2021 ANNUAL REPORT

enagas

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ANNUAL REPORT 2021

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About our Consolidated Management Report

[GRI 2-1, GRI 2-3]

Standards and principles used

The Consolidated Management Report includes the non-financial information statement. It was formulated by the Board of Directors on February 14, 2022, 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 which, in its first delegated act, establishes 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 in relation to climate change mitigation and adaptation objectives. 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 2021 Annual Report:

- In accordance with the GRI Standards, including the 2021 updated version of the universal standards and the sector standard GRI 11: Oil and Gas Sector 2021. Establish that 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. The Management Report is submitted to the GRI Content Index – Advanced Service, and its content has been verified by EY. See Appendix 'GRI content index'. [GRI 2-5]
- 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 section 'Our contribution to the SDG'.
- The ten principles of the UN Global Compact, as set out in the Appendix 'Global Compact content index'.
- The main contents and metrics defined by the *World Economic Forum* in the report to measure "stakeholder capitalism".
- Recommendations included in the "Guide for the preparation of management reports of listed companies" of the CNMV.
- The criteria of the new EFQM 2020 model, in which Enagás has achieved the maximum rating of 700+. See Appendix 'Content index according to the EFQM Model'.

Scope of the financial and non-financial information

The scope of this report includes the information on 2021 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 located in Spain. Start-ups are excluded from the scope[1], as their non-financial impact is not considered relevant. [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'.

Reliability of non-financial information

Enagás has an internal control system over non-financial information that covers representative indicators of the areas of sustainability (environmental, social and governance). In 2021, Enagás carried out a review with a focus on continuous improvement of this internal control system, increasing its scope and improving the traceability of the associated databases.

In 2021, the internal control system for non-financial information was externally reviewed by EY through an Agreed-Upon Procedures Report.

1. These start-ups (Efficiency for LNG applications, S.L., Scale Gas Solutions, S.L., Hydrogen to Gas, S.L., Sercomgas Gas Solutions, Bioengas Renovables, S.L., H2Green Global Solutions, S.L.. See chapter 'Corporate entrepreneurship') are at an early stage in the development of their businesses, so their impacts are not very significant (for example, they represent 2% of the Enagás workforce). Enagás will assess the impact of operations as its business and representation evolves, incorporating them into the scope of the non-financial information if relevant.

"We are fully committed to decarbonisation"

Interview with the Executive Chairman Antonio Llardén

[GRI 2-22]

What has 2021, a year of great global uncertainty and complexity for the energy sector in particular, been like for Enagás?

We've faced very significant challenges while continuing to respond effectively on a day-to-day basis to the complexity that the pandemic continues to bring. In this complicated and highly volatile environment, the company has performed extremely well.

Enagás has operated at 100%, both in terms of the availability of its infrastructures and the coordination of the Gas System. Once again, we've been up to the task, as a company that provides an essential service to the population and whose mission is directly linked to SDG 7, which promotes ensuring universal access to energy. To this end, we've taken measures to get a step ahead of the economic situation and help ensure the security of supply, even in the most exceptional circumstances; for example, circumstances like Storm Filomena early in the year or the closure of the Maghreb gas pipeline, which is Spain's main gas interconnection with Algeria.

We've done all of this while obtaining good results for the year –higher than expected– and making significant progress in our commitment to decarbonisation. In 2021, we brought forward our goal of becoming a carbon-neutral company by 2040, and continued to promote renewable gases, with a portfolio that now includes 55 hydrogen and biomethane projects. We've also maintained Enagás' leadership in sustainability and ESG, as reflected in our strong positioning in the world's main indices.

All this has been possible thanks to the professionalism and commitment of the company's entire team, which has been able to respond with flexibility and creativity, finding solutions to the different situations that arise in such a volatile environment.

How is the company preparing for 2022?

With the same flexibility, because it'll be a year of transition for the entire energy sector, linked to progress in global and European commitments to the decarbonisation process. 2022 and 2023 will be decisive for the sector and also for Enagás' future.

As part of the set of proposals to decarbonise the EU hydrogen and gas market, the European Commission proposed a Directive and Regulation in December. These are going to represent a very important roadmap, and Enagás is working on adapting the company to meet the new challenges it faces.

An important point is Europe's recognition and definition of the role of TSOs like Enagás in contributing to the effective and efficient progress of the decarbonisation process, which shows that gas infrastructures will continue to be necessary. Among other purposes, they can transport hydrogen, a vector which Europe has granted a key role in the energy transition.

Returning to 2021, what would you highlight from the year's results?

We have been meeting targets for fifteen consecutive years. It might seem that this is no longer news, but in this complex context, from a macroeconomic point of view, it is an achievement of which we should be particularly proud. In 2021, we achieved after-tax profits of 404 million euros, exceeding our target of 380 million euros, and increased our dividend in line with our policy until 2026.

"In a very complex, volatile global context, Enagás has performed at 100%. We've taken measures to get a step ahead of the situation and help ensure the security of supply, even in the most exceptional circumstances"

These good results have been possible thanks to the company's discipline and continuous improvements in efficiency, which have allowed us to reduce both operating and financial costs. They are also thanks to the excellent performance of our subsidiaries, which now contribute 40% of our profits, driven by the strong performance of Tallgrass Energy in the United States and the Trans Adriatic Pipeline (TAP) in Europe, which contributed for the first time in a full year.

What aspects of the year stand out from a financial perspective?

Our financial strength and low risk profile continue to stand out, with 80% of our debt at fixed rates, robust cash generation and an excellent liquidity position of 3.3 billion euros as of December 31. This liquidity allows us to comfortably meet our financial needs. It's also very important at times like the present, as it provides a certain stability in the face of the volatility and uncertainty that are stressing the markets.

We've also reduced our leverage, as we have reduced debt slightly and improved our financing costs again, which fell to 1.7% as compared to 1.9% at the end of 2020.

How did the Enagás share price perform in another turbulent year for the markets?

It has been a year of great volatility for the stock markets due to a variety of factors, especially new COVID-19 variants and the FED's reorientation of its timetable for withdrawing financial stimulus and future rate hikes to act on inflation. Of course, there have also been geopolitical complications and the energy crisis.

In this context, Enagás shares have performed well: they closed 2021 with a revaluation of 13.6%, significantly higher than that of its benchmark indices. Taking stock market performance and dividend distributions together, the company's shareholder return was 23.8%, significantly better than our main European peers.

However, the approach that truly reflects our contribution to value is not so much what happens in a specific year but over the long term: since 2007, Enagás' total shareholder return has been +180%. [GRI 2-22]

What can you say in this context about the company's dividend policy?

Shareholder remuneration is a priority and a key objective that we have been fulfilling since the beginning of our Strategic Plan in 2007, in line with the dividend policy we established up to 2026.

We have very good visibility of the cash flows that Enagás will generate from 2022-2026, due to the stability of the regulatory framework up to that time horizon and because our international business is made up of very solid investments with predictable dividends.

What were the main milestones for these international investments during the year?

It has been a good year for the consolidation of our international assets, which have made a significant contribution to guaranteeing security of supply and driving the energy transition in the countries in which we operate. A clear example is the Trans Adriatic Pipeline (TAP), in which we hold a 16% stake. It transported almost 8 bcm of gas to Europe in its first year of operation, and already covers around 9% of natural gas demand in Italy and 17% in Greece. This infrastructure is key to security of supply in Europe.

We have also started a process of asset rotation that has already being realised in specific instances, such as the sale agreement for the Morelos gas pipeline in Mexico.

How did gas demand evolve in Spain?

It grew by 5% with respect to total natural gas demand in 2020, driven primarily by the recovery of economic activity in the country.

Specifically, conventional demand, which includes household, commercial and industrial consumption and represents around 76% of the total, increased by 6.2% due to the recovery of economic activity, which led to greater industrial demand, as well as to the cold temperatures at the beginning of 2021.

Demand for electricity generation also grew by 1.6% over 2020, due to the lower contributions of hydro and nuclear electricity production.

In short, there was an increase in demand, which the Spanish Gas System met at every turn; it operated with total normality, with 100% technical and commercial availability, 24 hours a day, every day of the year.

Earlier, you mentioned the company's portfolio of projects that contribute to the global decarbonisation process. What progress has been made this year on that front?

Our contribution goes beyond reducing our own carbon footprint. We promote new renewable technologies that will be essential to achieving Europe's decarbonisation objectives and to favouring an efficient and just energy transition. We are doing so by promoting 34 green hydrogen projects and 21 biomethane projects together with more than 60 public and private partners.

Several of them are no longer plans, but rather realities. To name a few, we started 2021 by opening the first hydrogen plant in Spain for long-range fuel cell electric vehicles, together with Toyota and other partners. And we closed the year by running start-up tests and generating the first green hydrogen molecules in Spain. These are the result of the 'Power to Green Hydrogen Mallorca', the first industrial-scale project of this type in our country and a pioneer in Southern Europe, which we promoted with Acciona and the partnership of IDAE and Redexis.

"We've been meeting targets for 15 consecutive years; since 2007, Enagás' total shareholder return has been +180%"

[GRI 2-22]

In 2021, and in partnership with Suma Capital, we also began operations at the first private industrial biomethane facility with connection to the Spanish gas grid, which is expected to produce and inject 20 GW of biomethane per year, with emissions savings of around 30,000 tonnes of CO_2 equivalent.

What is the strategy for maintaining leadership in sustainability even in such difficult times?

In our case, we have integrated sustainability as a pillar of our strategy and culture. We've been working on it for years in its three ESG (environmental, social and corporate governance) dimensions.

We are 100% committed to decarbonisation, and we translate that commitment into action: we have reduced our CO_2 emissions by more than 63% since 2014, a significant step towards our goal of climate neutrality by 2040. In addition, aligned with the science and the 1.5ºC scenarios, we have raised our sights, including specific targets to reduce Scope 3 indirect emissions.

This commitment and effort, with monitoring and verification of results, is reflected in Enagás' strong positioning in the main sustainability indices.

In 2021, we were listed on the Dow Jones Sustainability Index (DJSI) for the fourteenth consecutive year, as well as making the 'CDP Climate Change' A List for the third consecutive year, with the highest rating in our sector.

Enagás also has the highest ESG rating in its sector on the FTSE4Good sustainability index, and we are one of the companies that have published their climate commitments as part of the European Climate Pact initiative, which forms part of the European Green Deal.

Our carbon footprint is registered with the Ministry for Ecological Transition and the Demographic Challenge with the 'Calculate, reduce and offset' seal. And we have achieved the highest rating in the OGMP 2.0 initiative to reduce methane emissions, led by the United Nations Environment Programme (UNEP) with the support of the European Commission.

In addition to this clear focus on the environmental dimension, what can you tell us about Enagás' progress in the other two ESG areas, namely Social and Governance?

In the social dimension, our priority is stable and quality employment. In 2021, we redefined our teleworking program, extending it to all organisational positions that allow it, favouring work-life balance.

We continue to be listed among Actualidad Económica's '100 Best Companies to Work For' and we have once again received its Top Employers seal. In addition, we have been awarded the maximum qualification, 'level A of Excellence' in work-life balance as a 'Family-Responsible Company' (EFR).

> "We are backing 55 green hydrogen and biomethane projects together with more than 60 partners, and some of them are already a reality"

We continue to be very active in promoting diversity, and this year, we are the top company in the Utilities sector of the Bloomberg Gender Equality Index.

In the area of governance, to mention just a few matters, several indices and rankings have highlighted the effectiveness of our global management of environmental and social risks, as well as the high levels of transparency and quality of our financial and non-financial reporting.

To finish, would you like to point out any other relevant topic or issue?

In the face of uncertainty, it is important to maintain a certain amount of optimism and confidence in the future. All over the world, we are at a turning point; it is no longer just a question of reviving, but of reinventing the economy and society, turning them towards more sustainable and inclusive growth models. At Enagás, we are aligned with this approach and contribute through concrete and transformative projects, with collaboration, innovation and digitalisation as key levers, and thanks to the company's magnificent team of people.

I would also like to thank each and every one of the members of the Enagás Board of Directors for their performance and the value they bring to the company, which in complex contexts such as the current one is more essential than ever.

