



**Report on the independence of the  
accounts auditor of Enagás, S.A. and  
subsidiaries  
2022**

Audit and Compliance Committee  
**February 20, 2023**

## **TABLE OF CONTENTS**

1.	INTRODUCTION AND BACKGROUND.....	3
2.	ANALYSIS OF THE INDEPENDENCE OF AUDITORS.....	3
3.	CONCLUSION .....	8

## 1. INTRODUCTION AND BACKGROUND

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The Audit and Compliance Committee of Enagás, S.A. and subsidiaries, pursuant to the provisions of article 529 quaterdecies.4.f) of the Corporate Enterprises Act, approved by Royal Legislative Decree 1/2010, of July 2, must issue an annual report, prior to the issuing of the accounts auditor's report, expressing an opinion on the independence of the external auditor.

This competence is also detailed in Regulations of the Audit and Compliance Committee.

Enagás publishes this report on Auditor Independence on its website sufficiently in advance of the Ordinary General Shareholders' Meeting, in accordance with recommendation 6.a) of the Good Governance Code of Listed Companies.

Accordingly, the Committee issues this report which contains a reasoned assessment of the provision of each and every one of the services rendered by the auditor of Enagás S.A. and its consolidated group during 2022, ensuring that they do not compromise the independence of the auditor, both individually and overall, in accordance with the provisions of the regulations governing the auditing of accounts.

## 2. ANALYSIS OF THE INDEPENDENCE OF AUDITORS

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The General Shareholders' Meeting of the Company held on March 31, 2022 agreed, among other matters, to re-elect Ernst and Young S.L. (hereinafter, EY) as accounts auditor of Enagás, S.A. and its Consolidated Group for 2022, 2023 and 2024.

As provided for under Article 529 quaterdecies in section 4.e) of the Corporate Enterprises Act, Enagás shall receive an annual statement from the accounts auditor on their independence with respect to the entity or entities directly or indirectly related to it. Additionally, EY shall provide detailed and individual information on additional services of any kind rendered to the Enagás Group, detailing fees received (both by EY itself and by persons related to them), in conformity with the audit regulations.

Therefore, and in compliance with the above, the accounts auditor of Enagás and its Subsidiaries, sent **written confirmation of their independence**, signed by the audit partner of Enagás and its Consolidated Group, José Agustín Rico Horcajo, dated February 20, 2023. This written confirmation states:

*"The audit engagement team, the statutory auditor or audit firm and, where appropriate, other persons within the audit firm and, where applicable, other firms in the network, with any applicable extensions, have complied with the applicable independence requirements in accordance with the provisions of Law 22/2015 of July 20, on the Audit of Accounts and Regulation (EU) No. 537/2014 of April 16".*

They conclude by stating *"... No circumstances have been identified that, either individually or as a whole, could prove a significant threat to our independence and would require the application of safeguards or could prove to be causes of incompatibility."*

Safeguards that allow the detection of threats

In order to ensure the independence of the external auditor, in accordance with the contracting and relations with external auditor procedure, throughout the whole of 2022 the Audit and Compliance Committee has supervised compliance both by Enagás and EY with the existing regulations on the rendering of services other than those of accounts auditing, proceeding to **authorise services other than those prohibited** in accordance with the applicable legislation (Article 8 of the Regulations of the Audit and Compliance Committee of Enagás and Article 15 of the Accounts Auditing Law in force).

In addition, the auditor EY includes the following in its written confirmation of independence:

*"We have internal policies and procedures in place that are designed to provide you with reasonable assurance that the audit firm and its staff, and where appropriate, other persons subject to independence requirements (including staff of network firms) maintain independence where required by applicable regulations. These procedures include those aimed at identifying and assessing threats that may arise from circumstances related to audited entities, including those that may represent causes of incompatibility and/or those that may require the application of the necessary safeguards to reduce the threats to an acceptably low level".*

Attached below are the details of the services received from EY for the 2022 financial year both for Enagás and its consolidated group, as well as for those subsidiaries over which Enagás exercises significant influence, in accordance with the provisions of the corresponding regulations:

Description of the services	Amount (in thousands of euros)			
	Enagás, S.A.	Controlled companies	Total Enagás and controlled companies	Other related companies
Audit services	837	253	1,090	245
Other assurance services	153	183	336	36
<b>Total audit and related services</b>	<b>990</b>	<b>436</b>	<b>1,426</b>	<b>281</b>
Tax services	-	-	-	-
Other services	-	-	-	62
<b>Total other services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>62</b>
<b>Total</b>	<b>990</b>	<b>436</b>	<b>1,426</b>	<b>343</b>

Audit services Enagás and controlled companies

The fees for "audit services" totalled 1,090 thousands of euros, which covered the financial audits of Enagás S.A. and its Subsidiaries, other limited reviews of the group's interim financial statements and Certification of the Internal Control over Financial Reporting System.

Audit services to other related companies

Fees for "audit services" amounted to 245 thousands of euros, corresponding to financial audits of subsidiaries over which Enagás has significant influence.

Other assurance services Enagás and controlled companies

The fees for "Other assurance services" amounted to 336 thousands of euros, which covered the task of issuing a Comfort Letter for the updating of the EMTN programme, for an amount of 47 thousands of euros, the Annual Corporate Governance Report for an amount of 75 thousands of euros, the assurance report to ensure the regulatory accounting information delivered on June 30, 2022 for an amount of 136 thousands of euros, and the review of the Non-Financial Information Statement included in the Management Report, as well as its Internal Control System of Non-Financial Information for an amount of 78 thousands of euros.

