establishes that non-audit services provided by the auditor must be less than 70% of the average fees paid for audit services for three consecutive years. The amount of non-audit services rendered by the accounts auditors (Ernst & Young, S.L.) amounts to 40% of the audit service fees invoiced (33% for the Group).

4.7 Information by segments

ACCOUNTING POLICIES

Basis of segmentation

- **Segment reporting is structured based on the Group's various business lines as described in Note 1.1.**
  - **The Group identifies its operating segments based on internal reports relating to the companies comprising the Group which are regularly reviewed, discussed and evaluated in the decision-making process.**

a) Main business segments

Regulated activities - Infrastructure Activity

Gas transmission: Represents the main activity, consisting in the delivery of gas via its transmission network, comprised of primary transmission pipelines (with maximum design pressure equal to or greater than 60 bars) and secondary transmission pipelines (with maximum design pressure ranging from 16 to 60 bars) up to the distribution points, as owner of most of the gas transmission network in Spain.

Regasification: The gas is transported from the producing countries in methane tankers at 160ºC below zero in its liquid state (LNG) and is unloaded at the regasification plants where it is stored in cryogenic tanks. At these facilities, via a physical process which normally makes use of seawater vaporisers, the temperature of the liquefied gas is increased until it is transformed into its gaseous state. The natural gas is injected into the gas pipelines for transmission to the whole peninsula.

Storage of gas: The Enagás Group operates the following underground storage facilities: Serrablo (located between Jaca and Sabiñánigo - Huesca), Gaviota (offshore storage, located close to Bermeo - Vizcaya), and Yela (Guadalajara). Likewise, the Company carries out all the operations necessary for the maintenance and operation of the facilities until the last phase of the decommissioning of the Castor storage facility is completed.

Regulated activities - Activity of the Technical Manager of the System

The Enagás Group continued carrying out its functions as Technical Manager of the System in 2022 in compliance with Royal Decree 6/2000 of June 23 and Royal Decree 949/2001 of August 3, with a view to guaranteeing supply continuity and safety, as well as the correct coordination among the access points, storage, transmission, and distribution points.

Non-regulated activities

Includes all non-regulated activities, as well as transactions related to investments in associates and joint ventures, except those corresponding to BBG, Saggas, MIBGAS and Iniciativas del Gas, S.L.

The above activities can be carried out by Enagás, S.A. itself or through companies with an identical or analogous corporate purpose in which it holds interest, provided they remain within the scope and limitations established by legislation applicable to the hydrocarbons sector. In accordance with said legislation, the activities related to transmission and technical management of the system which are of a regulated nature must be carried out by two subsidiaries entirely owned by Enagás, S.A. (Enagás Transporte, S.A.U. and Enagás GTS, S.A.U., respectively).

The structure of this information is designed as if each business line were an independent business, with its own resources, distributed on the basis of the assets assigned to each line in accordance with an internal system of cost allocation by percentages.

The "Other activities" segment also includes the activity relating to hydrogen infrastructures (mainly carried out by Enagás Infraestructuras de Hidrógeno), given that at present it is not sufficiently significant in quantitative terms to constitute a new business segment. Nevertheless, the Enagás Group will closely monitor the progress of this activity along with the associated assets and liabilities, in order to include a new segment when the minimum contribution thresholds are exceeded.

	Infrastructures		Technical Management of the System		Other activities		Adjustments (1)		Total Group	
INCOME STATEMENT	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Operating income	876,200	930,360	29,068	29,353	31,618	58,882	(17,245)	(48,286)	**919,641**	**970,309**
· Third parties	875,398	930,111	29,065	29,352	3,723	6,383	—	—	**908,186**	**965,846**
· Group	802	249	3	1	27,895	52,499	(17,245)	(48,286)	**11,455**	**4,463**
Provisions for amortisation of fixed assets	(253,090)	(245,967)	(8,783)	(8,732)	(11,470)	(9,608)	—	185	**(273,343)**	**(264,122)**
Inc. from investments accounted for using the equity method	14,041	14,457	122	132	133,141	132,231	—	—	**147,304**	**146,820**
Operating profit	366,475	405,287	753	140	91,705	70,844	(2,055)	1,969	**456,878**	**478,240**
Financial income	12,080	7,150	3,821	8	614,736	554,114	(584,675)	(523,747)	**45,962**	**37,525**
Financial expenses	(20,792)	(19,207)	(3,352)	(1,680)	(112,564)	(86,487)	8,516	7,026	**(128,192)**	**(100,348)**
Income tax	(87,784)	(95,533)	(303)	439	9,985	(54,814)	16	(76)	**(78,086)**	**(149,984)**
Net profit	288,894	297,018	945	(1,096)	539,168	300,344	(486,479)	(220,492)	**342,528**	**375,774**

(1) "Adjustments" includes the eliminations of inter-company transactions (rendering of services and credits granted).

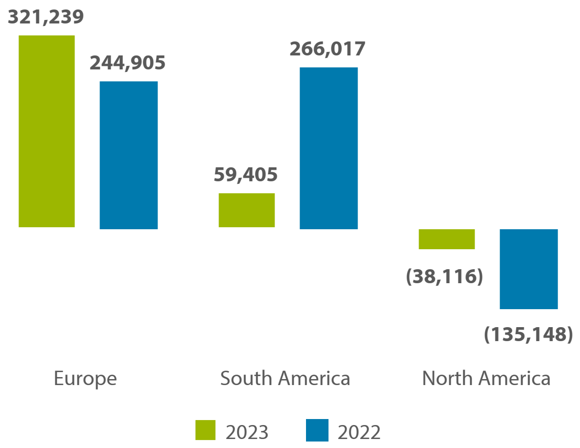
	Infrastructures		Technical Management of the System		Other activities		Adjustments (1)		Total Group	
BALANCE SHEET	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Total assets	4,732,048	5,105,631	234,601	261,696	6,617,830	7,348,602	(3,077,209)	(3,317,352)	**8,507,270**	**9,398,577**
Acquisition of fixed assets	144,111	61,941	8,892	9,210	27,984	19,679	—	—	**180,987**	**90,830**
Investments accounted for using the equity method	155,964	158,060	1,135	761	2,432,875	2,393,763	—	—	**2,589,974**	**2,552,584**
Non-current liabilities (2)	423,965	487,616	(22,149)	(434)	7,455	(5,194)	—	48	**409,271**	**482,036**
- Deferred tax liabilities	154,736	157,560	(22,708)	(712)	(587)	(6,451)	—	48	**131,441**	**150,445**
- Provisions	233,322	294,568	559	278	7,835	1,047	—	—	**241,716**	**295,893**
- Other non-current liabilities	35,907	35,488	—	—	207	210	—	—	**36,114**	**35,698**
Current liabilities (2)	182,492	503,101	215,711	240,034	162,541	327,474	43,553	(360,375)	**604,297**	**710,234**
-Trade and other payables	182,492	503,101	215,711	240,034	162,541	327,474	43,553	(360,375)	**604,297**	**710,234**

(1) "Adjustments" includes the eliminations of inter-company transactions (rendering of services and credit granted) as well as the elimination of Investments-Shareholders equity.
(2) Financial liabilities are not included.

b) Segments by geographical information

The majority of companies in the Enagás Group operating outside Europe are consolidated under the equity method, with the corresponding expenses and income thus recognised under "Profit/(loss) from investments accounted for using the equity method" in the Consolidated Income Statement. In view of this, the information relating to geographical markets is based on net revenue.

The distribution of consolidated results for 2023 and 2022, broken down by geographical markets, is as follows:



4.8 Stocks

As established in Order IET/2736/2015 of December 17: "From October 1, 2016, the quantity of working gas is zero." At December 31, 2015, the Enagás Group, as Technical Manager of the System, maintained control of approximately 755 GWh of working gas necessary for enabling operation of the gas system as established in the fifth additional provision to Order ITC/3863/2007 of December 28. This gas is not reflected in the financial statements as it is gas available for the System and therefore not owned by the Enagás Group.

4.9 Subsequent events

From December 31, 2023 until the date of preparation of these Consolidated Annual Accounts, the following events have occurred:

- On January 15, 2024, the Enagás Group has successfully completed the issue of 600 million euros in bonds maturing in 2034 and an annual coupon of 3.625%.
- On January 15, 2024, the credit lines of 400 million dollars and 10 million dollars held by Enagás International and Enagás S.A. respectively were cancelled.
- On January 29, 2024, the 450 million euro loan with original maturity in January 2025 held by Enagás Financiaciones was repaid early.

Appendix I. Subsidiaries at December 31, 2023

Subsidiaries	Country	Activity	% stake and Voting Rights controlled by the Enagás Group	Amount of Share Capital in functional currency
Enagás Transporte, S.A.U.	Spain	Regasification, storage, and transmission of gas	100.00%	532,089,120 euros
Enagás GTS, S.A.U.	Spain	Technical Management of the Gas System	100.00%	5,914,451 euros
Enagás Internacional, S.L.U.	Spain	Holding	100.00%	219,768,258 dollars
Enagás Financiaciones, S.A.U.	Spain	Financial management	100.00%	890,000 euros
Enagás Transporte del Norte, S.L.	Spain	Gas transmission	90.00%	38,501,045 euros
Enagás Chile, S.P.A.	Chile	Holding	100.00%	2,252,644 dollars
Enagás México, S.A.	Mexico	Holding	100.00%	4,608,133 dollars
Enagás Perú, S.A.C.	Peru	Holding	100.00%	4,794,417 dollars
Enagás USA, LLC	USA	Holding	100.00%	253,412,959 dollars
Enagás Intern. USA, S.L.U.	Spain	Holding	100.00%	121,530,445 euros
Infraestructuras de Gas, S.A.	Spain	Holding	85.00%	340,000 euros
Enagás Emprende, S.L.U.	Spain	Holding	100.00%	28,903,953 euros
Efficiency for LNG Aplications, S.L.	Spain	Development of industrial projects and activities relating to LNG terminals.	98.27%	681,694 euros
Scale Gas Solutions, S.L.	Spain	Development and implementation of facilities for the supply of natural gas as fuel for vehicles, including its design, construction and maintenance.	100.00%	5,944,944 euros
Enagás Services Solutions, S.L.	Spain	Holding	100.00%	9,617,560 euros
Sercomgas Gas Solutions, S.L.	Spain	Provision of commercial services for the purpose of improving the daily operational management of gas shippers.	84.00%	88,536 euros
Enagás Infraestructuras de Hidrógeno, S.L.	Spain	Design, construction, operation and maintenance of hydrogen and other gas production facilities	100.00%	2,838,300 euros
Musel Energy Hub, S.L.	Spain	Regasification, natural gas storage and capacity logistics services.	100.00%	5,003,000 euros