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 2021

SOUND FINANCIAL AND LIQUIDITY POSITION

403.8 M€
Net profit

217.6 M€
Affiliate profit (before PPA)

1.7%
Financial cost of debt

4,277 M€
Net debt

59.7 M€
Net investments

3,300 M€
Liquidity

Rating

BBB+
Standard & Poor's[1]

BBB+
Fitch

GROWTH

+55
Projects aimed at decarbonisation (green hydrogen and biomethane)

13
Invested start-ups

2
Investment funds backed by Enagás Emprende

SUSTAINABILITY

1,344
Professionals [GRI 2-7]

29%
Women

+1% increase in workforce vs. 2020

-14%
CO_2e emissions reduction vs. base year (2018)

CO_2e emission reduction targets to achieve carbon neutrality by 2040[2]

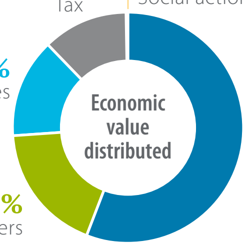
-25%	-50.4%	-92.4%
2024	2030	2040

Indices

85
DJSI score (Bronze class)

A
CDP climate change score

Contribution to society [GRI 201-1]

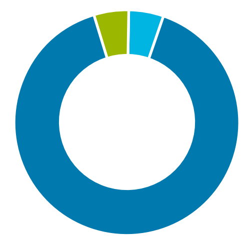


ATTRACTIVE AND SUSTAINABLE SHAREHOLDER REMUNERATION

1.70 €
Dividend per share (+1% vs. 2020)

20.40 €
Share at 12/31/2021

Distribution of capital



EFFICIENCY

378.4 TWh
Domestic gas demand (+5.1% vs. 2020) [GRI 302-2]

9.7 TWh
of tanker load utilisation

100%
Commercial availability

100.4 TWh
of regasification utilisation

99.8%
Technical availability

>79%
of storage capacity under contract as of December 31

124.9 TWh
of tanker unloading utilisation

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

1. On January 26, 2022, the credit rating agency Standard & Poor's changed Enagás' rating from BBB+ negative outlook to BBB with stable outlook.
2. Scope 1 and 2 objectives with respect to 2018.

Our contribution to the SDG

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

At Enagás, we have identified and prioritised the Sustainable Development Goals to which we contribute directly, both through our key business activities and our Sustainability Strategy (see the 'Our commitment to the energy transition').

Ensure access to affordable, reliable, sustainable and modern energy for all

OUR CONTRIBUTION

We work on new energy solutions for a low-carbon economy, such as renewable gases: biomethane and hydrogen. 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.

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 'Strategy/Targets linked to variable remuneration' 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' chapter).

Degree of progress and impact. The energy efficiency measures implemented in recent years have enabled us to halve our carbon footprint since 2014. 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 'Our commitment to the energy transition' 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 transport (see the 'Our commitment to the energy transition' chapter).

		OUR CONTRIBUTION	TARGETS LINKED TO VARIABLE REMUNERATION, COMMITMENTS AND DEGREE OF PROGRESS
5 GENDER EQUALITY	**Achieving gender equality and empower 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 to increase the presence of women on the Board of Directors, in Management and among workforce, linked to the variable remuneration of our professionals (see the 'Strategy/Targets linked to variable remuneration' chapter). We also have clear commitments to people and diversity, which are reflected in our Human Capital Management policy and our diversity guidelines. **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' 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.	

Enagás carries out SDG awareness campaigns and includes SDG in several of its face-to-face training courses for its professionals

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

- **SDG 15 (Terrestrial ecosystems):** Managing natural capital is a key aspect for Enagás. We control and minimise our environmental impact, improving the use of natural resources and developing measures aimed at preserving biodiversity (see the 'Natural capital and biodiversity 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).

In the chapter 'Creation of value for our stakeholders', best practices that are aligned with the SDG mentioned here are included.

1 OUR BUSINESS MODEL

Our purpose and activities

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.

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. [GRI 2-6]

Gas infrastructures are a core element in the energy transition towards decarbonisation. In addition, natural gas and renewable gases are of great importance in the medium to long term, as they allow the introduction of efficient industrial technologies that improve the intensity of energy use and industry competitiveness, generating direct and indirect employment.

At Enagás we provide our experience to offer new energy solutions that contribute to a low-carbon economy: biomethane and hydrogen (see the 'Renewable gases' section).

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

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 Plant (Bilbao).

2011
First international acquisition: TLA Altamira plant (Mexico).

2012
International acquisition of the GNL Quintero plant (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). [GRI 2-6]

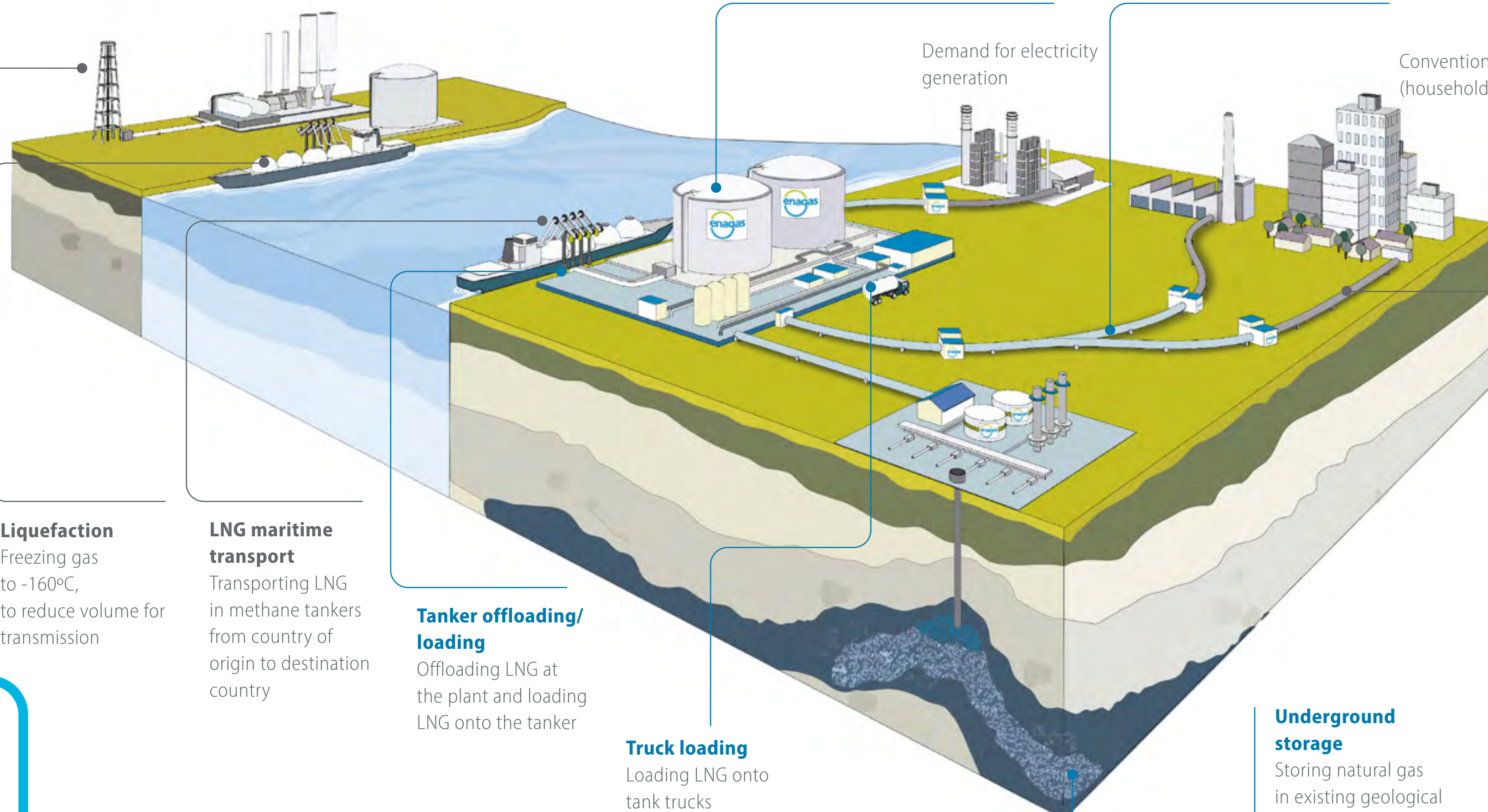
Value chain

[GRI 2-6]

Gas network operation
(Technical Managerof the Spanish Gas System, certified as independent European TSO)

Regasification
Retuming gas to its original gaseous state

Natural gas transmission
Natural gas is transmitted through the high-pressure network



Extraction
Extracting naturalgas from the gasfield

Liquefaction
Freezing gas to -160ºC, to reduce volume for transmission

LNG maritime transport
Transporting LNG in methane tankers from country of origin to destination country

Tanker offloading/ loading
Offloading LNG at the plant and loading LNG onto the tanker

Truck loading
Loading LNG onto tank trucks

Underground storage
Storing natural gas in existing geological structures

Distribution to customers
Distributing natural gas to end customers for consumption

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

● Activities carried out by Enagás on the gas value chain

Mission, vision and values

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

MISSION

To develop and manage global gas infrastructure in a secure, efficient and sustainable manner; complying responsibly with prevailing legislation and helping guarantee supply, particularly in our role as the Technical Manager of the System in Spain; offering our experience, knowledge and best practices to create value for our stakeholders.

VISION

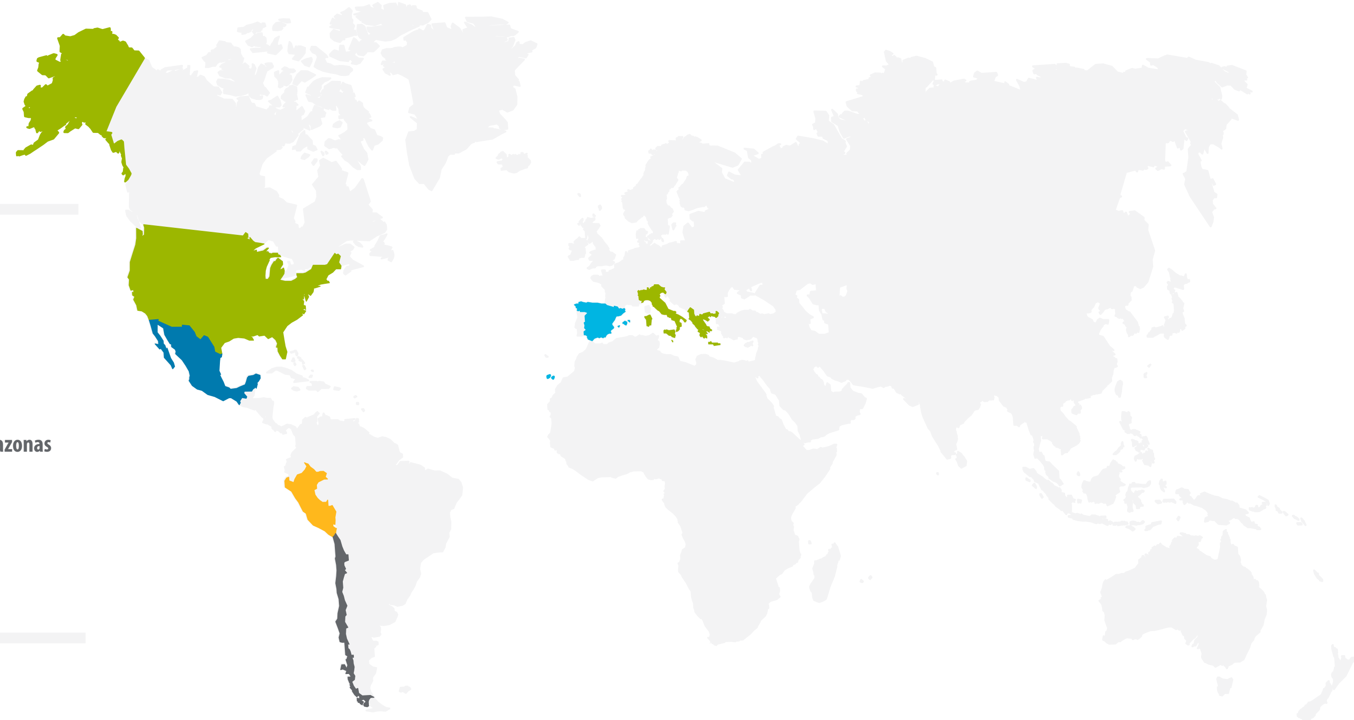
To be a national and international standard bearer in the development and management of gas infrastructures, promoting their use by offering innovative services that contribute to sustainable development.