Other assurance services to other related companies

Fees for "Other assurance services" amounted to 36 thousands of euros, which correspond to the assurance report on regulatory accounting information delivered on June 30, 2022 for an amount of 32 thousands of euros and a verification of compliance with ratios for an amount of 4 thousands of euros in two related companies with significant influence.

Other services to related companies

Other services for related companies amounted to 62 thousands of euros, corresponding to the preparation of a third party due diligence report in the amount of 46 thousands of euros and the remaining amount corresponds to the provision of certain services in relation to the whistleblowing channel and others, all of which are permitted in the countries where related companies with significant influence are located.

The Audit and Compliance Committee states, as the body charged with their approval, that the services provided by EY do not fall under the services prohibited by the terms of the Accounts Auditing Law in force and the EU Regulation No. 537/2014, and that the firm was selected to provide these services in order to take advantage of the synergies resulting from its status as the Accounts Auditor, thereby resulting in greater efficiency in the execution of its work and representing a lower cost, in economic terms for Enagás.

In this regard, the Audit and Compliance Committee confirms that it is **notified**, on a quarterly basis, of the percentage of any service other than that of the actual audit conducted by EY, relative to the fees for the Audit of the Annual Accounts of Enagás SA

and Subsidiaries in order to comply with the ratio established in Article 4.2 of Regulation (EU) no. 537/2014, to which Article 41 of the Accounts Auditing Law 22/2015 refers, which states textually that:

“Where the statutory auditor or the audit firm provides non-audit services other than those referred to in Article 5(1) of this Regulation to the audited entity, to its parent company or to the companies it controls for a period of three or more consecutive financial years, the total fees charged for these services shall not exceed 70% of the average fees paid in the last three consecutive financial years for the statutory audit(s) of the audited entity and, where applicable, of its parent company or of the companies it controls, and of the consolidated financial statements of that group of companies.”

On December 31, 2022, **the percentage of services other than audit services over the total fees for audit services was 31%.**

In addition, the Audit and Compliance Committee has respected the **limits on the concentration of the auditor’s business** established by said Article 41<sup>1</sup>. Accordingly, in 2022, EY billed Enagás and its consolidated group 1,426 thousands of euros for audit and related services. This amount does not represent a significant percentage of the total annual income of said auditor.

With regard to **the fees** for audit services, and in accordance with Article 24.1 of the Accounts Auditing Law in force and the Regulations of the Audit and Compliance Committee of December 19, 2022, the Audit and Compliance Committee believes that they have not been influenced or determined by the provision of additional services to the Enagás Group, nor have they been based on any form of contingency or condition other than changes in the circumstances that were the basis for setting fees.

With regard to **the contractual terms** provided in Article 40 of the Accounts Auditing Law in force, the Audit and Compliance Committee found that the requirement to **rotate the signing audit partner** five years after initial appointment is satisfied. Since 2021, the signing partner for the audit is José Agustín Rico Horcajo.

### Relations with accounts auditors

Moreover, as indicated in Article 529 quaterdecies, section 4.e) of the Corporate Enterprises Act, Enagás’ Audit and Compliance Committee has established appropriate relations with the accounts auditor, in order to receive all the information necessary to evaluate their independence and to assess the process of preparation of the audit of accounts.

Finally, note that in accordance with good governance practice, the accounts auditor appeared before the Board of Directors on the occasion of the approval of the six-monthly interim financial statements and of the preparation of the annual accounts.

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<sup>1</sup> The current Accounts Auditing Law 22/2015 of June 17, 2016 contains a chapter devoted exclusively to public-interest entities. Specifically, Article 41 sets at 15% the maximum percentage that the auditor’s fees can represent of its total annual income: “when the fees accrued on the provision of audit and non-audit services to the audited entity by the auditor or audit firm represent, in each of the last three consecutive years, more than 15 percent of the total annual income of the auditor or audit firm, the said auditor or audit firm shall refrain from conducting the audit in the following year.”

During 2022, EY reported to the Audit and Compliance Committee on 5 occasions on the independence matters summarised below:

- At the meeting of the Audit and Compliance Committee on February 14, 2022, EY presented its conclusions on the audit of the annual accounts of Enagás, S.A. and its tax consolidation group at December 31, 2021, and submitted the Letter of Independence to the Audit and Compliance Committee.
- At the meeting of the Audit and Compliance Committee on April 21, 2022, EY presented the Auditor's Independence Report in relation to the separate annual accounts of Enagás Financiaciones, S.A.U. for the year ended December 31, 2021, given its status as a Public Interest Entity and in accordance with applicable auditing standards.
- At the quarterly preparatory meetings held during 2022 the auditor of accounts informed the Audit and Compliance Committee on compliance with ethical and independence regulations, in accordance with the regulations applicable to the audit of annual accounts in Spain, and with procedures implemented by the audit firm EY, aimed at identifying and assessing any threats that may arise from circumstances related to audited companies, including incompatibility issues and, where appropriate, applying necessary safeguards.
- Lastly, EY states that no facts or circumstances that might give rise to incompatibility have come to light in relation to the annual accounts of Enagás, S.A. and its consolidated group.

### **3. CONCLUSION**

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Given the above, the Audit and Compliance Committee declares that during 2022 the accounts auditor carried out its work fully independently of Enagás, S.A. and its Subsidiaries.

For the due legal purposes, it is stated that this report was approved by the Audit and Compliance Committee at its meeting on February 20, 2023, before the Accounts Audit report was issued, as established in the Corporate Enterprises Act and the Good Governance Code of Listed Companies.

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