Appendix II. Joint ventures and associates

Company	Country	Activity	%	% of voting rights controlled by the Enagás Group	Thousands of euros (1)		Net carrying amount in functional currency	
					Net carrying amount	Dividends received	Thousands of euros	Thousands of dollars
Joint ventures								
Bahía de Bizkaia Gas, S.L.	Spain	Storage and regasification	50.00%	50.00%	54,884	—	54,884	—
Subgrupo Altamira LNG, C.V.(3)	Netherlands Mexico	Holding/Regasification	40.00%	40.00%	35,127	14,062	—	39,712
Tecgas, Inc.	Canada	Holding	51.00%	51.00%	8	—	—	—
Iniciativas de Gas, S.L. (4)	Spain	Holding	60.00%	60.00%	46,648	—	46,648	—
Planta de Regasificación de Sagunto, S.A. (4)	Spain	Storage and regasification	72.50%	72.50%	750	15,950	750	—
Axent Inf. Tel., S.A.	Spain	Construction, maintenance and operation of a telecommunications network.	49.00%	49.00%	19,247		19,247	—
Vira Gas Imaging, S,L.	Spain	Development and commercialisation of technological activities	40.00%	40.00%	—	—	—	—
Sunrgyze, S.L. (Antes Sun2Hy, S.L.)	Spain	Development and scale-up of artificial photosynthesis technology for hydrogen production	50.00%	50.00%	—	—	—	—
Scale Gas Med Shipping, S.L.U.	Spain	Construction, design, commissioning, start-up and O&M of energy structures	50.00%	50.00%	56	—	56	—
Green Ports Project, S.L.	Spain	Small scale in ports	50.00%	50.00%	30	—	30	—
H2Greem Global Solutions, S.L.	Spain	Development of industrial projects and activities to promote hydrogen production and transmission infrastructures.	34.00%	34.00%	216	—	216	—
Knutsen Scale Gas, SL	Spain	Bunkering	50.00%	50.00%	502	—	502	—
Hanseatic Energy Hub Operations GMBH	Germany	Operation of a liquefied gas terminal in Hamburg	50.10%	50.10%	52	—	52	—
Associates								
Transportadora de gas del Perú, S.A.	Peru	Gas transmission	28.95%	28.95%	383,992	72,590	—	515,412
Tallgras Energy LP.	USA	Oil & Gas transmission and extraction	30.20%	30.20%	1,335,887	—	—	1,505,634
Trans Adriatic Pipeline, A.G. (3)	Switzerland (2) and (3)	Gas transmission	20.00%	20.00%	327,537	76,400	367,246	—
Grupo Senfluga Energy Infraestructures, S.A.	Greece	Holding	18.00%	18.00%	29,794	2,610	34,157	—
Mibgas Derivatives, S.A.	Spain	Operation of the (organised) gas market	28.34%	28.34%	97	—	97	—
Seab Power Ltd.	United Kingdom	Development of systems to transform waste into energy	12.99%	12.99%	—	—	—	—
Enagás Renovable, S.L. (Subgrupo)	Spain	Development of projects to promote the role of renewable gases in the energy transition.	60.00%	60.00%	17,419	—	17,419	

Company	Country	Activity	%	% of voting rights controlled by the Enagás Group	Thousands of euros [(1)]		Net carrying amount in functional currency	
					Net carrying amount	Dividends received	Thousands of euros	Thousands of dollars
Solatom CSP, S.L.	Spain	Use of heat as an energy source	7.15%	7.15%	317	—	317	
Mibgas, S.A.	Spain	Operation of the (organised) gas market	13.34%	13.34%	417	—	417	
Trovant Technology, S.L.	Spain	Upgrading from biogas to biomethane for bioenergy production	12.47%	12.47%	487	—	487	
Hanseatic Energy Hub GMBH	Germany	Development of a liquefied gas terminal in Hamburg	10.00%	10.00%	2,122	—	2,122	

(1) For those companies whose local currency is different to that of the Group, the euro (Note 1.3), the "net carrying amount" of the financial investment is shown in historic euros and includes the capitalised acquisition costs.
The euros corresponding to "dividends received" are translated at the exchange rate corresponding to the transaction date.
(2) This company has three permanent establishments in Greece, Italy, and Albania.
(3) Both companies are owned together with other international industrial partners. Their activity consists in the development and operation of infrastructure projects, such as the regasification plant already operational in Altamira and the TAP project (declared Project of Common Interest by the European Union).
(4) Iniciativas de Gas, S.L. and Infraestructuras de Gas, S.L. each hold a 50% stake in Planta de Regasificación de Sagunto Gas, S.A. Both companies are in turn affiliates of the Enagás Group, which holds a 60% stake and an 85% stake in them, respectively. Thus, the indirect interest held by the Enagás Group in Planta de Regasificación de Sagunto Gas, S.A. amounts to 72.5%. The dividend distribution is carried out by Planta de Regasificación de Sagunto Gas, S.A.

Balance sheet figures 2023

	Thousands of euros								
	Figures for affiliate [1][2]								
	Assets			Equity		Liabilities			
	Long-term	Short-term				Long-term		Short-term	
Company		Cash and cash equivalents	Remaining short-term assets	Other results	Remaining equity	Financial liabilities	Remaining liabilities	Financial liabilities	Remaining liabilities
Axent Inf. Tel., S.A.	63,233	387	3,944	—	31,127	1,525	24,450	7,338	3,123
Bahía de Bizkaia Gas, S.L.	144,538	118,939	10,083	1,031	74,387	79,211	26,618	11,659	80,653
Basquevolt, S.A.	N.D.	N.D.	N.D.	N.D.	N.D.	N.D.	N.D.	N.D.	N.D.
EC Soto La Marina SAPI de CV	58,840	8,188	2,828	—	222,675	42,602	(294)	4,761	522
Enagas Renovable S. L. (Subgrupo)	64,853	11,701	921	(10)	71,768	1,815	—	1,476	2,426
Green Ports Projects, S.L.	N.D.	N.D.	N.D.	N.D.	N.D.	N.D.	N.D.	N.D.	N.D.
Grupo Senfluga Energy Infrastructures, S.A.	1,063,750	185,763	216,997	5,952	660,797	539,043	19,250	226,891	14,577
Grupo Tallgrass Energy LP	8,763,715	42,995	575,154	—	4,501,287	4,173,643	56,312	917	649,725
H2Greem Global Solutions S.L.	N.D.	N.D.	N.D.	N.D.	N.D.	N.D.	N.D.	N.D.	N.D.
Hanseatic Energy Hub GMBH	—	—	100	—	100	—	—	—	—
Hanseatic Energy Hub Operations GMBH	N.D.	N.D.	N.D.	N.D.	N.D.	N.D.	N.D.	N.D.	N.D.
Iniciativas de Gas, S.L.	733	951	19	—	1,697	—	—	—	6
Knutssen Scale Gas, S.L.	N.D.	N.D.	N.D.	N.D.	N.D.	N.D.	N.D.	N.D.	N.D.
Mibgas derivatives, S.A.	—	1,169	13,592	—	1,198	—	1	—	13,562
Mibgas, S.A.	606	262,100	7,125	—	6,185	—	435	262,943	266
Planta de Regasificación de Sagunto, S.A.	276,697	95,417	60,151	(593)	162,319	89,972	42,022	44,449	94,097
Scale Gas Med Shipping, S.L.	51,037	247	13,385	—	(291)	57,931	2,416	3,879	734
SeaB Power Ltd.	N.D.	N.D.	N.D.	N.D.	N.D.	N.D.	N.D.	N.D.	N.D.
Solatom CSP	722	553	125	—	1,388	—	—	2	10
Subgrupo Altamira LNG, C.V.	252,091	14,588	44,217	—	194,613	2,812	67,408	29,120	16,942
Sunrgyze, S.L. (Antes Sun2Hy, S.L.)	8,374	833	89	—	9,206	—	—	73	17
Tecgas, Inc.	N.D.	N.D.	N.D.	N.D.	N.D.	N.D.	N.D.	N.D.	N.D.
Trans Adriatic Pipeline, A.G.	4,916,927	302,429	340,142	214,801	1,888,903	2,798,478	166,846	270,211	220,258
Transportadora de gas del Perú, S.A.	2,411,990	289,423	96,883	—	1,485,154	613,486	398,695	165,275	135,686
Trovant Technology, S.L.	769	535	46	—	1,327	—	—	8	15
Vira Gas Imaging, S.L.	288	157	435	—	487	—	—	121	272

(1) Data provided as though companies were 100% invested, in accordance with IFRS.
(2) For those companies whose functional currency is different to the Group's functional currency, the euro (Note 1.3), the balance sheet figures were translated at the exchange rate prevailing at year-end.