VALUES

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

Geographies

[GRI 2-1, GRI 2-6]



USA

Tallgrass Energy LP (TGE, 30.2%) 2019
- **11,000 km** of gas transmission pipelines
- **2,400 km** of gas gathering pipelines
- **1,640 km** of oil pipelines

MEXICO

Soto La Marina compressor station
(50%) 2013

TLA Altamira plant (40%) 2011
- **300,000 m³** LNG
- **800,000 m³ (n)/h**

Enagás México, S.A. de C.V. Office
(Mexico City)

Morelos Pipeline (50%) 2012
- **172 km**

CHILE

GNL Quintero plant (45.4%) 2012
- **334,000 m³** LNG
- **625,000 m³ (n)/h**

PERU

Transportadora de Gas del Perú
(TgP, 28.95%) 2014
- **729 km**

Compañía Operadora de Gas del Amazonas
(Coga, 51%) 2014 TgP operator

Enagás Peru office, S.A.C. (Lima)

GREECE, ALBANIA AND ITALY

Trans Adriatic Pipeline (TAP, 16%) 2014
- **878 km**

GREECE

DESFA operator (11.88%) 2018
- **LNG Terminal (Revithoussa)**
  - **225,000 m³** LNG
  - **990,000 m³ (n)/h**
- **Nea Messimvria compressor station**
- **1,465 km** of gas pipelines

Floating storage regasification unit of Alexandroupolis
(2.38% indirectly through DESFA) 2021
- **153,000 m³** LNG
- **625,000 m³ (n)/h**

SPAIN

~11,000 km
of gas pipelines

19
Compressor stations

6
International connections

Barcelona Plant
- **760,000 m³** LNG
- **1,950,000 m³ (n)/h**

Huelva Plant
- **619,500 m³** LNG
- **1,350,000 m³ (n)/h**

Cartagena Plant
- **587,000 m³** LNG
- **1,350,000 m³ (n)/h**

El Musel* plant
- **300,000 m³** LNG
- **800,000 m³ (n)/h**

Saggas plant (72.5%)
- **600,000 m³** LNG
- **1,000,000 m³ (n)/h**

BBG plant (50%)
- **450,000 m³** LNG
- **800,000 m³ (n)/h**

Canary Islands plant

Gaviota storage facility
- Total gas: **2.7 bcm**

Yela storage facility
- Total gas: **2.0 bcm****

Serrablo storage facility
- Total gas: **1.1 bcm**

Head office (Madrid)

In design phase
*Pending administrative update.
**Quantity upon reaching its nominal capacity.

2 STRATEGY

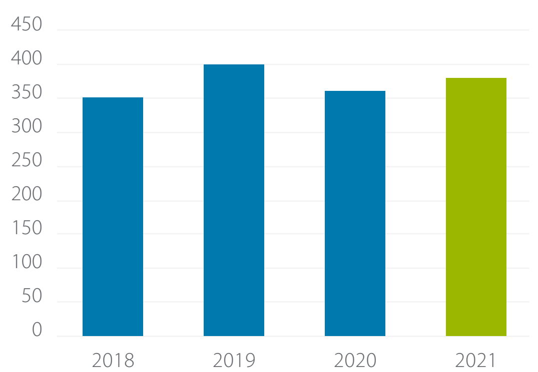
Operating context

In 2021, natural gas demand increased by 5.1% compared to 2020, reaching 378.4 TWh.

Natural gas demand for power generation increased by 1.6% in 2021 (90.4 TWh), its second-highest value since 2011, behind only 2019.

Similarly, conventional demand increased by 6.2%. Within conventional demand, industrial demand increased by 5.9% (with Construction and Services representing the fastest growing sectors); demand from domestic/commercial sources and SMEs increased by 6.9% and natural gas tanker demand increased by 8.5%. The number of domestic customers increased by more than 18,000, consolidating a figure of nearly 8 million customers.

GAS DEMAND IN SPAIN, 2018-2021 (TWh) [GRI 302-2]



Source: Prepared by the authors based on data from Enagás GTS, CORES and PNIEC.

The production of biomethane injected into the grid during 2021 was 98.3 GWh. This figure is 5% lower than the figure injected in 2020.

During Storm Filomena in Spain, a historical record for conventional daily demand consumption (1,298 GWh) was reached. For nine days, from January 7 to 15, conventional daily demand remained above 1,100 GWh, a period during which the gas system demonstrated its robustness at all times with an availability level of 100%.

Combined-cycle plants have also played a significant role in the integration of renewables in the electricity sector; they also provided reliability in the electricity system when wind energy produced less than expected in the last months of the year. During the last quarter of the year, natural gas consumption for electricity generation increased by 60.1% compared to the same period of the previous year.

In addition, gas infrastructures, especially regasification and storage capacity, have enabled importers to secure supply and store it in anticipation of increased winter demand. In 2021, Spain imported 190 TWh by pipeline, an increase of 27% compared to 2020. LNG imports during 2021 remained practically the same as in 2020, standing at over 220 TWh.

In the electricity sector, the increased penetration of renewables allowed 2021 emissions to fall by 0.6% below 2020 levels, despite the fact that total electricity generation increased by 3.4% in one year.

At the European level, the following three trends can be observed in relation to the natural gas sector:

- Demand for natural gas in the European Union will remain stable until 2030.
- Natural gas is positioning itself as a complement to renewable power generation and as a facilitator of the energy transition, providing flexibility to the system.
- The replacement of coal-fired power plants with gas-fired plants will be a short/medium-term solution for countries with policies of phasing out coal or nuclear generation. However, this year, coal-fired power generation increased by nearly 14% in Europe (data for the first ten months of 2021) due to high natural gas prices on international markets, which has made meeting targets more challenging for countries that are progressively announcing their schedules for the closure of coal and even nuclear power plants.

Natural gas will be positioned as a key transition technology. It is being perceived as such by the European Union, which in December 2021 adopted a series of legislative proposals to decarbonise the EU natural gas market, facilitating the penetration of renewable gases, such as hydrogen.

Demand for natural gas in Spain in 2021 was 5.1% higher than in 2020

Also in December 2021, the Government approved the Recovery, Transformation and Resilience Plan (PERTE) for renewable energies, renewable hydrogen and storage, which will mobilise an investment of more than 16.3 billion euros.

Within the hydrogen projects, it is worth mentioning that the European Commission, through its Innovation Fund programme, is financing part of the investment that Repsol and Enagás are going to allocate to the construction of a renewable hydrogen production plant based on photoelectrocatalysis at the Puertollano Industrial Complex, which could come online in 2024. In December, start-up tests began at the first plant to produce renewable hydrogen, 'Power to Green Hydrogen Mallorca', led by Enagás and Acciona Energía (see the 'Our commitment to the energy transition' chapter).

Additionally, in November, Enagás and Suma Capital inaugurated in Burgos the first private industrial biomethane facility connected to the Spanish gas grid.

Regulatory framework in Spain 2021-2026

In 2019, the new 2021-2026 regulatory framework was approved, a stable and predictable framework developed by an independent regulator (National Commission on Markets and Competition (CNMC)).

This is a transparent regulatory framework, which establishes a period of six years without intermediate revision.

It establishes a methodology that includes:

- Remuneration linked to net assets during this regulated period to compensate investment, with a financial remuneration rate in the period of 5.44%.
- Remuneration for continuity of supply linked to the long-term availability of the assets of the Gas System with adequate maintenance, whereby the income established for this concept will progressively decrease from 2020 to 20% by the end of the 2026 regulatory period.
- Incentives to extend the life of assets through remuneration at OPEX standards, with a margin for efficiency. In this sense, Enagás could maintain 50% of the efficiencies and, once its useful life is at an end, its extension will be compensated with this concept of remuneration, with a long-term, progressive formula.
- Investments in the system (not included in the regulated asset base) with an interest rate of 5.44% on debts and two years' amortisation for investments over 250,000 euros.

This new regulatory 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 2019, the new 2021-2026 regulatory framework was approved, a stable and predictable framework

New European regulations

Green hydrogen, along with electrification, is the European Union's major energy challenge for the complete decarbonisation of the economy in the long-term.

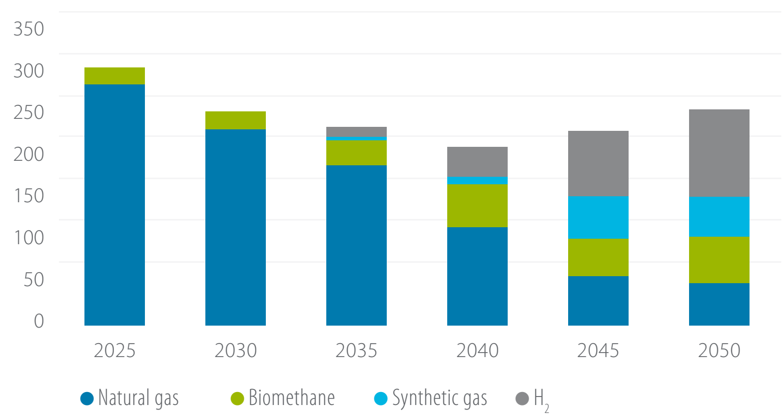
The European Commission's "Decarbonisation package for hydrogen and gas markets" lays the groundwork for the transport of the new gases in Europe, an essential step to encourage investment in infrastructure, and recognises a central role for hydrogen network operators in the vision of a future interconnected market.

The European Hydrogen Strategy recommends making good use of the opportunities for adaptation offered by existing gas networks and storage facilities; they can form the basis of the future trans-European hydrogen network, connecting the main centres of production and consumption. The European Hydrogen Backbone initiative, in which Enagás and other European TSOs participate, has continued to grow, now covering practically the entire continent. The 2021 update of the study on the development from 2025 of a dedicated hydrogen backbone network estimates that 39,700 km would be reached by 2040, 69% of which would consist of adapted existing pipelines and the remaining 31% of which would be new sections. This European hydrogen trunk network would require an investment of 43 to 81 billion euros, at a cost of between 0.11-0.21 euros per kg and per 1,000 km, which will allow hydrogen to be transported efficiently over long distances.

Gas infrastructure is necessary for the development of renewable gases and to achieve a climate-neutral energy system in the European Union

The proposed "Decarbonisation package for hydrogen and gas markets" supports the role of gas TSOs in hydrogen transportation as a regulated business through the creation of a hydrogen network operator (HNO).

NATURAL GAS AND RENEWABLE GAS DEMAND FORECASTS IN THE EUROPEAN UNION (bcm)



Source: European Commission Presentation "Fit for 55" package. Technical briefing 14/12/2021. Scenario MIX FIT for 55.

Strategic priorities

Enagás is a key player in the decarbonisation process in the creation of a renewable gas market (green hydrogen and biomethane). This is due to the importance of gas infrastructures in the energy transition and its position as Transmission System Operator (TSO), which is compatible with the role of Hydrogen Network Operator (HNO) proposed in December 2021 by the European Commission in its "EU framework to decarbonise gas markets" package. In 2022, the company will work to set out its strategy for the coming years based on the following strategic priorities:

STRATEGIC PRIORITIES

Sustainability

Energy efficiency and emissions reduction

- Minimising the environmental impact of our operations.

People and culture

- Attracting and retaining talent.
- Creation of sustainable working environments.

The role of natural gas and renewable gases in the energy model

- New uses for natural gas.
- Development of clean energies (biomethane/hydrogen).

Decarbonisation of gas infrastructures

Development of dedicated hydrogen and renewable gas production network

Investment in new businesses and innovative sustainable technologies

Consolidation of international presence

Natural gas key to energy transition

Natural gas and renewable energies will lead the transition towards a low-carbon energy mix.

2030 Outlook

Enagás has identified two distinct periods in which the company will adapt its investment to the evolution of the climate agenda in different regions and the development of hydrogen markets, taking into account the necessary coexistence during the energy transition of natural gas and renewable gases, and preparing the company for the investment cycle linked to decarbonisation:

- From 2022 to 2026, a period in which the company will promote active management of its international portfolio and the deployment of renewable gas projects.
- Starting in 2026, Enagás will accelerate the adaptation of its network to transport hydrogen and consolidate new business.

Investment criteria

Results
Steady and predictable cash flow, with attractive returns.

Risk profile
Similar risk in regulated and non-regulated businesses.

Corporate Governance
Strategic role as an industrial partner, actively participating in asset management.

Partners
Alliances with local partners with complementary capabilities.

Core business
Value creation in the main areas of expertise: LNG, transmission and storage.