Income Statement figures 2023

	Thousands of euros						
	Figures for affiliate (1)(2)						
	Income statement						
Company	**Revenue**	**Amortisation**	**Interest income**	**Interest income**	**Income tax**	**Other expenses and income**	**Net profit/ (loss**
Axent Inf. Tel., S.A.	6,258	(3,178)	14	(613)	—	(4,180)	(1,699)
Bahía de Bizkaia Gas, S.L.	59,386	(14,220)	2,392	(5,798)	(4,965)	(21,345)	15,450
Basquevolt, S.A.	—	(138)	—	—	—	(5,006)	(5,144)
EC Soto La Marina S.A.P.I. de C.V.	11,582	(4,473)	1,329	(3,682)	(671)	(3,782)	303
Enagas Renovable S. L. (Subgrupo)	204	(312)	8	(102)	149	(8,402)	(8,455)
Green Ports Projects, S.L.	N.D.	N.D.	N.D.	N.D.	N.D.	N.D.	N.D.
Grupo Senfluga Energy Infrastructures, S.A.	331,107	(25,698)	2,050	(14,030)	(26,209)	(168,064)	99,156
Grupo Tallgrass Energy LP	672,737	(77,471)	2,681	(336,138)	21,168	(283,322)	(345)
H2Greem Global Solutions S.L.	N.D.	N.D.	N.D.	N.D.	N.D.	N.D.	N.D.
Hanseatic Energy Hub GMBH	—	—	—	—	—	(5,700)	(5,700)
Hanseatic Energy Hub Operations GMBH	N.D.	N.D.	N.D.	N.D.	N.D.	N.D.	N.D.
Iniciativas de Gas, S.L.	—	—	—	—	—	(245)	(245)
Knutsen-Scale Gas, S.L.	N.D.	N.D.	N.D.	N.D.	N.D.	N.D.	N.D.
Mibgas Derivatives	476	—	275	—	(151)	(122)	478
Mibgas, S.A.	6,055	(4)	583	—	(492)	(4,563)	1,579
Planta de Regasificación de Sagunto, S.A.	66,090	(20,562)	3,649	(15,313)	(3,467)	(21,483)	8,914
Scale Gas Med Shipping, S.L.U.	1,746	(592)	17	(771)	17	(537)	(120)
SEAB Power Ltd.	N.D.	N.D.	N.D.	N.D.	N.D.	N.D.	N.D.
Solatom CSP, S.L.	N.D.	N.D.	N.D.	N.D.	N.D.	N.D.	N.D.
Subgrupo Altamira LNG, C.V.	44,543	(1,373)	116	(2,662)	(4,497)	(20,842)	15,285
Sunrgyze, S.L. (Antes Sun2Hy, S.L.)	—	(323)	—	—	14	62	(247)
Tecgas, Inc.	N.D.	N.D.	N.D.	N.D.	N.D.	N.D.	N.D.
Trans Adriatic Pipeline, A.G.	756,116	(184,255)	71,295	(174,103)	(55,721)	(145,487)	267,845
Transportadora de gas del Perú, S.A.	725,294	(161,304)	10,965	(55,584)	(97,470)	(213,177)	208,724
Trovant Technology, S.L.	—	—	—	—	—	(431)	(431)
Vira Gas Imaging, S.L.	383	(38)	—	—	—	(291)	54

(1) Data provided as though companies were 100% invested, in accordance with IFRS.
(2) For those companies whose local currency is different to the Group's functional currency, the euro (Note 1.3), the income statement figures were translated at the average exchange rate for the reporting period.

Balance sheet figures 2022

	Thousands of euros								
	Figures for affiliate [1][2]								
	Assets			Equaty		Liabilities			
	Long-term	Short-term				Long-term		Short-term	
Society		Cash and cash equivalents	Remaining short-term assets	Other results	Remaining equity	Financial liabilities	Remaining liabilities	Financial liabilities	Remaining liabilities
Bahía de Bizkaia Gas, S.L.	162,411	48,715	17,480	1,225	60,162	90,260	26,417	21,611	28,932
Subgrupo Altamira LNG, C.V.	294,205	12,512	31,106	—	222,571	25,597	77,960	1,740	9,955
EC Soto La Marina SAPI de CV	64,065	8,878	2,059	—	20,323	46,824	865	4,100	2,889
Transportadora de gas del Perú, S.A.	2,623,680	216,419	99,686	—	1,589,308	795,713	416,774	48,770	89,219
Trans Adriatic Pipeline, A.G.	5,141,493	477,697	412,655	336,452	1,962,614	3,039,701	146,258	6,304	540,517
Iniciativas de Gas, S.L.	843	1,004	—	—	1,841	—	—	—	7
Planta de Regasificación de Sagunto, S.A.	304,689	48,661	42,453	(330)	174,874	112,344	43,104	65,044	768
Mibgas, S.A.	413	507,753	5,269	—	4,379	—	451	508,557	48
Llewo Mobility, S.L. (previously "Gas to Move, S.L.")	5,455	247	608	—	(692)	766	—	5,245	990
Axent Inf. Tel., S.A.	52,578	1,143	2,423	—	21,962	1,594	22,815	1,799	7,974
Grupo Senfluga Energy Infrastructures, S.A.	903,785	208,219	149,630	15,604	554,874	415,432	19,481	244,419	11,824
Grupo Tallgrass Energy LP	8,940,935	27,051	610,927	—	4,672,851	4,184,085	62,343	—	659,635
SEaB Power Ltd.	1,649	17	568	—	1,646	277	—	241	70
Mibgas derivatives, S.A.	1	562	9,992	—	570	—	1	60	9,924
Solatom CSP	165	212	122	—	112	349	3	35	—
Knutssen Scale Gas, S.L.	N.D.	N.D.	N.D.	N.D.	N.D.	N.D.	N.D.	N.D.	N.D.
Sunrgyze, S.L. (Antes Sun2Hy, S.L.)	8,228	1,326	476	—	9,714	—	—	301	15
Scale Gas Med Shipping, S.L.	N.D.	N.D.	N.D.	N.D.	N.D.	N.D.	N.D.	N.D.	N.D.
Green Ports Projects, S.L.	N.D.	N.D.	N.D.	N.D.	N.D.	N.D.	N.D.	N.D.	N.D.
Enagas Renovable S. L. (Subgrupo)	62,267	3,050	2,337	(7)	65,713	—	11	—	1,937
Alantra Enagás Energy Transition, S.A.	9	78	2,696	—	1,868	—	—	111	804
Trovant Technology, S.L.	—	1,464	52	—	1,464	—	—	2	14

(1) Data provided as though companies were 100% invested, in accordance with IFRS.
(2) For those companies whose functional currency is different to the Group's functional currency, the euro (Note 1.3) the balance sheet figures were translated at the exchange rate prevailing at year-end.

Income Statement figures 2022

	Thousands of euros						
	Figures for affiliate (1)(2)						
	Income statement						
Society	**Revenue**	**Amortisation**	**Interest income**	**Interest expense**	**Income tax**	**Other expenses and income**	**Net profit/ (loss)**
Bahía de Bizkaia Gas, S.L.	58,866	(14,874)	156	(7,275)	(3,239)	(24,453)	9,181
Subgrupo Altamira LNG, C.V.	52,179	(1,315)	56	(3,650)	(8,074)	(15,449)	23,747
EC Soto La Marina S.A.P.I. de C.V.	13,100	(5,066)	377	(3,262)	423	(2,889)	2,683
Transportadora de gas del Perú, S.A.	704,742	(146,620)	2,289	(56,729)	(105,276)	(208,748)	189,658
Trans Adriatic Pipeline, A.G.	874,323	(193,888)	5,006	(111,026)	(60,971)	(221,298)	292,146
Tecgas, Inc.	N.D.	N.D.	N.D.	N.D.	N.D.	N.D.	N.D.
Grupo Senfluga Energy Infrastructures, S.A.	278,776	(54,834)	95	(15,611)	(26,024)	(97,745)	84,657
Grupo Tallgrass Energy LP	664,952	(179,158)	21,735	(261,472)	7,295	(222,902)	30,450
Iniciativas de Gas, S.L.	1,750	—	—	—	(13)	(80)	1,657
Planta de Regasificación de Sagunto, S.A.	81,686	(27,585)	—	(7,283)	(6,632)	(27,213)	12,973
Mibgas, S.A.	5,385	—	183	—	(262)	(4,598)	708
(Llewo Mobility, S.L. (Antes Gas to Move Transport Solutions, S.L.)	9,677	(718)	—	(95)	1,054	(13,081)	(3,163)
Vira Gas Imaging, S.L.	394	(42)	—	—	—	(318)	34
Axent Inf. Tel., S.A.	4,968	(2,538)	—	(569)	—	(3,916)	(2,055)
SEAB Power Ltd.	577	—	—	—	—	(997)	(420)
Solatom CSP, S.L.	70	(28)				(213)	(171)
Green Ports Project, S.L.	N.D.	N.D.	N.D.	N.D.	N.D.	N.D.	N.D.
Mibgas Derivatives	407	—	24	—	(24)	(209)	198
Knutsen-Scale Gas, S.L.	N.D.	N.D.	N.D.	N.D.	N.D.	N.D.	N.D.
Scale Gas Med Shipping, S.L.U.	N.D.	N.D.	N.D.	N.D.	N.D.	N.D.	N.D.
Sunrgyze, S.L. (Antes Sun2Hy, S.L.)	—	(777)	—	(5)	284	(717)	(1,215)
Enagas Renovable S. L. (Subgrupo)	907	—	202	(102)	119	(14,018)	(12,892)
Alantra Enagás Energy Transition, S.A.	3,261	(1)	—	—	(376)	(1,529)	1,355
Trovant Technology, S.L.	—	(6)	—	—	—	(235)	(241)

(1) Data provided as though companies were 100% invested, in accordance with IFRS.
(2) For those companies whose functional currency is different to the Group's functional currency, the euro (Note 1.3) the income statement figures were translated at the average exchange rate for the year.

Appendix III. Regulatory framework

a) Adequacy of powers between the Government and the Regulator: Second regulatory period (2021-2026)

In 2019, the basis for determining the framework of the gas system applicable during the 2021-2026 regulatory period were established. The process began with the publication in the Official State Gazette (BOE) of Royal Decree-Law 1/2019 on urgent measures to adapt the CNMC's powers, where the basic legislation of the electricity and gas sectors is modified in order to perform a distribution of powers between the Government and the CNMC to adapt them to the requirements of EU law.

In this distribution of powers, the CNMC receives the transfer of all powers related to:

- Toll and remuneration methodologies in transmission, distribution and LNG plants, as well as the establishment of their values.
- Remuneration parameters and asset bases.
- Methodology and remuneration of the Technical Manager of the System, i.e., Enagás GTS, S.A.U.
- Methodology on the conditions of access and connection to gas infrastructures.
- Approving the Technical Management of the Gas System Regulations (NGTS) in relation to the balance system, programming, international connections and shrinkage.