Sustainability
Contributing to decarbonisation of the economy and improving air quality.

Targets linked to variable remuneration

[GRI 2-19, GRI 2-20]

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

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

The 2019-2021 Long-Term Incentive Plan has culminated with a compliance rate of 82% and the 2021 annual objectives with a compliance rate of 97%.

See details of ***the objectives of the 2019-2021 ILP*** and ***the 2021 yearly targets*** in the Annual Directors' Remuneration Report

TARGETS LINKED TO VARIABLE REMUNERATION

Strategic priorities	2019-2021 Long-Term Incentive Plan targets (% weighting)	Achievement of LTI targets 2019-2021 (%)	Yearly targets 2021 (% weighting)	Achievement of 2021 targets (%)
Shareholder remuneration	Enagás Total Shareholder Return (30%). ▸ Relative TSR: Enagás position in the ranking of the Comparison Group. ▸ Absolute TSR: share price target attainment in 2021.	0%	Improving the company's financial results (25%). ▸ Profit after tax at December 31, 2021.	100%
Regulated assets	Funds from operations (25%). ▸ Accumulated results corresponding to the Company's Funds From Operations (FFO).	125%	Strengthening Regulated Revenues (20%). ▸ COPEX investments in Infrastructure projects.	97%
International growth	Cash flows received from affiliates (35%). ▸ Accumulated cash flows received from affiliates (Dividend).	118%	Consolidation of international assets (20%). ▸ Subsidiary budget compliance. ▸ Subsidiary business plan fulfilment and growth promotion. ▸ Strategic market monitoring and stakeholder management.	100%
Sustainability	Sustainability Plan (10%). ▸ Average reduction in CO_2 emissions in the 2019-2021 period vs. 2018. ▸ Percentage of women: › Board of Directors › Pre-executive and executive positions › Workforce ▸ Investment associated with the increased presence of renewable gases in the energy mix.	98%	Sustainability and decarbonisation (20%). ▸ Positioning Enagás vis-à-vis socially responsible investors. ▸ Action on climate change: absolute emissions reductions vs. 2020. ▸ Circular economy: zero waste certification and level of self-generation of electricity vs. total electricity consumption. ▸ Promote green H_2 and other renewable gases through the consolidation of the 2021-2026 project portfolio. ▸ Positioning in renewable gases: Green Link. ▸ Promoting diversity and equality of opportunity, people and cultural transformation.	93%
Digitalisation and diversification		Not applicable	Boosting digitalisation, entrepreneurship and service provision (15%).	95%
	Total achievement	**82%**	**Total achievement**	**97%**

At the 2021 General Shareholders' Meeting, the Directors' Remuneration Policy for the period 2022-2024 was approved, including a Long-Term Incentive (LTI) in the remuneration structure. The structure and content of this new LTI is similar to the previous one and will be submitted for approval at the General Shareholders' Meeting in 2022.

The new Remuneration Policy incorporates the following improvements to strengthen alignment with the interests of Enagás' stakeholders, in particular with those of shareholders: specific share ownership requirements are established for the Executive Chairman and CEO, the malus and clawback clauses on variable remuneration have been formalised and a new section describing the "fair pay policy" has been included.

FEATURES OF THE DIRECTORS' COMPENSATION POLICY 2022-2024

Total remuneration cap	▶ Remuneration cap in 2024: 90% of the market reference level in 2020 (two years before the start of the policy).
Comparable companies	▶ Other groups, including TSOs and regulated companies, have been evaluated. ▶ By decision of the Sustainability, Appointments and Remuneration Committee, the same group of comparable companies has been maintained as in the previous policy.
Annual salary increase limit	▶ An annual salary increase limit of 10%[1] is established. ▶ The approval of the Sustainability, Appointments and Remuneration Committee and the Board of Directors is required for each salary increase.

(1). Applicable to executive directors and directors in their capacity as such.

[GRI 2-19, GRI 2-20]

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

FEATURES OF THE 2022-2024 LONG-TERM INCENTIVE PLAN

Eligibility	Members of the Management Committee and the rest of the management team.
Type of Plan	Plan for delivery of shares and cash linked to the goals of the Strategic Plan. A minimum reference of shares is established for each segment: 100% Executive Directors, 80% Management Committee and 60% Managers.
Duration	Period of goal measurement and permanence: 3 years.
Conditions for receiving the incentive	▸ Achievement of defined targets, linked to strategic guidelines and in line with annual variable compensation (see 'Strategy' section). ▸ Length of service in the Group.
Achievement scales	▸ An achievement scale is established for each goal with: › A minimum achievement level, below which no remuneration is paid. › A 100% achievement level, for which 100% of the initial target remuneration is paid. › The maximum total remuneration may not exceed 125% of the initial target remuneration. › Intermediate levels are calculated using linear interpolation.
Incentive level	The incentive is expressed as a percentage of the fixed remuneration for 2022 or a number of times the fixed remuneration amount in a way that allows segmentation by management level. Annual incentive: 50% for Executive Directors.
Clawback clauses	In the event of certain circumstances coinciding, the Board may, if suggested by the Committee, claim part or all of the remuneration paid.
Malus clauses	Allowing the partial or total cancellation of deferred amounts pending payment.
Share settlement, deferral and holding period	▸ Once the period for measuring targets has elapsed, the 1st payment date (50% of incentive) will take place. ▸ The 2nd payment date (50% deferred) will take place on the first anniversary of the 1st payment date. ▸ A holding period of two years is proposed for the shares received on the 1st payment date, and of one year for the shares received on the 2nd payment date.

See details of ***the objectives of the 2022-2024 ILP*** and ***the 2022 yearly targets*** in the **Annual Directors' Remuneration Report**

2022-2024 LONG-TERM INCENTIVE PLAN TARGETS

Targets	Long-term targets	Weight	Indicators
1. Shareholder remuneration	Total shareholder return	25%	a) Relative TSR: Enagás position in the ranking of the Comparison Group. b) Absolute TSR: share price target attainment in 2024.
2. Global business	Funds from Operations	20%	Accumulated results corresponding to the Company's Funds From Operations (FFO).
3. International and Diversification	Dividends	20%	Dividends from international affiliates and other businesses.
4. Sustainability	a) Decarbonisation b) Diversity and inclusion	20%	a) Decarbonisation: a1) Reduction of CO_2 emissions in line with the decarbonisation pathway (emissions 2024 vs. emissions 2021). a2) Total amount invested 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. b) Diversity and inclusion: b1) Proportion of women on the Board of Directors. b2) Percentage of women in executive and pre-executive positions. b3) Percentage of promotions that are women in executive and pre-executive positions.
5. Digitisation	a) Implementation of the Digital Transformation Strategy and improvement of the indicators b) Strengthening the positioning of Enagás' digital assets	15%	a) Development of priority initiatives from the Roadmap for the 2022-2024 Digital Transformation Framework and improvement to the 2022-2024 Digital Transformation indicators. b) Development and execution of the company's digital asset strategy for the 2022-2024 period and improvement of indicators.

[GRI 2-19, GRI 2-20]

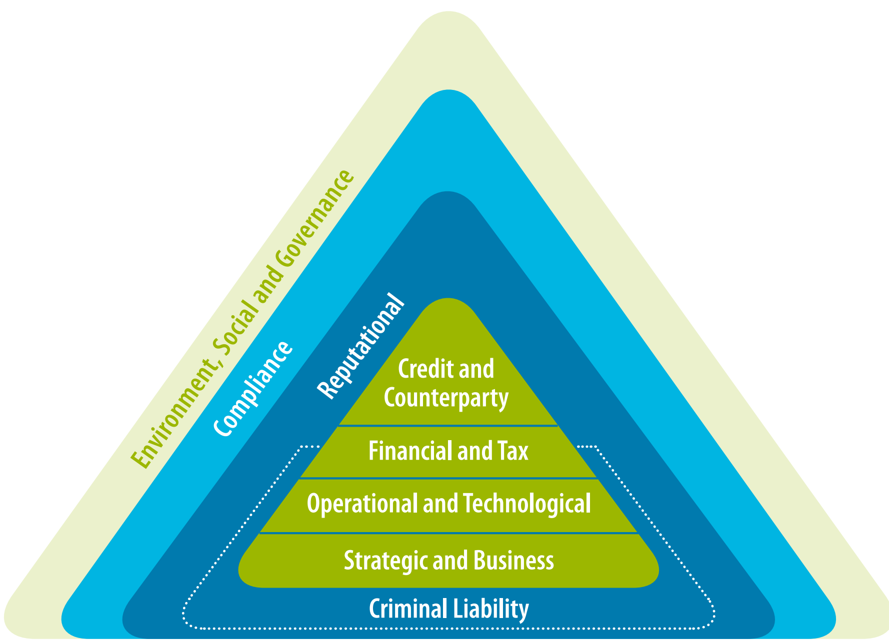
Risk management

[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 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 risks that relate to the three ESG (environmental, social and governance) sustainability pillars (for more details on climate change risks, see the 'Climate Action and Energy Efficiency' chapter).



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 control and management 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.

Enagás is exposed to risks of a cross-domain nature, which are risks related to the three ESG sustainability pillars

CONTROL AND RISK MANAGEMENT INTERNAL FRAMEWORK

	1st line of defence Business units	**2nd line of defence Sustainability and Risks Department**	**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.	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.	

3. 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).

Risk Committee
The Risks 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.

The Risk Map includes the main risks to which the Enagás Group is exposed, including those associated with climate change

4. 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.

5. The transparency of information supplied to third parties, to guarantee its reliability and accuracy.

The Model complies with international best practice standards in terms of risk control and management, primarily referring to ISO 31000 Risk Management Standard and COSO[1] Report II: 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).

1. Committee of Sponsoring Organizations of the Treadway Commission.

[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:

RISK MONITORING

Corporate risks are continuously monitored through different channels and a wide variety of reports. Substantial changes in risk are promptly communicated to decision-makers.

Risk identification

- 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.

Risk assessment

- 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.

Risk Control and Mitigation Measures

- 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 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. Risk Control 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).

The Enagás Risk Map is shown below. It sets out in detail the main risks to which the Enagás Group is exposed over a three-year time horizon. The main emerging long-term risks are also represented; these relate to uncertainty about the "role of natural gas in the future energy mix" and the "worsening of the company's financing conditions". These risks are due, among other factors, to climate change.

All risks arising from climate change are explained in detail in the 'Climate action and energy efficiency' chapter, in line with TCFD recommendations.

Similarly, risks related to natural capital are detailed in the 'Natural capital and biodiversity management' chapter.

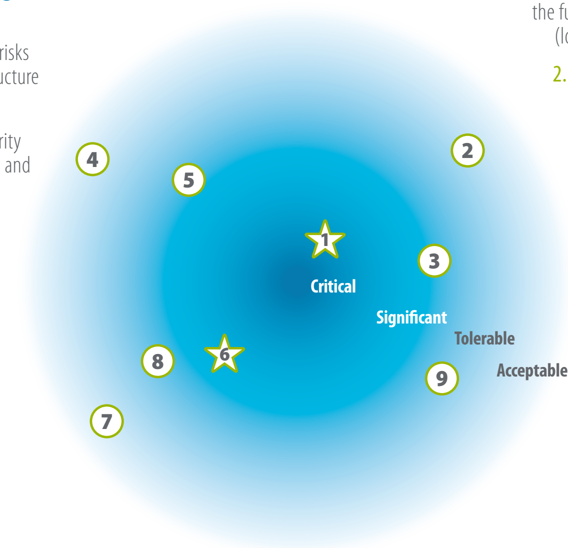
CORPORATE RISK MAP

Operational and Technological Risks

4. Industrial risks in infrastructure operation
5. Cybersecurity (industrial and corporate systems)

Strategic and Business Risks

1. Role of natural gas in the future energy mix (long-term effect)
2. Commercial risk and demand
3. Legal risk



Financial and Tax Risks

6. Worsening of the company's financing conditions (long-term effect)
7. Financial risks (interest rate, exchange rate and liquidity)
8. Tax risks

Reputational Risks

9. Direct reputational risks

Effects:
○ Short-term effect (3-year time horizon)
☆ Long-term effect

[GRI 201-2]

DETAILS OF THE MAIN RISKS [GRI 201-2]

Type of risk	Risk description	Risk level[1]	Control and management measures
STRATEGIC AND BUSINESS RISKS			
1. Role of natural gas in the future energy mix (long-term effect)	▸ 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.	Critical	▸ 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. Commercial risk and demand	▸ In some of the markets in which the company operates, revenues are affected by capacity arranged through contracts and/or changes in demand.	Acceptable	▸ Internal analysis about the evolution of demand, gas system capacity, inter alia. ▸ Participation in projects to promote the use of natural gas. ▸ Development of strategic commercial plans, detailed studies of potential markets for LNG, renewable gases (biomethane, hydrogen, among others), and generation and development of new projects. See the 'Our commitment to the energy transition' chapter.
3. Legal and administrative risk	▸ 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. ▸ Obtaining administrative authorisations for facilities.	Significant	▸ Management and monitoring of court cases. ▸ Monitoring of existing situation with corresponding administrative authorities.
OPERATIONAL AND TECHNOLOGICAL RISKS			
4. Industrial risks in infrastructure operation	▸ In the operation of the infrastructure for transmission, regasification plants 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 management' chapters.
5. Cybersecurity (industrial and corporate systems)	▸ Damage to corporate and industrial systems as a result of attacks by third parties.	Tolerable	▸ Development and updating of the Cybersecurity Master Plan including specific action measures. ▸ Good relative position of the Enagás Group in the sector in terms of cyberattack mitigation and control measures. See the 'Health and safety' chapter.