On the other hand, the Ministry for the Ecological Transition (MITECO) will be in charge of:

- Establishing energy policy guidelines (Order TEC/406/2019).
- Methodology for calculating royalties and remuneration of basic services for access to Underground Storage Facilities and approval of their values.
- Determining the last resort tariffs (TUR).
- Structure and methodology of the charges for costs of facilities not associated with the use of these facilities (CNMC rate, deficit annuities, regulated remuneration of Mibgas, S.A., etc.).
- Approving the Technical Management of the Gas System Regulations related to security of supply, emergency, gas quality and input/output control.

In order to guarantee the proper functioning of both institutions, a Cooperation Committee is created between the Ministry and the CNMC, a transitional regime is established to ensure an orderly transfer of functions and to avoid affecting the legal security of the parties operating in the sectors, and the bases for the next gas and electricity remuneration period are developed.

The CNMC, within the scope of its regulatory powers, must take into account the strategic priorities established by the Government, which are embodied in energy policy guidelines adopted by order of the head of MITECO.

In these energy policy guidelines the government:

- Is committed to regasification plants, promoting their competitiveness with respect to other international plants, favouring international connections and committing to a deep and liquid LNG market
- Is positioned in favour of biomethane and other renewable gases, with special mention of the injection of hydrogen generated from renewable electricity.
- Encourages the extension of the operation of those facilities that have exceeded their useful life in terms of remuneration.
- Discourages investment in new infrastructure except for assets that are necessary to ensure the supply of the whole system or that are strategic for meeting energy policy objectives.

As regards remuneration, the CNMC published the following circulars to update, for the second regulatory period, the current remuneration model, as well as the system of access tolls for each of the services provided by the facility, taking into account the infrastructures involved in the provision of each service:

- **Circular 2/2019, of November 12,** establishing the methodology for calculating the financial remuneration rate for power transmission and distribution, and natural gas regasification, transmission and distribution.
- **Circular 9/2019, of December 12,** establishing the methodology for the remuneration of regulated natural gas transmission and regasification activities.
- **Circular 6/2020 of July 22,** establishing the methodology for the calculation of tolls for the regasification, transmission and distribution of natural gas.
- **Circular 8/2020, of December 2,** establishing the unitary benchmark values for investment and operation and maintenance for the 2021-2026 regulatory period and the minimum requirements for audits of investments and costs in natural gas transmission facilities and liquefied natural gas plants.
- In the operational field, it published the following circulars with the aim of encouraging and facilitating competition, promoting greater use of gas infrastructure, harmonising, simplifying and establishing a transparent and competitive mechanism for the allocation and use of capacity, making the operations of agents more flexible and resolving situations of congestion at regasification plants, as well as contemplating measures to regularise the physical imbalance of LNG at regasification plants and in underground storage:
- **Circular 8/2019, of December 12**, establishing the access and capacity allocation mechanisms to be applied in the natural gas system.

- **Circular 2/2020, of January 9,** setting out the natural gas balance rules.
- **Circular 7/2021 of July 28,** of the National Commission on Markets and Competition, establishing the methodology for the calculation, supervision, valuation and settlement of shrinkage in the gas system.
- **Circular 9/2021, of December 15,** of the National Commission on Markets and Competition, amending Circular 8/2019, of December 12, establishing the methodology and conditions for access and capacity allocation in the natural gas system.

b) Remuneration of LNG transmission, regasification and storage activities in the second regulatory period 2021-2026

In accordance with the aforementioned adequacy of powers between the Government and the Regulator, the CNMC published, at the end of 2019, Circular 9/2019 establishing the remuneration system for transmission and regasification activities. The methodology opts to maintain the principles established in the current regulatory framework, defined in Law 18/2014, adapting them to current gas market conditions, while establishing an orderly and progressive transition between the two remuneration frameworks.

The review of the remuneration framework established by this Circular was completed with the approval by the CNMC, on December 2, 2020, of Circular 8/2020, establishing the unit reference values for investment and operation and maintenance for the period 2021-2026, as well as the minimum criteria for audits of investments and costs at natural gas transmission facilities and LNG plants.

The basic principles maintained in the new remuneration framework are as follows:

- Establish remuneration appropriate to a low-risk activity.
- Ensure the recovery of the investments made by the titleholders during their useful life.
- Allow a reasonable return on financial resources invested.
- Determine the operating costs remuneration system in a way that encourages effective management and improvement of productivity that should be partly passed on to users and consumers.
- Contribute to the economic and financial sustainability of the natural gas system.
- Consider the costs necessary for performing the activity by an efficient and well-managed company in accordance with the principle of performing the activity at the lowest cost to the gas system with homogeneous criteria throughout Spain, notwithstanding the specific arrangement provided for island and extra-peninsular territories.

From a methodological perspective, the following aspects are maintained in the new framework:

- The regulatory periods run consecutively for a period of six years.
- The remuneration parameters for the regulated activities are set for the entire 6-year regulatory period, taking into account the cyclical nature of the economy, gas demand, the development of costs, efficiency improvements, the economic and financial balance of the system, and the reasonable profitability of these activities.
- Remuneration continues to be calculated individually for each facility.
- The net value of the asset is maintained as the basis for calculating the return on investment.
- Any procedure for automatic adjustment of values and remuneration parameters according to price indices is removed.
- Depreciation continues to be calculated on a straight-line basis and the useful lives of the assets are maintained.
- The operating and maintenance costs of facilities that are individually remunerated continue to be calculated on the basis of the unit costs in force established in Circular 8/2020 for the facilities to which these unit reference values apply and on the basis of the audited costs for the individual facilities.

One of the most significant novelties, although it has practically no material impact, is that in order to allow the temporary coordination of remuneration with the methodology of tolls and royalties, in accordance with the European Commission Regulation the remuneration is now calculated per gas year. The gas year for which the remuneration of the facilities is determined runs from October 1 of year "n-1" to September 30 of year "n", both inclusive, with the exception of 2021 which started on January 1, 2021.

The remuneration accrued in one year for gas by each company that owns natural gas transmission facilities and liquefied natural gas plants will be the result of adding up the following remuneration components for each of its facilities:

- Return on investment (RINV) which aims to recover the investments made and to obtain a reasonable return.
- Remuneration for operation and maintenance of the facility (RO&M).
- Productivity and efficiency remuneration adjustments (ARPE).
- Remuneration for facilities in special administrative situations (RSAE).
- Return on investment in facilities with cross-border impacts resulting from the application of Article 12 of Regulation (EU) No. 347/2013, (RIIT).

Each of these components is presented below:

b.1) Return on investment (RINV).

It is determined for each of the assets in production entitled to individual remuneration and is intended to provide return on investment costs incurred. The return on investment includes remuneration for depreciation and financial remuneration for assets and minimum fill level, which remain practically the same as in the current framework, and, if applicable, remuneration based on the gas transported.

Remuneration for investment costs is comprised of the following:

- **Value of assets recognised.** The values recognised in the current framework for assets brought into operation are maintained. For facilities commissioned before 2002, the corresponding amounts are calculated based on the carrying amounts of the assets once the accounting restatement of 1996 is taken into account (Royal Decree-Law 7/1996), less grants received for the purpose of financing said assets, applying a restatement coefficient comprised of the adjusted average Consumer Price Index (CPI) and Industrial Price Index (IPRI) to this difference.

  For the new facilities commissioned from 2002, the standard value of each investment as established by the regulator is used, while for those which require expansion, the real cost is used.

  Transmission facilities commissioned from 2008 are measured by taking the average of the standard value and real cost.

  Regasification facilities commissioned from 2006 are measured at real cost plus 50% of the difference between the standard value and said real cost, up to a maximum of the standard value.

  The new framework does present a novelty for the regasification facilities to be launched from 2020 as they will be valued as transmission facilities. That is, at the average cost between the standard value and the actual cost, without limiting it to the standard cost.

  The resulting value is reduced by the amounts transferred and financed by third parties, 90% of the amounts obtained from the sale of dismantled equipment and the subsidies received (90% if they come from the European Union).

  Another aspect of the new framework, applicable to transmission and regasification facilities, is that the unit investment reference values in force at the time of obtaining authorisation for the facilities will be applicable to new facilities that come into operation from 2021 onwards. Previously, these were the unit values in force when the commissioning certificate was obtained.

- **Remuneration for amortisation of system assets (A).** The value of the resulting amount recognised for the investment is amortised applying a rate corresponding to its useful life, obtaining the related income in this manner.

  In the new framework, the useful lives of the assets in the current framework are maintained, except for the secondary pumps of the regasification plants (which go from 20 to 10 years). In addition, for new facilities, the remuneration for amortisation starts to accrue from the date of commissioning of the facility. This is different from the current framework, as the accrual for transmission facilities started on January 1 of the year following the commissioning. The remuneration is accrued until the facility is depreciated.

  Depreciation is calculated for the facilities of the trunk network and regasification plants commissioned prior to January 1, 2021 and for primary transmission pipelines of local influence with administrative authorisation prior to January 1, 2021.

- **Financial remuneration of the amount invested (FR).** It is calculated by applying a financial remuneration rate to the net values of the assets without restatement and accrues until the net value is zero.

  For the second regulatory period, the remuneration rate on the transmission and regasification assets is no longer indexed to the government bonds, and it is calculated on the basis of the average WACC capital cost of the transmission and regasification activity. For the second period (2021-2026), the rate was established in Circular 2/2019 and was set at 5.44%.

  The financial remuneration is calculated for facilities with individualised remuneration with the right to remuneration by amortisation and begins to accrue from the same date as the latter.

- **Financial remuneration for heel gas and minimum fill (RFNMLL).** The calculation method of the current framework is maintained. The remuneration is calculated by applying the financial remuneration rate to the purchase value of the gas and has no amortisation. It starts to accrue from the later of the date of purchase of the gas and the date of commissioning of the facility until the closure of the facility or the delivery of the gas to the GTS for use as operating gas.

- **Remuneration based on the gas transmitted or processed (RGV).** This remuneration is applied to the primary transmission facilities in the local area of influence awarded by competition and to new regasification plants and primary gas pipelines in the area of influence directly authorised after December 31, 2020. The annual remuneration is that which results from multiplying a unit remuneration coefficient by the gas transmitted or processed annually and is accrued from the date of commissioning. In no case may the RGV remuneration, in each gas year, be greater than the amounts invoiced for tolls and royalties.