(1). 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	Risk level[1]	Control and management measures
FINANCIAL AND FISCAL RISKS			
6. Worsening of the company's financing conditions (long-term effect)	▸ 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.	Significant	▸ Development of renewable gas projects aligned with EU Taxonomy and the ESG requirements of regulators and investors. ▸ Assessment of alternative financing models.
7. 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.	Acceptable	▸ 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' chapter.
8. 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 the 'Financial and operational excellence' chapters.
REPUTATIONAL RISKS			
9. 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. ▸ Action plans. See the 'Materiality' and 'Sustainable management model' chapter.

Credit and Counterparty Risks: In application of IFRS 9 since January 2018, a provision has been made for the expected loss from this type of risk.
(1). 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.

[GRI 201-2]

3

OUR COMMITMENT TO THE ENERGY TRANSITION

Sustainability strategy

The Enagás Sustainability Strategy supports the company's strategy, and is linked to short and long-term variable remuneration of our professionals. This strategy sets out the three drivers upon which the company relies to address the energy transition process and thus move towards a more sustainable energy model.

SUSTAINABILITY DRIVERS

Energy efficiency and emissions reduction

We must minimise the environmental impact of our operations by means of solutions that enable us to reduce our energy consumption, thereby minimising our carbon footprint.
See the 'Climate action and energy efficiency' chapter.

7 AFFORDABLE AND CLEAN ENERGY | 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE | 13 CLIMATE ACTION

People and culture

We must be able to attract and retain the best talent, creating working environments that enable us to continue to transform ourselves and bring about creative solutions to form part of a more sustainable future.
See the 'People' chapter.

5 GENDER EQUALITY | 8 DECENT WORK AND ECONOMIC GROWTH

The role of natural gas and renewable gases in the energy model

We have faith in the promotion of new uses for natural gas and the development of clean energy projects, such as biomethane and green hydrogen.
See sections on 'Renewable Gases' and 'Sustainable Mobility' in this chapter.

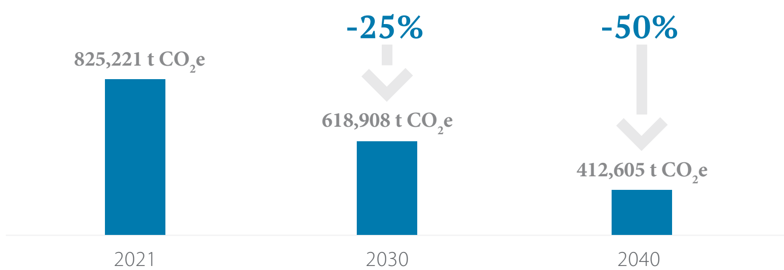
7 AFFORDABLE AND CLEAN ENERGY | 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE | 13 CLIMATE ACTION

Decarbonisation and carbon neutrality

[GRI 3-3, GRI 201-2, GRI 305-5, GRI 416-1]

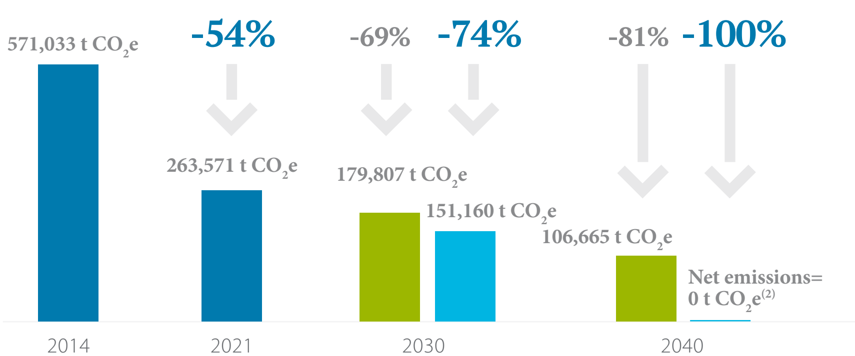
In line with the science-based criteria for aligning emission reduction targets with the 1.5ºC scenario, and due to Enagás' emission reduction progress in recent years, the company has increased the ambition of its decarbonisation pathway targets towards carbon neutrality in 2040, incorporating scope 3 emission reduction targets.

NEW INDIRECT EMISSIONS REDUCTION TARGETS (SCOPE 3)(1)



(1). Targets set for 2021 and 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).

UPDATE OF SCOPE 1 AND 2 EMISSIONS REDUCTION TARGETS(1)



- Historical emissions
- Previous emission reduction targets
- New emission reduction targets defined in 2021

(1). Targets that include the Global Methane Alliance's methane emissions reduction commitment.

(2). In 2040, reductions will reach 96% compared to 2014 and carbon neutrality will be achieved with 23,162 tonnes of CO_2e offsets, compared to 106,665 tonnes of CO_2e in the previous targets.

See the 'Climate action and energy efficiency' chapter.

Scope 1 and 2 emissions reduction targets include Global Methane Alliance methane emission reduction commitments. In 2030, the target is increased from 69% to 74%, and in 2040, the reduction is increased from 81% to 96% compared to 2014; carbon neutrality is achieved.

This decarbonisation path will be addressed in line with the mitigation hierarchy and by implementing specific actions that Enagás has identified and planned within the framework of its Energy Efficiency and Emissions Reduction Plan to reduce Scope 1 and 2 emissions:

- Reduction of emissions by prioritising the implementation of measures with the greatest impact on our emissions:
  - Improved operational efficiency at machine and system level with new technologies.
  - Use of gas from renewable sources for self-consumption of natural gas.
  - Electrification of natural gas consumption.
- Neutralisation and subsequent offsetting of emissions that cannot technically be reduced:
  - Carbon capture and storage solutions.
  - Study of alternatives to reach carbon neutrality in the points where the previous options are not possible and/or profitable (offsetting - reforestation).

See the 'Climate action and energy efficiency' chapter.

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:

- Developing renewable gases, green hydrogen and biomethane, both in their production and in the adaptation of existing infrastructures to transport them (see the 'Renewable gases' section).
- Promoting new uses for natural gas in mobility, mainly in maritime and rail transport (see section 'Sustainable mobility').
- Collaborating with affiliate companies (see section 'Affiliate management'), supply chain (see section 'Supply chain') and companies and industry associations in the field of decarbonisation (see section 'Climate Action and Energy Efficiency').

Renewable gases

[GRI 201-2, GRI 203-1, GRI 203-2, GRI 416-1]

Enagás promotes the development of renewable gases as new key solutions for the energy transition through its subsidiary, Enagás Renovable.

Non-electric renewable energies (hydrogen and biomethane) are indispensable energy vectors that contribute to the development of a circular economy and to the energy transition process, helping advance towards carbon-neutral economy.

These non-electric renewable energies can also be transported via the existing gas network infrastructure, maximising their use. In this way, renewable gases will provide the energy system of the future with the necessary flexibility and resilience, guaranteeing security of supply, helping promote the connection of the gas and electricity sectors, and enabling decarbonisation.

See the Enagás **informational video** on ***renewable gases***

Green hydrogen

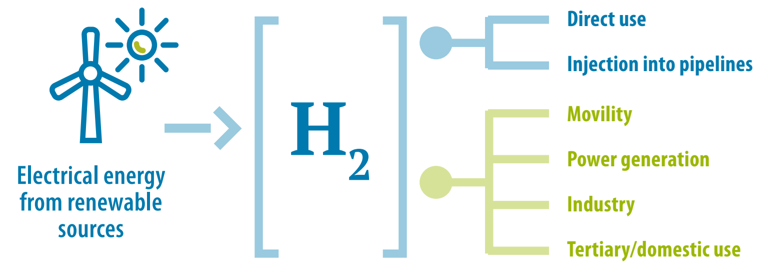
Green hydrogen, which is obtained from electrical renewable energy, is an energy vector for the future and a key solution for storing renewable energy. It also has multiple applications, as it can be used in all energy sectors (industry, mobility, domestic-commercial and electricity generation).

Enagás' infrastructure portfolio has sufficient capacity and geographical structure to connect the potential production and consumption points. In this regard, Enagás is working on adapting to hydrogen transport by evaluating and testing equipment and materials, taking safety and regulatory aspects –and certain other questions– into account.

Enagás is also simulating the capacity of the gas pipeline network for hydrogen injection, and analysing the possibility of transporting pure hydrogen in one of the existing pipeline network splits.

Enagás' technical specifications, required for the construction of pure hydrogen pipelines, are being reviewed and modified. Work is also being done on identifying potential geological structures for seasonal underground storage of this new energy vector, and also on developing a roadmap to ensure that this infrastructure is viable by 2026, in accordance with sustainable development needs of the new 'Hydrogen Economy'.

In fact, Enagás is one of the more than twenty European gas infrastructure operators driving the European Hydrogen Backbone plan for the development of a specific hydrogen transmission infrastructure.



Enagás is also developing specific projects focused on producing green hydrogen. Enagás aims to promote renewable hydrogen through projects aimed at decarbonisation and a just and inclusive transition, drivers throughout its value chain, which contribute to the development of the industry, towards creating sustainable jobs and, whenever possible, are developed jointly with other partners.

In this area, Enagás, through its subsidiary Enagás Renovable, has a portfolio of more than 34 renewable hydrogen development projects in development with other partners.

Enagás promotes the development of renewable gases as new energy solutions that are key to the decarbonisation process, and in order to bring about a circular economy

Enagás' roadmap for promoting hydrogen is as follows:

- **Development of industrial demonstration projects:** initial projects as a seed for the development of a value chain built around green hydrogen.
  - **'Green Hysland' project:** a project that has been recognised by the European Commission as a strategic project for the deployment of green hydrogen in Europe and selected to receive a 10 million euro grant. It aims to produce at least 300 tonnes of renewable hydrogen from solar energy per year in Mallorca to be used in mobility (bus fleets, rental vehicles, etc.), to generate heat and power in commercial and public buildings, and to supply auxiliary power to ferries and port operations. Furthermore, as a demonstration, injecting part of the hydrogen produced into the island's gas network is being considered. It is expected that this will reduce the island's annual CO_2 emissions by up to 20,700 tons. The proposal is being coordinated by Enagás and promoted by Acciona, Cemex Redexis and IDAE, and is part of a reindustrialisation plan in Lloseta. Commissioning tests began at the Lloseta facility in Mallorca at the end of 2021. The plant has already generated its first molecules of green hydrogen.

- **Developing technology and R&D&I projects:** initiatives for the study and research of hydrogen technologies (R&D&I projects) across their value chain, promoting its own initiatives and working alongside other companies, research centres and national, European and international universities.
  - **SUN2HY (SUNRGYZE) project developed with Repsol:** development of technology capable of transforming solar energy into chemical energy to produce 100% renewable green hydrogen. The process is direct, with no external input of electrical energy, and reduces the carbon footprint by more than 90% compared to other conventional processes. This is a new and disruptive project, which aims to achieve a competitive price for hydrogen by displacing current solutions that are less efficient. The Catalonia Energy Research Institute (IREC), the University Institute of Electrochemistry of the University of Alicante, the Aragon Hydrogen Foundation and the engineering company Magrana are all taking part in the project, which is financed by the Centre for the Development of Industrial Technology and the European Union. After the first pilot phase, the challenge is to achieve a commercial and competitive technology.