  For facilities awarded by competition, the unit remuneration (ROC) is that offered by the company awarded the contract, while for facilities awarded directly (RUM), the unit remuneration is the average remuneration calculated as the sum of the amortisation and financial remuneration during the useful life of the project divided by the sum of the annual gas volumes forecasted by the owner of the facility when the economic justification of the project was presented for award. For these facilities, given that the remuneration risk is greater than for the trunk facilities, the financial remuneration rate is increased by a differential provisionally set at 0.39%, resulting in a rate of 5.83%.

The RGV remuneration is accrued until the present value of the sum of the recognised annual remuneration, discounted at the previous remuneration rate, is equal to the present value of the recognised investment.

b.2) Remuneration for operation and maintenance of the facilities (RO&M).

For transmission and regasification assets to which the standard unit costs apply, the remuneration for operation and maintenance is calculated by applying the reference unit costs of operation and maintenance in force, regardless of the date of commissioning of the fixed asset (COMVU).

For the second regulatory period 2021-2026, the standard unit costs are those published in Circular 8/2020.

For one-off assets, costs are calculated on the basis of actual audited costs (COMsing).

Apart from the above costs, other costs not included in the unit reference values (OCOM) are also recognised and will be recognised on the basis of their audited cost. These costs include:

- Direct and indirect capitalised operating expenses. When the capitalised expenses exceed 250,000 euros, they will be recognised with amortisation and financial remuneration based on their audited investment value, considering a useful life of 2 years. In these cases, the accrual will occur from January 1 of the year following their commissioning. Capitalised expenses below this limit will be recognised as an expense for the year up to the limit established by the CNMC.
- The acquisition cost of the operating gas for transmission and of the odorant.
- The cost of electricity supply for LNG plants and for electric motors in compressor stations. In the case of the regasification plants this audited cost replaces the variable remuneration existing in the current framework.
- The cost increases from January 1, 2021 for municipal fees for public domain occupancy and for port fees for port domain occupancy.

b.3) Remuneration for adjustments to productivity and efficiency (ARPE).

Under this item, facilities that are at the end of their useful life (REVU) are remunerated, as are the transitional remuneration for continuity of supply (RCS), the remuneration for efficiency in operating and maintenance costs (RMP) and the remuneration for incentives to shrinkage reduction (IM) and promote gas in maritime and land transport. The items included are the following:

- **Remuneration for extension of useful life for fully depreciated assets (REVU).** Once the regulatory useful life of each fixed asset finalises, if the asset is still in use, the remuneration accrued for said facility corresponding to remuneration for investment, amortisation, and financial remuneration will be nil. In contrast, remuneration for operation and maintenance of the asset "i" each year "n" will be increased. In this manner, the value recognised will be the amount corresponding to it multiplied by a coefficient for increasing its useful life, µin. This coefficient is gradually increasing, the starting value being higher than the current remuneration framework, from 0.15 to 0.3.
- **Remuneration for continuity of supply (RCS).** A transitional remuneration is established for the RCS during the 2021-2026 regulatory period. The RCS is no longer indexed to the variation in demand or regasification but is calculated on the basis of the RCS recognised in the year 2020, adjusted by the following coefficients for the different gas years of the second regulatory period. ¾ of 95% for 2021, 80% for 2022, 65% for 2023, 50% for 2024, 35% for 2025 and 20% for 2026.
- **Remuneration for productivity improvements in operating and maintenance costs in regulatory periods (RMP).** This item intends to allow the carrier to retain part of the operating and maintenance cost efficiencies achieved over the previous regulatory period and is calculated per company, which is currently set at 50%. Under this item, the company is attributed 50% of the reduction in costs in the current regulatory period with respect to the unit costs of the previous regulatory period.
- **Shrinkage reduction incentive (IM).** Until September 30, 2021, the same methodology is applied as at present, while as from October 1, 2021, the new methodology established in Circular 7/2021 of July 28 comes into force.
- **Incentive remuneration for the development of natural gas in maritime and land transport (IDS).** This incentive aims to promote the use of natural gas as a fuel in maritime and land transport and is calculated by multiplying the gas invoiced for service stations connected to the transmission network and the LNG invoiced in regasification plants for use as maritime fuel by unit coefficients, which in both cases is 0.50 euros/MWh.

b.4) Remuneration for facilities in special administrative situations (RSAE).

This remuneration applies to the Musel regasification terminal, which was suspended when the licence was processed and was in hibernation until it was commissioned in July 2023. This remuneration corresponds to a transitional remuneration made up of the sum of the financial remuneration calculated on the basis of the standard investment value and the actual audited operation and maintenance costs.

It is also applicable to the Musel regasification terminal, once it is commissioned and has a unique and temporary economic regime for the provision of LNG logistics services, in accordance with article 60.7 of Law 18/2014, as defined by the CNMC in its resolution of February 2, 2023.

In addition, due to the transfer of remuneration rights from Enagás Transporte to Musel Energy Hub on September 29, 2023, the publication of the Resolution of December 15, 2023 determines the distribution and adjustments to the remuneration in 2023 and 2024 among the owners involved in the transfer of ownership of the El Musel plant.

This Resolution transfers to Musel Energy Hub the remuneration currently recognised by Enagás Transporte from the effective date of the transfer.

b.5) Remuneration for investments with cross-border impacts (RIIT).

This item is aimed at remunerating any costs that a carrier may incur as a result of the cross-border distribution of investment costs for a project of common European interest, as established in Article 12 of Regulation (EU) 347/2013 of the European Parliament and of the Council, of April 17, 2013.

Pipelines which affect reverse flow capacities or change the capacity to transport gas across the borders of the Member States concerned by at least 10% compared to the situation prior to the project is put into service may, in the case of natural gas, be considered as a project of common interest as set out in Appendix II to this Regulation. In the case of storage of natural gas, liquefied natural gas (LNG) or compressed natural gas (CNG), they will be considered as a project of common interest when the project is intended for the direct or indirect supply of at least two Member States or for compliance with the infrastructure standard (n-1) at regional level, in accordance with European Regulation 2017/1938 on Security of Supply.

b.6) Introduction of the principle of financial prudence

For the purpose of incorporating a principle of financial prudence required of the holders of transmission assets and liquefied natural gas plants, a penalty is established for companies whose ratios are outside the recommended value ranges set forth in the CNMC Communication 1/2019.

Accordingly, a company's annual remuneration in calendar year n could be reduced by up to 1% if the overall ratio defined in that communication, calculated on the basis of the financial statements for year n-2, is less than 0.9. However, this penalty would not be applicable until 2024, based on the 2022 financial statements.

c) Remuneration for underground storage activity

In accordance with Royal Decree 1184/2020, of December 29, which establishes the methodologies for calculating charges in the gas system, the regulated remuneration of basic underground storage facilities and the royalties applied for their use, the remuneration of the owners of basic underground storage facilities shall be determined per gas year, prior to the start of the gas year and in accordance with the methodology established in this Royal Decree 1184/2020, of December 29, following a report by the National Commission on Markets and Competition and the agreement of the Government's Delegated Commission for Economic Affairs.

In general, the remuneration methodology for underground storage is consistent with that established by the CNMC for transmission activities and LNG plants, although there are some differences due to the specific nature of underground storage facilities.

Other differences include the absence of unit reference values for investment and operation and maintenance, as well as the fact that the starting coefficient established for calculating the remuneration for the extension of useful life remains at 15%, compared to 30% for other activities. This difference is justified precisely because the operation and maintenance costs of each underground storage facility are established on the basis of their real audited costs and not on the basis of a reference unit value.

The annual remuneration of each company will be obtained as the sum of the individual remunerations of all the storage facilities it owns. The titleholders of basic underground storage facilities shall be entitled to the following remuneration:

- Remuneration for investment in facilities with individualised remuneration and in the purchase of gas for use as cushion gas.
- Provisional remuneration for operation and maintenance costs.
- Remuneration for life extension.
- Remuneration for productivity improvements.
- Transitional remuneration for continuity of supply, in accordance with the second transitional provision.
- Review, if applicable, of the provisional operation and maintenance remuneration.

Another novelty of the new remuneration framework is that it establishes a greater level of detail in the definition of the useful life of investments in underground storage facilities. Thus, previously a useful life of 20 years was established for all investments, but now a distinction is made between useful lives of 10 years for research and vehicles, 20 years for facilities, off-shore platforms, vessels, helicopters and cushion gas, 40 years for gas pipelines and 50 years for onshore civil works.

The remuneration of each holder will be reduced according to the related income obtained, and by application of the penalty for insufficient financial prudence, calculated in accordance with Article 27 of Circular 9/2019, of December 12, of the National Commission on Markets and Competition, which establishes the methodology for determining the remuneration of natural gas transmission facilities and liquefied natural gas plants.

d) Income corresponding to Technical Management of the System (GTS)

Remuneration recognised in the 2021-2023 and 2024-2026 regulatory periods

In accordance with the adequacy of powers between the Government and the Regulator, the CNMC published, at the beginning of 2020, Circular 1/2020, establishing the methodology for the remuneration of the Technical Manager of the System.

This establishes a methodology that allows the remuneration of the GTS to be set on the basis of known criteria and parameters, thus giving the remuneration framework the transparency, security and visibility in the medium-term that it lacked.

The Circular establishes regulatory periods of 3 years for the GTS, as opposed to 6 years for transmission and regasification activities.

The new remuneration methodology is based on the following principles:

- Obtaining a reasonable return for a low-risk activity.
- Consideration of the costs incurred by an efficient and well-managed company.

The methodology takes into account that the activity of the GTS requires few assets, basically in software and applications, that its costs correspond mainly to personnel and external services costs, and that its activity is strongly conditioned by European regulations and projects, in a changing and evolving environment, to which it must continuously adapt.

The remuneration is the sum of a basic remuneration (Bret), an incentive remuneration (RxInc), a remuneration for new obligations (CR and Guarantees of Origin) and a remuneration (D) for the difference, positive or negative, between the amounts received by the technical manager of the system for the application of the quota for the financing of the remuneration and the annual remuneration to be established for year n and for the difference between the estimate of the incentive remuneration term and the amount resulting from the level of compliance with it (the National Commission on Markets and Competition will determine by resolution the level of compliance with the incentives for year n).

The basic remuneration is made up of:

- Remuneration for OPEX, (BOpex): based on financial and regulatory accounting.
- Margin on recognised OPEX, (BMarg_Opex), set at 5%.
- Remuneration for depreciation, (BAmort), based on the depreciation of financial and regulatory accounting.
- Financial remuneration, (BRF) by applying a remuneration rate to the net asset value. The rate is the same as for transmission and regasification activity, 5.44% for the period 2021-2026.

Remuneration for incentives that can be up to +- 5% of the basic remuneration, depending on the incentive mechanism established by the CNMC for each regulatory period. However, for the regulatory period 2021-2023 the limits are set at +/-2%. At the end of 2020, the Circular establishing these incentives was being processed, and was published in the Official State Gazette in July 2021, effective as of October 1, 2021.

The remuneration for new obligations is established on the basis of a regulatory account, the balance of which is established for each regulatory period, divided by 3, for each of the years of the regulatory period. For the regulatory period 2021-2023, the regulatory account is 5 million euros.

Thus, for the regulatory period 2021-2023, the basic remuneration is set at 25,007 thousands of euros and the remuneration of the regulatory account at 1.667 thousands of euros.

For the 2024-2026 regulatory period, the remuneration base remains constant, the same as for the 2021-2023 regulatory period, as do the parameters for its calculation. The value is 25,007 thousands of euros.

The Resolution of March 2, 2023 adjusts the remuneration to the gas year, so that the remuneration corresponding to 2023 covers the period from January 1 to September 30. The remuneration of the GTS for 2023 is 16,038 thousands of euros. It has been calculated considering 14,904 thousands of euros of remuneration for OPEX, a margin of 5% of OPEX (745 thousands of euros), 8,650 thousands of euros of amortisation, 708 thousands of euros of financial remuneration, 1,667 thousands of euros for the annual amount accrued from the regulatory account for new obligations and 500 thousands of euros for the incentive remuneration. A ratio of 9/12 of the full year has been considered. Finally, the differences between the amounts accrued and amounts actually incurred corresponding to previous years have been included, amounting to 4,303 thousands of euros to be refunded.

For the 2024-2026 regulatory period, the remuneration base remains constant, the same as for the 2021-2023 regulatory period.

As in the current framework, the remuneration of the GTS will be recovered through the application of a fee, calculated as a percentage of the turnover from tolls and royalties.

e) Tolls and royalties relating to third party access to the gas system

The revenues collected from the application of tolls for third party access to gas facilities are exclusively used to support the remuneration of regulated activities for gas supply. As gas system revenues are used to finance all gas system costs, they must be sufficient to meet the full costs of the gas system.

The tolls and royalties are established so that their setting responds as a whole to the following principles:

- Ensure the recovery of the investments made by the titleholders during their useful life.
- Allow a reasonable return on financial resources invested.

- Determine the operating costs remuneration system in a way that encourages effective management and improvement of productivity that should be partly passed on to users and consumers.

In addition, tolls and royalties will take into account the costs incurred by the use of the network in a way that optimises the use of infrastructures and can be differentiated by pressure levels, consumption characteristics and duration of contracts.

The values applicable from October 1, 2022 to September 30, 2023 have been published in the Resolution of May 19, 2022, of the National Commission on Markets and Competition, which establishes the access tolls to the transmission networks, local networks and regasification for the 2023 gas year.

Similarly, the Ministry of Ecological Transition and Demographic Challenge is responsible for setting the remuneration and fees for access to underground storage facilities. From October 1, 2022 to September 30, 2023, the values of the access charges published in the Order TED/929/2022 of September 27, which establishes the gas network charges and the remuneration and charges for underground base storage for the gas year 2023, shall apply.

f) System of settlement of costs and regulated revenues

Until September 30, 2021, the billing and collection of the remuneration of regulated activities were subject to the settlement procedure established in Ministerial Order ECO 2692/2002, of October 28, regulating the settlement procedures for the remuneration of regulated activities, charges and fees with specific destinations in the gas sector.

From October 1, 2021, the settlement procedures established in Ministerial Order TED/1022/2021, of September 27, regulating the settlement procedures of the regulated activities remunerations, charges and fees with specific destinations of the gas sector, are applicable.

The update of the settlement procedure was motivated to adapt it to the European Commission Regulation 2017/460 of March 16, 2017, establishing a network code on harmonised transmission tariff structures for gas. This Regulation determines the need for a regulatory account for the transmission activity that reflects the difference between the recognised remuneration and the revenues actually obtained in the tariff period, a principle that, in order to avoid discrimination, must also be applied to other activities.

It is also necessary to incorporate changes to adjust the calendar for sending information and approving settlements to adapt it to the gas year (from October 1 to September 30 of the following year).

Thus, 5 separate settlement procedures are established for the following activities:

a. Trunk transmission.

b. Local networks, which will include distribution, secondary transmission and primary transmission activities of local influence and any other facility determined by the regulations in force.

c. Liquefied natural gas plants.

d. Basic underground storage facilities.

e. Gas system charges. It will include the revenues from application of the unit charges defined in Royal Decree 1184/2020, of December 29, establishing the methodologies for calculating the gas system charges, the regulated remuneration of basic underground storage facilities and the fees applied for their use, and the costs listed in Article 59.4.b) of Law 18/2014, of October 15. Basically, the costs to be recovered through charges are: CNMC fee, differential cost of supply of liquefied or manufactured natural gas in island territories, annuity of the deficit for 2014 and subsequent years (until 2020), demand management measures that are recognised by regulation, the approved remuneration of the natural gas Market Operator and any other cost that is legally established.

It is understood that annual mismatches between revenues and costs of the gas system occur if the difference between revenues and settlement costs in each of the settlement procedures of a gas year results in a negative amount.

As from October 1, 2021, with the entry into force of Order TED/1022/2021, the provisional annual mismatches between revenues and costs for the year for each settlement procedure are determined in the provisional settlement 14 of each year. The provisional annual mismatch of each subject, whether positive or negative, will be recognised in the form of a lump sum payment in the first available settlement of the gas year following the provisional settlement 14.

The final settlement will determine the final annual mismatch between revenues and costs for each obligated party. The difference between the final and provisional deviation, whether positive or negative, will be settled as a one-time payment in the first available settlement of the following gas year.

Additionally, in accordance with the provisions of Article 61.3 of Law 18/2014 of October 15, 2014, as long as there is an accumulated deficit as of December 31, 2014 or mismatches between revenues and expenses of subsequent years pending amortisation, any surplus or deficit in collection under charges shall be applied in accordance with the provisions of the aforementioned article, without being able to reduce the amount thereof. Once there are no outstanding deficits and mismatches to be amortised, any deficit/surplus in the collection of charges will be applied in the calculation of charges for the following year.

Law 18/2014, of October 15, establishes the principle of economic and financial sustainability in the gas system. In accordance with this principle, revenues from the system will be used exclusively to sustain own remuneration of the regulated activities concerning the supply of gas and, furthermore, the revenues must be sufficient to satisfy all of the costs incurred by the gas system. In addition, in order to ensure economic sufficiency and avoid the appearance of new deficits ex ante, all regulatory measures relating to the gas system which involve an increase in costs for the system or a reduction of income must incorporate an equivalent reduction in other cost items or an equivalent increase in income which ensures equilibrium for the system.

Also, the previous remuneration framework established a specific methodology for resolving temporary imbalances between revenues and costs of the system, with a series of measures aimed at definitively ending the deficit of the gas system, such as:

- As long as there are annual amounts pending payment from previous years, tolls and royalties cannot be revised downwards, but will be increased if there are negative mismatches that exceed a set limit.
- A period of several years is established for the recovery of imbalances, also recognising financial costs to the companies regulated by the financing of these imbalances, in such a way that the subjects shall recover:
  - The accumulated deficit of the gas system at December 31, 2014 during the fifteen years following the date of approval of the final settlement of that financial year, recognising an interest rate in conditions equivalent to those of the market.
  - And the temporary imbalances between income and expenses resulting for 2015 during the following five years, also recognising an interest rate in conditions equivalent to those of the market.

If the annual mismatch between revenues and recognised remuneration is positive, the amount will be used to settle the outstanding annual payments relating to mismatches from previous years. This amount will be applied first to the temporary imbalances between revenues and costs of the system and then to those annual payments relating to the accumulated deficit of the gas system at December 31, 2014.

Since 2018, positive annual mismatches between income and remuneration have been generated (surplus), so that the 2015 and 2017 financial years were amortised on an accelerated basis against the surplus of this 2018 financial year. Similarly, in 2019, the annual mismatch between income and remuneration resulted in a surplus of 353,859 thousands of euros, with the collection right pending receipt for the 2016 (33,475 thousands of euros) mismatch being fully amortised, and the 2014 mismatch being partially amortised (320,384 thousands of euros).

From that date, the annual mismatch between revenues and remuneration is used to cover the negative mismatch pending from 2014, partially amortising 186,691 thousands of euros against the surplus for 2020 and 81,127 thousands of euros against the surplus for 2021, whose resolution was approved by the CNMC on July 28, 2022.

Since 2023, only the surplus originated in the settlement of charges is used to amortise the negative mismatch pending from 2014. Therefore, 11,280 thousands of euros are amortised against the surplus from 2022, a resolution approved on July 27, 2023.

As of October 1, 2022 (start of gas year 2023) the outstanding capital amounts to 58,832 thousands of euros. In 2023, the outstanding deficit accumulated up until 2014, as per the provisions of article 66 of Law 18/2014, was successfully reduced by an annual amount of 6,429 thousands of euros.

Furthermore, in 2023, the surplus resulting from the settlement of charges for the gas year 2022, totalling 11,280 thousands of euros, was utilised for the first time to offset the remaining negative imbalance from 2014, this decision having been made on July 27, 2023.

Thus, the 2014 mismatch remaining to be amortised at October 1, 2023 (start of the 2024 gas year) amounts to 41,122 thousands of euros, which is much lower than the 1,025,053 thousands of euros accumulated at December 31, 2014.