Enagás has presented 55 green hydrogen and biomethane projects in collaboration with a number of different Spanish companies

02/2021

Enagás, together with 29 other European companies, is promoting an integrated value chain to distribute green hydrogen at a competitive price through the HyDeal Ambition initiative. This pioneering initiative, based on the production of green hydrogen using solar electrolysis in the Iberian Peninsula, is scheduled to start up in 2022. It aims to reach a capacity of 95 gigawatts (GW) of solar and 67 gigawatts (GW) of electrolysis by 2030.

- **Projects for the decarbonisation of all economic sectors,** especially in regions where the energy transition will have the greatest impact, helping to develop local hydrogen economies which can also be extrapolated to other regions.
  - **Production plant in La Robla, León:** a project jointly backed by Enagás and Naturgy to produce green hydrogen from solar PV energy and 60-280 MW of electrolysis in La Robla (León). It will supply the steel industry and local uses (including, among others, public transport in the cities of León and Valladolid), as well as being injected into the gas network. The project is a part of the just transition agreements for areas affected by the recent closures of coal mines and thermal power plants, specifically the Just Transition Agreement for the Montaña Central Leonesa-La Robla region (in Castilla-León). The project, which was submitted under the application framework for projects of common European interest (IPCEI), will help reduce CO_2 emissions by producing and using green hydrogen, encouraging greater assimilation of renewable energies into sectors that are difficult to electrify.

[GRI 201-2, GRI 203-1, GRI 203-2, GRI 416-1]

- **Power-to-gas projects for closer connections between the gas and electricity sectors:** integration of the electricity and gas sectors to optimise the efficiency of the national energy system, storage back-up, making use of the potential curtailment associated with the massive penetration of electric renewable energies included in the National Integrated Energy and Climate Plan.

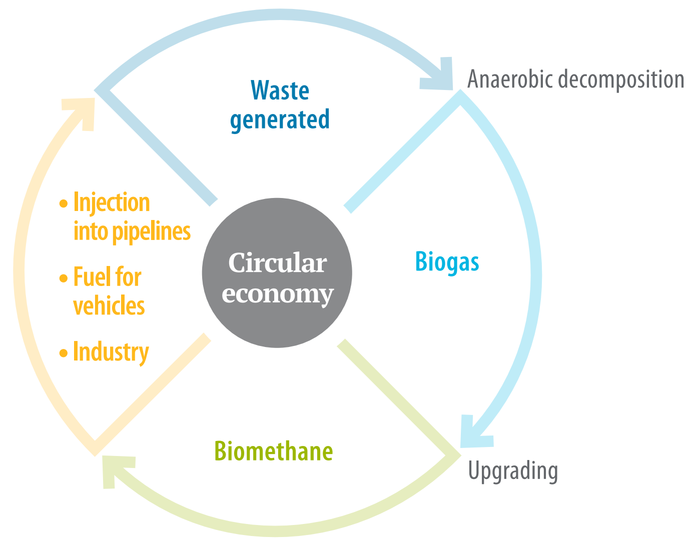
Biomethane

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. The Valdemingómez plant in Madrid is the first example in Spain of this type of use with injection into the gas network, in this case by Enagás.

Enagás promotes the development of biomethane that can also be used as a sustainable fuel in the form of Bio-CNG (compressed natural gas) and Bio-LNG (liquefied natural gas) in light and heavy vehicles.

Enagás, through its subsidiary Enagás Renovable, has a portfolio of more than 21 biomethane development projects distributed throughout Spain. These include the UNUE project, carried out jointly with Suma Capital and launched in November. The project is a pioneer in developing and injecting biomethane into the network. The project aims to produce and inject approximately 20 GWh of biomethane per year into the Spanish gas system, which would reduce emissions by around 30,000 tonnes of CO_2 equivalent. This project is the first of its kind to be carried out in Spain by a private initiative. The upgrading process, which is required to convert biogas into biomethane, will be carried out in a biogas plant located in the province of Burgos. The promoting companies will collaborate with two other companies for the implementation of the project: Biogasnalia, a waste manager and owner of the biogas plant in Burgos, and AGF Ingeniería de Procesos, a firm in charge of the design and execution of the facility.

[GRI 201-2, GRI 203-1, GRI 203-2, GRI 416-1]



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 very important role in ensuring security of supply and competitiveness, including for energy-intensive sectors, such as heavy industry or heavy transport, where electrification is not a solution today. In the field of transport, it is positioning itself as one of the most sustainable fuels, key to reducing emissions and 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 SOx 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 our commitment to innovation, at Enagás, we have made technical adaptations to our liquefied natural gas (LNG) plants 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 railway field, such as the RAILNG project and the retrofitting of a freight locomotive to use LNG.

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

Among other projects, the European Commission supports with 20 million euros the development of two new projects coordinated by Enagás for the supply of LNG to ships (bunkering) in the ports of Barcelona and Algeciras. 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 participating companies in the first LNG rail traction pilot test in Europe, and by implementing the Railway Roadmap set out with Renfe, the company is working with all segments of rail traction to retrofit diesel vehicles for natural gas in business areas where electrification would be unprofitable.

Enagás is currently developing several projects: the 'BIORAIL' project, which will test different motorisation technologies with a mixture of renewable gas and hydrogen; the 'H2rail' project for introducing fuel cells for railway traction; and lastly, the San Pedro tunnel project in Asturias to carry out real tests with hydrogen in a tunnel to analyse the risks of this type of trains in these situation and LNG in railways. A railcar that has been converted to use LNG is also being adapted for use with biomethane.

Furthermore, renewable hydrogen is the new energy vector 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.

In land-based transportation, the 'Scale Gas' start-up (see section on 'Corporate entrepreneurship and open innovation' in this chapter) is part of the EU-backed project 'ECO-net', which aims to build sixteen supply points for alternative fuels (15 for LNG and one for hydrogen). Thus, in 2021, the first hydrogen refuelling station in Spain, able to supply at 700 bar pressure, was opened in Madrid.

The 'Enagás Emprende' portfolio also contains the start-up Llewo, which has a fleet of 100% sustainable vehicles powered by alternative energies for last mile logistics operations.

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

Corporate entrepreneurship and open innovation

As key part of its innovation strategy, Enagás has put in place a programme of corporate entrepreneurship and open innovation for the purpose of supporting and fostering new ideas and innovative business projects which, in accordance with our strategy, will enable us to create value and diversify the business. This programme allows us to gain an early foothold in disruptive technologies and start-ups that are aligned with the improvement of efficiency, competitiveness and sustainability in the energy sector against the current backdrop of energy transition.

The 'Enagás Emprende' programme seeks projects inside and outside the company related to Enagás' future strategy to drive the energy transition through new business models and disruptive technologies. It is structured along the following lines:

- Corporate entrepreneurship: 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.

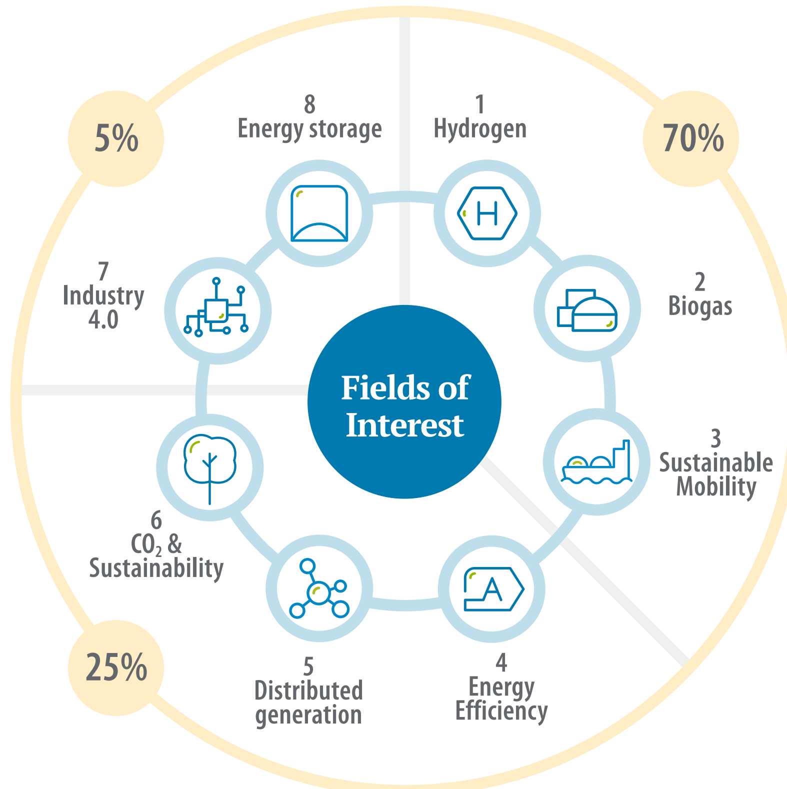
'Enagás Emprende' studies and assesses each proposal individually and offers incubation and acceleration programmes tailored to the needs of each project. These can include financial resources, technical pilots, co-development, support in commercial development, or other forms of support. Enagás Emprende also promotes and coordinates cross-cutting projects to transform the company in key areas through innovation; these include sustainable mobility projects like 'CORE LNGas hive' and 'LNGhive2'.

12/2021

Enagás was recognised as a world leader in intrapreneurship at the ICC (International Chamber of Commerce) "Corporate Start-up Stars Awards". The company was also named among the top 50 in the world, for the third consecutive year, for its work in open innovation and start-up development.

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

ENAGÁS EMPRENDE INVESTMENT VERTICALS



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

START-UPS FROM OUR CORPORATE ENTREPRENEURSHIP PROGRAMME[1]

VIRA GAS IMAGING www.viragasimaging.com	A start-up offering consultancy services for gas detection and quantification, assisting their customers to comply with environmental laws and regulations, improve their carbon footprint and achieve greater efficiency in their business operating processes. Since 2020, the technology engineering company INERCO has been its majority partner.
e4efficiency www.e4efficiency.es	A start-up with innovative, technically validated technology for environmentally friendly cold energy transport, encouraging large companies requiring cold energy to set up in the vicinity of LNG plants. Its ongoing projects notably include its work at the Barcelona regasification plant (together with the City Council and Veolia), the aim of which is to use the plant's LNG 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%.
SCALE GAS www.scalegas.com	A start-up that invests in small/medium-scale NG/LNG infrastructure (bunkering, service stations, vehicular natural gas, etc.) and renewable gas, 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 of the LNG plant in Ravenna (Italy) to collaborate in the development of small-scale liquefied natural gas (LNG) in the Mediterranean. It has also launched eleven refuelling stations for natural gas vehicles and one hydrogen refuelling station.
llewo movilidadqueune www.llewo.com	A transport start-up dedicated to environmentally sustainable last-mile logistics in which the entire vehicle fleet is powered by alternative energy sources (natural gas, electricity, hydrogen, etc.). Investors in this start-up include leading companies in sustainability and social impact such as Illunion and Innoenergy, and its customers include large companies such as El Corte Inglés.
SERCOMGAS www.sercomgas.com	Support services for shippers in their daily operations. Provides services for the entire process, ranging from obtaining a licence number to ship gas in Spain to back office services, reporting to official entities and training on the gas system.
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.

(1). In 2021, the start-up 'Smart Energy Assets' was integrated into Enagás and the start-up 'Bioengas' was integrated into Enagás Renovable.

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

EXTERNAL START-UPS

SEaB energy www.seabenergy.com	English circular economy start-up that designs and markets small-scale plants for installation in buildings, using organic waste generated on site to transform it into green energy, water and fertiliser.
DualMetha www.dualmetha.com	French start-up with proprietary 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.
HYGEN www.hygengroup.com	Latvian start-up that has developed a CNG (Compressed Natural Gas) fuelling system that allows the rapid refuelling of vehicles in situ. Hygen's compressors are based on a patented technology that provides greater durability and reliability.
TROVANT www.trovanttech.com	A start-up which specialises in the development of technologies based on biological processes for the treatment and re-use of organic waste, to turn it into valuable products. A start-up focused on the biogas and biomethane sector.
SOLATOM www.solatom.com	A start-up that designs, develops and installs solar modules that are easy to transport and install for industries. These give them the ability to provide a sustainable and economical alternative to the fossil fuel boilers currently used in factories.
SATLANTIS www.satlantis.com	Start-up which has developed a new generation of high-resolution binocular optical cameras for satellites. Its technological roadmap is focused on the provision of value-added services to third parties based on the data and images obtained.
DUCTOR www.ductor.com	Finnish-Swiss start-up that has developed a microbiological method that uses waste with high energy potential and high levels of nitrogen to make biogas and organic fertiliser for sale.