With regard to the Company's share of the deficit generated by the system during 2014, it should be noted that, as reported in the 2017 annual accounts, on December 1, 2017 the receivables from the accumulated deficit rights at December 31, 2014 were assigned. Said rights represented an amount of 354,751 thousands of euros, corresponding to the nominal amount plus accrued interest pending collection at the date of cession. Through the above operation Enagás Transporte, S.A.U. transferred the obligations and contractual rights involved in the ownership of the transferred financial asset to the Santander Group, and proceeded to derecognise that financial asset from the Balance Sheet, as the Sole Director of Enagás Transporte, S.A.U. deemed that all the risks and benefits associated with it had been substantially transferred, together with control of the aforementioned financial asset.

g) Development of the regulatory framework in 2023

The main regulatory developments applicable to the gas sector, approved in the course of 2023, were the following:

1.Supranational regulations

Projects of Common Interest (PCI) and Projects of Mutual Interest (PMI)

Commission Delegated Regulation of November 28, 2023 amending Regulation (EU) 2022/869 of the European Parliament and of the Council as regards the Union list of Projects of Common Interest and Projects of Mutual Interest.

RePowerEU

Regulation 2023/435 of the European Parliament and of the Council of February 27, 2023 amending Regulation 2021/241 as regards the REPowerEU chapters in recovery and resilience plans and amending Regulations 1303/2013, 2021/1060 and 2021/1755, and Directive 2003/87/EC.

Communication from the Commission of March 3, 2023 on Guidance on recovery and resilience planning in the context of REPowerEU.

Renewable energy

Commission Delegated Regulation 2023/1184 of February 10, 2023 supplementing Directive (EU) 2018/2001 of the European Parliament and of the Council by establishing a Union methodology setting out detailed rules for the production of renewable liquid and gaseous transport fuels of non-biological origin:

Commission Delegated Regulation 2023/1185 of February 10, 2023 supplementing Directive (EU) 2018/2001 of the European Parliament and of the Council by establishing a minimum threshold for greenhouse gas emissions savings of recycled carbon fuels and by specifying a methodology for assessing greenhouse gas emissions savings from renewable liquid and gaseous transport fuels of non-biological origin and from recycled carbon fuels.

Commission Delegated Regulation 2023/1640 of June 5, 2023 on the methodology to determine the share of biofuel and biogas for transport, produced from biomass being processed with fossil fuels in a common process.

Directive (EU) 2023/2413 of the European Parliament and of the Council of October 18, 202 amending Directive (EU) 2018/2001, Regulation (EU) 2018/1999 and Directive 98/70/EC as regards the promotion of energy from renewable sources and repealing Council Directive (EU) 2015/652.

Commission Delegated Regulation (EU) 2023/2639 of September 19, 2023 amending Regulation (EU) 2022/2202 supplementing Regulation (EU) 2021/1153 of the European Parliament and of the Council by establishing a list of selected cross-border projects in the field of renewable energy.

Hydrogen Bank

Communication from the Commission of March 16, 2023 on the European Hydrogen Bank.

Innovation Fund

Commission Delegated Regulation (EU) 2023/2537 of September 15, 2023 amending Delegated Regulation (EU) 2019/856 supplementing Directive 2003/87/EC of the European Parliament and of the Council as regards the functioning of the Innovation Fund.

Energy efficiency

Directive (EU) 2023/1791 of the European Parliament and of the Council of September 13, 2023 on energy efficiency and amending Regulation (EU) 2023/955.

Demand reduction measures

Council Regulation (EU) 2023/706 of March 30, 2023 amending Regulation (EU) 2022/1369 as regards prolonging the demand-reduction period for demand-reduction measures for gas and reinforcing the reporting and monitoring of their implementation.

Underground storage

Commission Implementing Regulation (EU) 2023/2633 of November 20, 2023 setting the filling trajectory with intermediary targets for 2024 for each Member State with underground gas storage facilities on its territory and directly interconnected to its market area.

Emergency Regulations

Council Regulation (EU) 2023/2919 of December 21, 2023 amending Regulation (EU) 2022/2576 as regards the extension of its period of application.

Council Regulation (EU) 2023/2920 of December 21, 2023 amending Regulation (EU) 2022/2578 as regards the extension of its period of application.

EU Energy platform

Commission Decision of January 13, 2023 establishing the ad hoc Management Committee to facilitate the coordination of demand aggregation and joint purchasing of gas.

Sustainable Finance – Taxonomy, Green Bonds and Disclosure

Communication from the Commission of June 13, 2023 on the use of the sustainable finance framework.

Commission Recommendation of June 27, 2023 on facilitating finance for the transition to a sustainable economy.

Commission Notice of June 13, 2023 on the interpretation and implementation of certain legal provisions of the EU Taxonomy.

Commission Delegated Regulation (EU) 2023/2772 of July 31, 2023 supplementing Directive 2013/34/EU of the European Parliament and of the Council with regard to sustainability reporting standards.

Commission Communication of October 20, 2023 on the interpretation and application of certain legal provisions of the delegated act on disclosure of information under Article 8 of the EU Taxonomy Regulation on the reporting of taxonomy-eligible and taxonomy-compliant economic activities and assets.

Commission Opinion of October 20, 2023 on the interpretation and application of certain legal provisions of the delegated act on EU climate taxonomy laying down technical selection criteria for economic activities that make a substantial contribution to climate change mitigation or adaptation and do not cause significant damage to other environmental objectives.

Regulation (EU) 2023/2631 of the European Parliament and of the Council of November 22, 2023 on European green bonds and optional disclosure for bonds marketed as environmentally sustainable bonds and for sustainability-linked bonds.

ETS, CBAM and ESR

Decision 2023/852 of the European Parliament and of the Council of April 19, 2023 amending Decision (EU) 2015/1814 as regards the number of allowances to be placed in the market stability reserve for the Union greenhouse gas emission trading system until 2030.

Regulation 2023/857 of the European Parliament and of the Council of April 19, 2023 on binding annual greenhouse gas emission reductions by Member States from 2021 to 2030 contributing to climate action to meet commitments under the Paris Agreement, and Regulation (EU) 2018/1999.

Regulation (EU) 2023/851 of the European Parliament and of the Council of April 19, 2023 amending Regulation (EU) 2019/631 as regards strengthening the CO2 emission performance standards for new passenger cars and new light commercial vehicles in line with the Union's increased climate ambition.

Directive (EU) 2023/958 of the European Parliament and of the Council of May 10, 2023 amending Directive 2003/87/EC as regards aviation's contribution to the Union's economy-wide emission reduction target and the appropriate implementation of a global market-based measure.

Directive (EU) 2023/959 of the European Parliament and of the Council of May 10, 2023 amending Directive 2003/87/EC establishing a system for greenhouse gas emission allowance trading within the Union and Decision (EU) 2015/1814 concerning the establishment and operation of a market stability reserve for the Union greenhouse gas emission trading system.

Regulation (EU) 2023/957 of the European Parliament and of the Council of May 10, 2023 amending Regulation (EU) 2015/757 in order to provide for the inclusion of maritime transport activities in the EU Emissions Trading System and for the monitoring, reporting and verification of emissions of additional greenhouse gases and emissions from additional vessel types.

Regulation (EU) 2023/956 of the European Parliament and of the Council of May 10, 2023 establishing a carbon border adjustment mechanism.

Regulation (EU) 2023/955 of the European Parliament and of the Council of May 10, 2023 establishing a Social Climate Fund and amending Regulation (EU) 2021/1060.

Commission Implementing Decision (EU) 2023/1319 of June 28, 2023 amending Implementing Decision (EU) 2020/2126 to revise Member States' annual emission allocations for the period from 2023 to 2030.

Commission Implementing Regulation (EU) 2023/1773 of August 17, 2023 laying down detailed rules for the implementation of Regulation (EU) 2023/956 of the European Parliament and of the Council as regards reporting obligations for the purposes of the Border Carbon Adjustment Mechanism during the transitional period.

Commission Delegated Regulation (EU) 2023/2830 of October 17, 2023 supplementing Directive 2003/87/EC of the European Parliament and of the Council by establishing rules on the timing, administration and other aspects of the auctioning of greenhouse gas emission allowances.

Commission Implementing Regulation (EU) 2023/2122 of October 12, 2023 amending Implementing Regulation (EU) 2018/2066 as regards the update of the monitoring and reporting of greenhouse gas emissions pursuant to Directive 2003/87/EC of the European Parliament and of the Council.

Net-Zero Industry Act (NZIA)

Communication from the Commission of February 1, 2023 on a Green Deal Industrial Plan for the Net-Zero Age.

Critical Raw Materials Act

Communication from the Commission of March 16, 2023 on a secure and sustainable supply of critical raw materials in support of the twin transition.

Combustibles alternativos (AFIR)

Reglamento (UE) 2023/1804 del Parlamento Europeo y del Consejo de 13 de septiembre de 2023 relativo a la implantación de una infraestructura para los combustibles alternativos y por el que se deroga la Directiva 2014/94/UE.

FuelEU Maritime / ReFuelEU Aviation

Regulation (EU) 2023/1805 of the European Parliament and of the Council of September 13, 2023 on the use of renewable and low-carbon fuels for maritime transport and amending Directive 2009/16/EC.

Regulation (EU) 2023/2405 of the European Parliament and of the Council of October 18, 2023 on ensuring a level playing field for sustainable air transport.

Commission Delegated Regulation (EU) 2023/2917 of October 20, 2023 concerning verification activities, the accreditation of verifiers and the approval of monitoring plans by management authorities in accordance with Regulation (EU) 2015/757 of the European Parliament and of the Council concerning the monitoring, reporting and verification of greenhouse gas emissions from maritime transport and repealing Commission Delegated Regulation (EU) 2016/2072.

Infrastructure exemption

Commission Decision of March 31, 2023 concerning the exemption of the Le Havre LNG terminal (France).

Commission Decision of June 2, 2023 concerning the exemption of the Brunsbüttel LNG terminal (Germany).

Commission Decision of July 17, 2023 concerning the exemption of the expansion of the LNG terminal of Gate Terminal B.V. (The Netherlands).

Cells and batteries

Regulation (EU) 2023/1542 of the European Parliament and of the Council of July 12, 2023 on cells and batteries and their waste and amending Directive 2008/98/EC and Regulation (EU) 2019/1020 and repealing Directive 2006/66/EC.

LULUCF

Regulation (EU) 2023/839 of the European Parliament and of the Council of April 19, 2023 amending Regulation (EU) 2018/841 as regards scope, simplification of reporting and compliance rules and setting Member States' 2030 targets, and Regulation (EU) 2018/1999 as regards enhanced monitoring, reporting, progress monitoring and review.