INVESTMENT FUNDS

Klima	Venture Capital Fund backed by Enagás and Alantra to promote the ecological transition and decarbonisation. During 2021, it completed its first closure worth over 80 million euros and made its first investment in Mainspring, a U.S. company engaged in the manufacture of electric power generators.
Hy24 ARDIAN	'Infra to 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.

2021

Enagás Emprende was certified by the CDTI's (Centre for Industrial Technological Development) 'Innvierte' programme as a professional private investor to carry out joint investments in national companies with innovative technologies. In December, the first co-investment between the two entities in the technology company Satlantis took place.

Digital transformation

During 2021, Enagás continued along the path of digital transformation, which it has been following for the last few years. The significant progress made in this area is evidenced by the positive evolution of different indicators such as the number of employees involved in digital transformation projects, the growth of the portfolio of projects in this area and the maturity of data management. All of this has been supported by investments made by the company leading to greater efficiencies in different areas.

In 2021, the focus of the digital transformation strategic framework was aligned with the company's commitment to the energy transition and to achieving carbon neutrality by 2040. The priorities of this strategic framework include the following:

- To advance in the definition of transformation roadmaps for the different areas of the company, focusing on value generation and efficiency, leveraging the potential of new technologies and prioritising customer and employee stakeholders. In this area, in 2021 two key areas of Enagás Transport (Commercial Logistics and the Zaragoza Metrological Centre) have set out their transformation roadmaps that will be executed in 2022, especially addressing operational excellence and customer orientation.
- Promote and improve tools based on advanced analytics and artificial intelligence capabilities, which allow Enagás to monitor and better understand its equipment in order to optimise its maintenance and thus intervene before a failure occurs; improve decision-making in the operation of the gas system and optimise gas delivery measurement processes, among others.
- Transformation of the way the company's field crew works, with a focus on improving their day-to-day work, jointly designing solutions that allow them to work in a more flexible, autonomous and efficient way.

Enagás considers data to be a company asset and a strategic resource. For this reason, a Data Driven Strategy has been developed, defining policies, standards, internal procedures and operating models for data governance to ensure data quality, security and traceability.

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

Technological innovation

Technological innovation at Enagás is focused on two areas: [GRI 203-1]

- Improving the different aspects of the company's present activities, such as energy efficiency and self-generation of energy, the measuring of gas and analysis of its components, operational safety and the materials and equipment necessary for its activity. The most important projects worked on during this year were the research project aimed at quantifying methane emissions midstream in infrastructures using the best existing techniques, in collaboration with the European Gas Research Group (GERG) (see the 'Climate Action and Energy Efficiency' chapter), a project to detect corrosion and mechanical defects in pipelines and a project for the autonomous generation of nitrogen at the Huelva plant.
- The analysis and development of technology that, in the short and medium-term future, may add value to the company's own infrastructures and/or know-how, such as production, analysis, certification and transport of synthetic natural gas, biomethane and hydrogen. In 2021, a notable investment of 3.1 million euros was made in the 'Green Hysland' project for the development of hydrogen infrastructure on the island of Mallorca (See the 'Renewable Gases' section).

In 2021, the amount invested in technological innovation amounted to 6.4[1] million euros, an increase in investment of 153% over 2020. 64% of the investment in technological innovation corresponds to projects related to renewable energy.

64% of the investment in technological innovation corresponds to projects related to renewable energy

1. 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.

4 CREATION OF VALUE FOR OUR STAKEHOLDERS

Sustainable Management Model

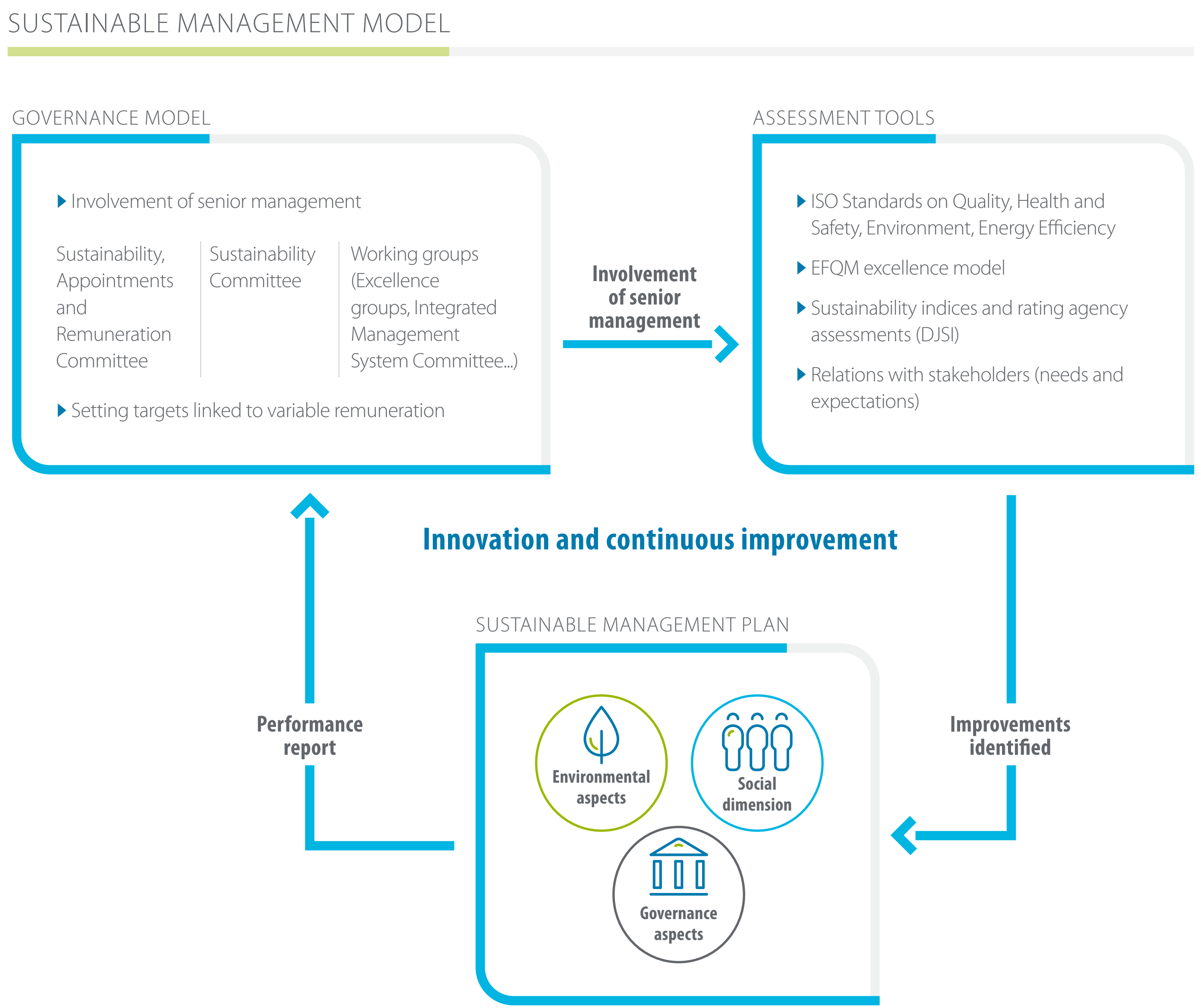
[GRI 2-12, GRI 2-13]

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, Appointments and Remuneration Committee (SARC) is the highest body with responsibility for sustainability (economic, environmental and social impacts). The Sustainability Committee, made up of members of the Management Committee, reports to this committee and is responsible for approving initiatives in this matter (by delegation from the SARC).

At executive level, the Chief Executive Officer is responsible for managing the company's business, under the supervision of the Chairman, who 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 Human and Corporate Resources Department is responsible for environmental and social matters.



Materiality analysis and stakeholder management

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]

We establish processes of dialogue and collaboration with our stakeholders to identify their needs and expectations

ENAGÁS 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	▸ Shareholder Information Office ▸ Free shareholder helpline ▸ Electronic mailbox ▸ Meetings with minor shareholders and analysts
Employees (professionals, social organisations)	▸ Regular meetings (face-to-face, e-mail) ▸ Corporate Intranet ▸ In-house magazine *Azul y verde* ▸ Electronic newsletter *Ráfagas*	▸ Internal communication campaigns ▸ Ethics Channel ▸ 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, 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)	
Associations and foundations (from the energy/gas sector, from social, environmental, ethical (sustainability) areas, in education and culture, health and development cooperation)	▸ Regular meetings derived from participation in groups and forums (face-to-face, telephone, e-mail)	

[GRI 2-29, GRI 3-1]

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. This is based on the company's activities, the strategy and operating context, as well as on the needs and expectations of its stakeholders.

Material topics in the Enagás value chain

Enagás has identified eight material topics in the Governance, Social and Environmental aspects:

Good Governance

Ethics and Compliance

Financial and operational excellence

Natural capital and biodiversity management

Local communities

Health and safety

People

Climate action and energy efficiency

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.

Enagás considers human rights as a material issue included in the areas of Ethics and Compliance, People (labour rights), Local communities (rights of communities), Health and Safety and Natural capital and biodiversity management (right to use natural resources). (See the 'Respect for Human Rights' chapter).

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.

Enagás creates value for its stakeholders through its performance in each material topic

Direct operations

Sustainable Management Model

Supply chain

Evaluation of material topics (consultations and audits)

See the 'Supply chain' chapter

Affiliates

Evaluation of critical management standards (affiliates management model)

See the 'Affiliate management' chapter

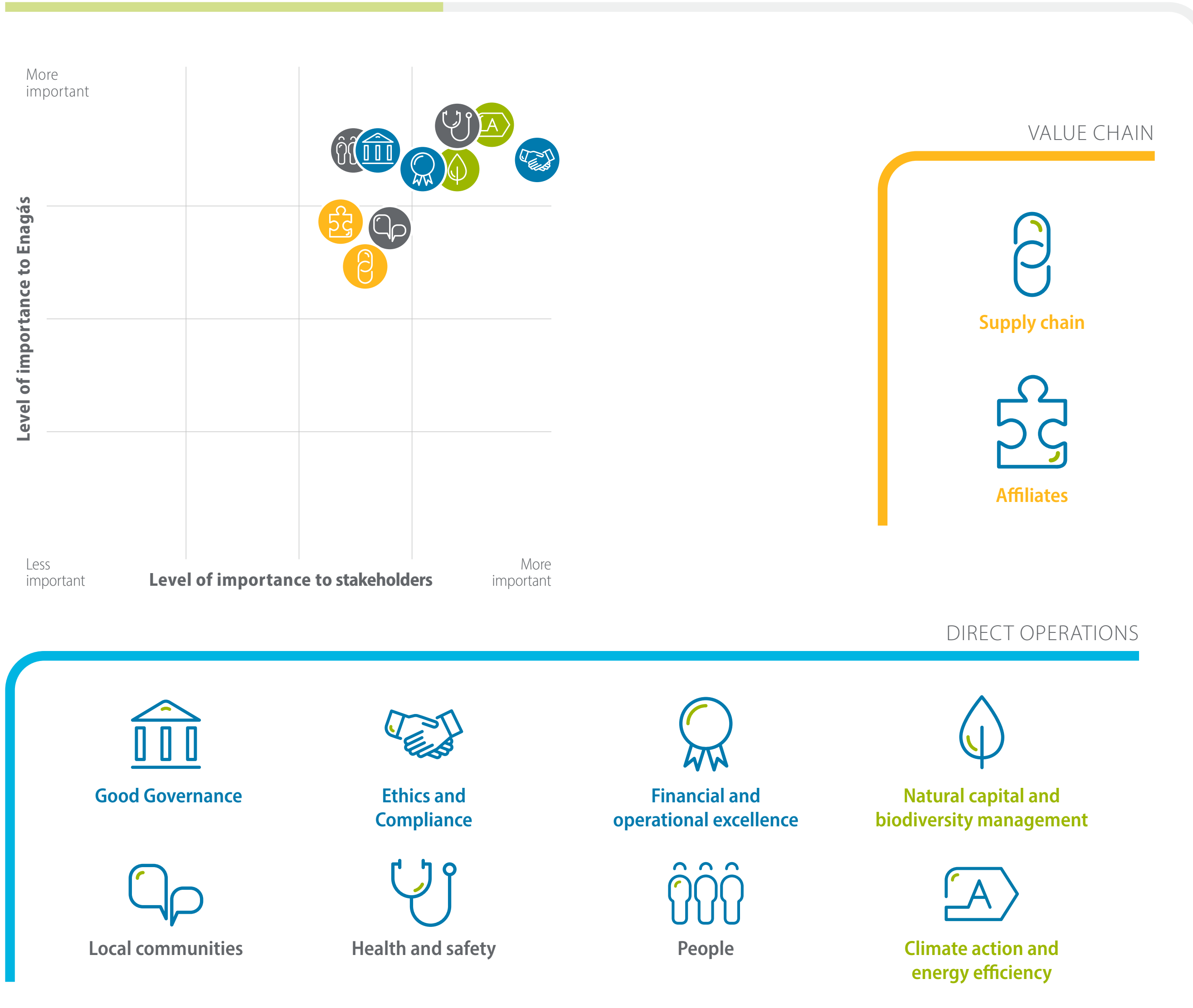
Update of the Enagás materiality matrix

Enagás, through its Sustainability Committee, reviews and updates the company's material topics as follows:

- Updating of the materiality matrix at a global level for strategic updates or externalities with a significant impact. One such case is the update carried out in 2020 in the wake of the pandemic, the result of which is shown in the following image.