Other

Communication from the Commission of March 9, 2023 on a Temporary Crisis and Transition Framework for State Aid measures to support the economy following the aggression against Ukraine by Russia.

Commission Delegated Act (EU) 2023/2450 of July 25, 2023 supplementing Directive (EU) 2022/2557 of the European Parliament and of the Council by establishing a list of essential services.

Commission Communication of November 28, 2023 on "An EU Action Plan for Grids".

2. Spanish Regulation

In relation to the general framework of the gas system and its facilities

Energy policy

Royal Decree 4/2023 regulating the direct granting of subsidies to promote research and innovation and the first industrial use in the hydrogen technology value chain "PIICE Hy2Tech".

Resolution of January 24, 2023, establishing the terms and conditions of the second tranche of the line of guarantees for financing granted to companies and the self-employed established by Royal Decree-Law 6/2022, adopting urgent measures within the framework of the National Response Plan to the economic and social consequences of the war in Ukraine, aimed at the gas-intensive industry.

Royal Decree 36/2023 of January 24 establishing a system of Energy Saving Certificates.

Royal Decree 34/2023 of January 24 amending Royal Decree 102/2011 of January 28 on the improvement of air quality.

Resolution of February 14, 2023, publishing the assigned and available capacity in basic underground natural gas storage facilities for the period April 1, 2023 to March 31, 2024.

Resolution of February 23, 2023, of the National Commission on Markets and Competition, which establishes the value of the Global Ratios Index for 2023 of the companies that carry out the activities of transmission and distribution of electrical energy and the activities of transmission, regasification, underground storage and distribution of natural gas.

Decree-Law 1/2023 declaring the production of hydrogen from electrical energy from isolated renewable energy generation facilities in Extremadura to be of general interest.

Resolution of March 7, 2023, of the Directorate General for Environmental Quality and Assessment, formulating the environmental impact statement for the project "Sealing and definitive abandonment of the Castor wells".

Resolution of March 28, 2023 of the Directorate General of Energy Policy and Mines, publishing the last resort natural gas tariff applicable during the first quarter of 2023.

Resolution of May 18, 2023 from the Board of Directors of E.P.E. Institute for the Diversification and Saving of Energy (IDAE), M.P. establishing the Second call for the programme of incentives for pioneering and unique renewable hydrogen projects (H2 PIONEROS Programme) within the Framework of the Recovery, Transformation and Resilience Plan financed by the NextGenerationEU funds of the European Union.

Order TED/567/2023, of May 31, announcing access to the regulatory test bank for the promotion of research and innovation in the electricity sector, provided for in Royal Decree 568/2022, of July 11.

Royal Decree 445/2023 of June 13 amending Annexes I, II and III of Law 21/2013 of December 9 on environmental assessment.

Order TED/641/2023, of June 14, establishing the regulatory bases for the calls for the Incentive Programme for electricity and heat production projects using renewable energies to replace fossil fuel production, within the framework of the Recovery, Transformation and Resilience Plan, financed by the European Union-NextGenerationEU.

Resolution of June 27, 2023 of the Directorate General of Energy Policy and Mines, publishing the last resort natural gas tariff applicable during the third quarter of 2023.

Resolution of July 17, 2023, of the Directorate General of Energy Policy and Mines, approving the reference prices for calculating the value of gas, oil and condensate extraction for the first half of 2023.

Resolution of September 28, 2023 of the Directorate General of Energy Policy and Mines, publishing the last resort natural gas tariff applicable during the fourth quarter of 2023.

Resolution of December 28, 2023 of the Directorate General of Energy Policy and Mines, publishing the last resort natural gas tariff applicable during the first quarter of 2024.

Resolution of December 21, 2023, of the National Commission on Markets and Competition, establishing the value of the 2024 global ratio index and the penalty relating to the financial prudence of companies that carry out electricity transmission and distribution activities and natural gas transmission, regasification, underground storage and distribution activities.

Royal Decree-Law 8/2023, of December 27, adopting measures to address the economic and social consequences of the conflicts in Ukraine and the Middle East, as well as to alleviate the effects of the drought, making it possible for the natural gas transmission network managers (Enagás) to exercise development functions of the hydrogen backbone network manager on a provisional basis until the final designation occurs in accordance with the conditions established in European regulations.

Resolution of December 28, 2023 of the Directorate General of Energy Policy and Mines, publishing the last resort natural gas tariff applicable during the first quarter of 2024.

Remuneration framework, tolls, charges and settlement system

Resolution of February 2, 2023, of the CNMC establishing a special temporary economic regime for the El Musel regasification plant.

Circular 2/2023, of February 28, of the National Commission on Markets and Competition, amending Circular 1/2020, of January 9, establishing the remuneration methodology for the Technical Manager of the Spanish Gas System.

Resolution of March 16, 2023, of the National Commission on Markets and Competition, which establishes the amount of remuneration of the Technical Manager of the Spanish Gas System for 2023 and for the gas year 2024, and the quota for the financing of the year 2023.

Resolution of March 16, 2023, of the National Commission on Markets and Competition, on the balances of regasification losses for the period from January to September 2021 and their effect on the remuneration of liquefied natural gas plant owners.

Resolution of March 16, 2023, of the National Commission on Markets and Competition, on the addendum to the valuation of losses in the natural gas transmission system corresponding to 2020 and their effect on the remuneration of gas transmission network operators.

Resolution of March 16, 2023, of the National Commission on Markets and Competition, on the balances of gas transmission losses in the period from January to September 2021 and their effect on the remuneration of gas transmission network operators.

Resolution of May 30, 2023, of the National Commission on Markets and Competition, establishing the access tolls to the transmission networks, local networks and regasification for the gas year 2024.

Resolution of May 30, 2023, of the National Commission on Markets and Competition, establishing remuneration for the 2024 gas year of the companies that carry out the regulated activities of liquefied natural gas plants, transmission and distribution.

Order TED/1072/2023, of September 26, establishing the gas system charges and the remuneration and fees for basic underground storage facilities for gas year 2024.

Resolution of October 26, 2023, of the CNMC, on the calculation, supervision and valuation of shrinkage balances in the gas system corresponding to gas year 2022 and their effect on the remuneration of facility owners.

Resolution of December 15, 2023, of the CNMC, which determines the distribution and adjustments to be made to the remuneration for the 2023 and 2024 gas years among the owners involved in the transfer of ownership of the Musel Plant.

Resolution of December 15, 2023, of the CNMC, which determines the distribution and adjustments to be made to the remuneration for the 2023 and 2024 gas years of Enagás Transporte, SAU, and Regasificadora Noroeste, SA, involved in the transfer of ownership of the Regasificadora Noroeste, SA pipeline network.

Spanish gas system operation

Resolution of January 9, 2023, of the Directorate General of Energy Policy and Mines, approving the reference prices for calculating the value of gas, oil and condensate extraction for 2022.

Order TED/72/2023, of January 26, which develops the procedures necessary for compliance with the obligation to maintain minimum security stocks of natural gas.

Resolution of March 2, 2023, of the National Commission on Markets and Competition, which calculates the balance of the regulatory account of the Technical Manager of the Spanish Gas System at the end of 2021.

Resolution of May 11, 2023, of the Secretary of State for Energy, modifying the rules for the management of gas system guarantees.

Order TED/578/2023, of June 7, establishing the technical conditions for the provision of logistics services for liquefied natural gas at the regasification plant in the port of El Musel.

Resolution of June 9, 2023, of the Secretary of State for Energy, approving the rules of the organised gas market and the adhesion contract.

Resolution of July 12, 2023, of the Secretary of State for Energy, developing the procedure for the purchase of operating gas and gas intended for a minimum filling level.

Resolution of November 20, 2023, of the Directorate-General for Energy Policy and Mines, modifying the Winter Action Plan for the operation of the gas system.

Resolution of December 21, 2023, of the National Commission on Markets and Competition, amending that of March 24, 2022, in relation to capacity anti-hoarding measures for services involving slots.

Spanish Gas System Emergency Plan (REGULATION (EU) 2017/1938).

Preventive Action Plan for the Spanish Gas System (REGULATION (EU) 2017/1938).

On February 19, 2024, the Board of Directors of Enagás, S.A. prepared the Consolidated Annual Accounts for the year ended December 31, 2023, consisting of the accompanying documents attached hereto, in accordance with the provisions of Article 253 of the Corporate Enterprise Act and Article 37 of the Code of Commerce, and remaining applicable standards.

DECLARATION OF RESPONSIBILITY: For the purposes of Article 99.2 of Law 6/2023, of March 17, on Securities Market and Investment Services, the Directors state that, to the best of their knowledge, the Consolidated Annual Accounts, prepared in accordance with applicable accounting principles, provide a true and fair view of the equity, financial position and results of the Group. They additionally state that, to the best of their knowledge, the directors not signing below did not express dissent with respect to the Consolidated Annual Accounts.

Chairman: (Signed the original in Spanish)

Mr Antonio Llardén Carratalá

Chief Executive Officer: (Signed the original in Spanish)

Mr Arturo Gonzalo Aizpiri

Directors: (Signed the original in Spanish)

Sociedad Estatal de Participaciones Industriales-SEPI
(Represented by Mr Bartolomé Lora Toro)

Mr José Montilla Aguilera

Ms Ana Palacio Vallelersundi

Ms María Teresa Arcos Sánchez

Ms Eva Patricia Úrbez Sanz

Ms Natalia Fabra Portela

Mr Santiago Ferrer Costa

Ms Clara Belén García Fernández-Muro

Mr David Sandalow

Mr José Blanco López

Ms María Teresa Costa Campi

Mr Manuel Gabriel González Ramos

Mr Cristóbal José Gallego Castillo

DILIGENCE to record that, in accordance with the call of the Board of Directors, having been held at the registered office, allowing the directors to participate telematically, the Consolidated Annual Accounts have been drawn up with the agreement of all members of the Board of Directors, which is certified by the Secretary of the Board with his signature below, and with the signatures of those Directors who have physically participated in the Board of Directors.

Electronic signature of the Secretary to the Board: (Signed the original in Spanish)

Mr Diego Trillo Ruiz