- 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 subsections of this chapter corresponding to material topics. One such set of revisions carried out in 2021 is the publication of the new GRI Standard for the Oil & Gas sector in that year; this has allowed us to confirm that the relevant topics are those that the company has been reporting, as well as including additional topics to complement what has already been reported (see section 'GRI Content Index', in the 'Appendices' chapter). [GRI 3-1, GRI 3-2]

ENAGÁS MATERIALITY MATRIX [GRI 3-2]



4.1 Good Governance

Good Governance is a primary concern for the company, as is reflected in the Enagás Sustainability and Good Governance Policy.

33.3% Women on the Board of Directors [GRI 405-1]

16.7% Women in the Management Committee [GRI 405-1]

15 Members of the Board of Directors

73.3% Independent Directors

49% 'Quorum' at 2021 GSM

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 'Strategy' chapter), the structure and functioning of the governing bodies (independence, diversity, etc.), performance and the system of incentives for decision-making.

SUSTAINABLE MANAGEMENT PLAN

Main lines in 2021

- Review and update of the Board's abilities and experience matrix.
- Remuneration policy 2022-2024.
- Certification of the 2021 General Shareholders' Meeting as a sustainable event in accordance with ISO 20121.

2022 lines

- Planning for the 2022 Board renewals, taking into account Good Governance recommendations regarding the number of Board members and gender diversity on the Board.
- Maintaining the Board's level of independence.
- Holding for the third consecutive year of the General Shareholders' Meeting 2022 as a sustainable event according to ISO 20121.

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, Appointments and Remuneration Committee
Antonio Llardén Carratalá	Chairman	Executive		
Marcelino Oreja Arburúa	Chief Executive Officer	Executive		
Antonio Hernández Mancha	Director	Independent		Member
Patricia Úrbez Sanz	Director	Independent		Member
Ana Palacio Vallelersundi	Independent Leading Director	Independent		Chairwoman
Santiago Ferrer Costa	Director	Proprietary		Member
Isabel Tocino Biscarolasaga	Director	Independent	Member	
Gonzalo Solana González	Director	Independent		Member
SEPI – Sociedad Estatal de Participaciones Industriales (represented by Bartolomé Lora Toro)	Director	Proprietary	Member	
Ignacio Grangel Vicente	Director	Independent		Member
José Blanco López	Director	Independent	Member	
José Montilla Aguilera	Director	Independent	Chairman	
Cristóbal José Gallego Castillo	Director	Independent		Member
Natalia Fabra Portela	Director	Independent	Member	
María Teresa Arcos Sánchez	Director	Independent	Member	
Rafael Piqueras Bautista	General Secretary		Secretary	Secretary

05/2021

The General Shareholders' Meeting approved the 2020 accounts, the management report and all business listed on the Agenda. At this event, Enagás reaffirmed its commitment to the ecological transition and employment in order to contribute to "reinventing" the economy.

Enagás' 2021 General Shareholders' Meeting was certified as a sustainable event in accordance with ISO 20121:2013 and was held in a virtual format, in a context where health and safety is a priority.

See the ***Rules and regulations of the Organisation and Functioning of the Board of Directors of Enagás*** on the [corporate website]

Board structure: independence and diversity

[GRI 2-9, GRI 2-10, GRI 405-1]

The 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.

In 2021, the Enagás Board of Directors decreased its size to 15 directors, 73.3% of whom are independent.

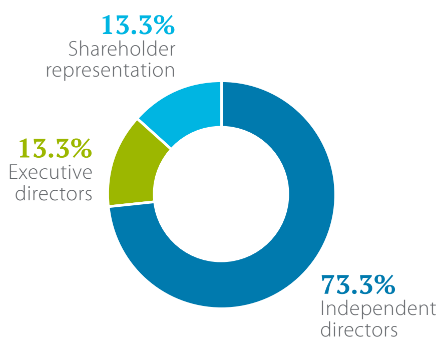
The average age of the directors is 57.4 years old and their average tenure is 5.75 years.

The policy for the selection of Directors sets out the principles on which the selection processes for members of the Board of Directors are based:

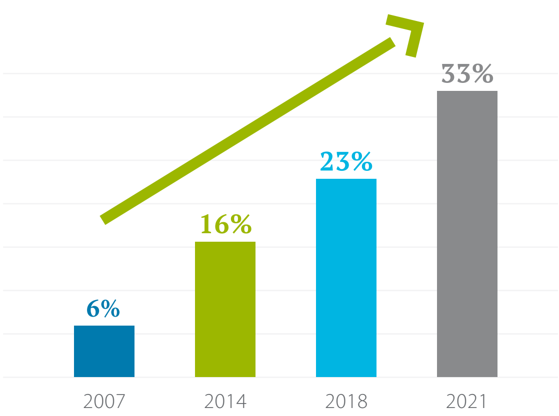
- The principle of diversity of knowledge, gender and experience.
- The principle of non-discrimination and equal treatment, so that the selection procedures for members of the Board of Directors are not subject to implicit bias which could entail any discrimination of any kind, whether due to race, 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 2021, and in line with its commitment to promote gender diversity, Enagás' Board of Directors was 33% women, thus meeting the target of 30% women on the Board included in the 2019-2021 Long-Term Incentive Plan. Looking ahead to the coming years, and with the aim of continuing to make progress in this critical area for the company, Enagás has extended its commitment by setting a new target in its new 2022-2024 Long-Term Incentive Plan, namely reaching 40% women by 2024.

BOARD OF DIRECTORS



PROPORTION OF WOMEN ON THE BOARD OF DIRECTORS



Enagás' Board of Directors is now 33% women

See the ***Board Diversity and Director Selection Policy*** on the [corporate website]

Functioning of the Board

[GRI 2-12, 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.

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.

In 2021, the evaluation process of the Board of Directors was reviewed with a focus on the provisions of the Good Governance Code of Listed Companies of the National Securities Market Commission and the Spanish Corporate Enterprises Act, as well as the requirements on the functioning of the Board of Investors, proxy advisors and ESG analysts and the practices of other organisations.

The valuation exercise carried out for financial year 2021 included matters subject to valuation originating in:

- The recommendations of the National Securities Market Commission.
- Duties assigned to the Board and its committees by law, the Articles of Association and the Rules and Regulations of the Board.
- Areas for improvement found in the self-assessment exercises carried out by the company in previous years.

Among the most highly rated areas were the satisfactory performance of their duties, the Board's confidence in the management model and in the policies, processes and controls implemented by the company's management, and the existence of a working environment and open dialogue, which allows directors to freely take a position and express themselves, among others.

The assessment of the Board members confirms that the Board has a high level of knowledge, skills and experience that are key to the development of the business.

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

KNOWLEDGE, SKILLS AND PROFESSIONAL EXPERIENCE OF THE BOARD OF DIRECTORS [GRI 2-9, GRI 2-17]

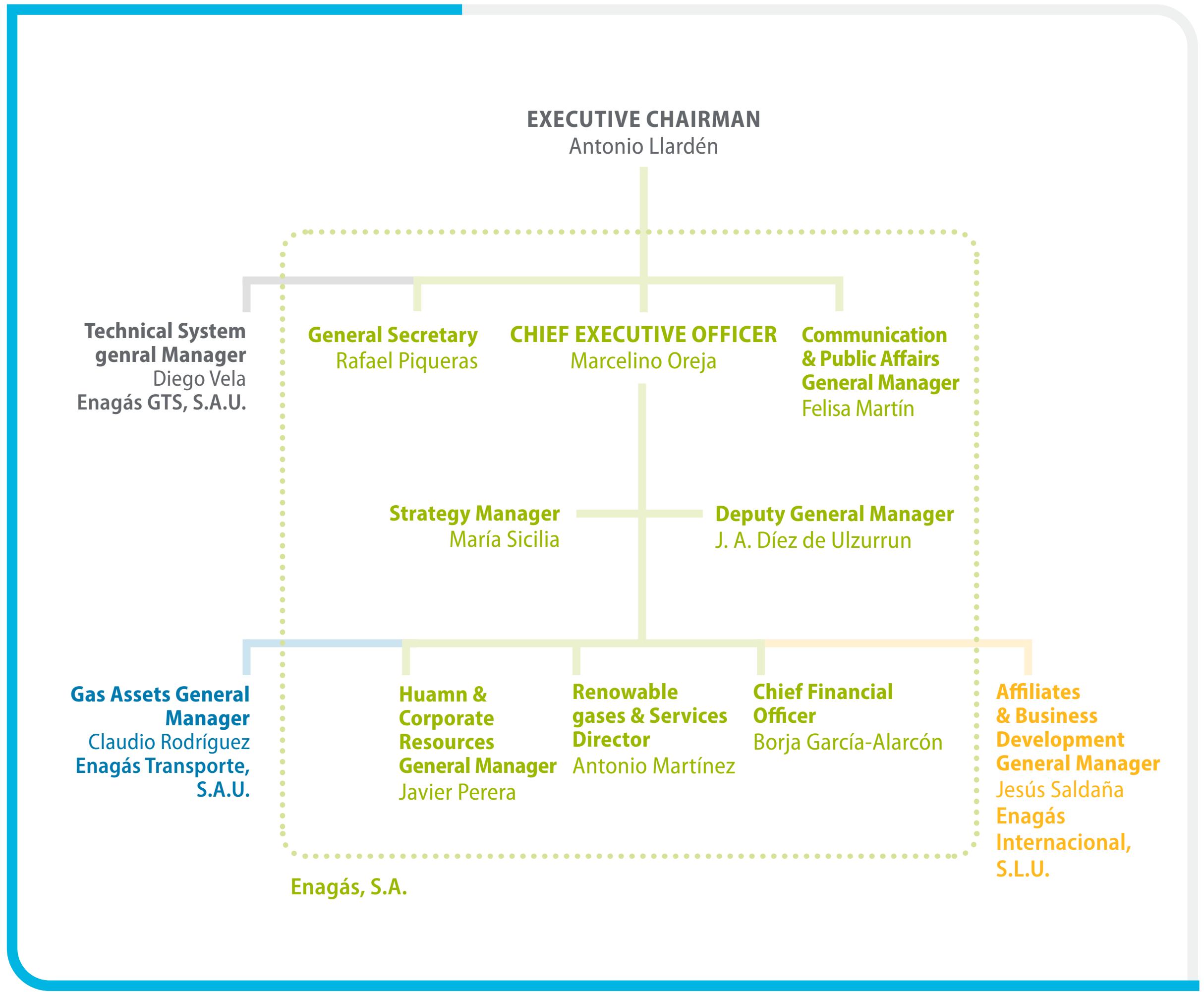
			Audit and Compliance Committee						Sustainability, Appointments and Remuneration Committee						
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Senior management	X	X	X	X	X	X		X	X	X	X	X		X	
Industry experience	X	X	X	X		X	X				X	X	X	X	X
International experience	X	X	X	X	X		X		X	X	X		X		
Audit and finance	X		X	X								X	X		
Risk management	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	
Legal, regulatory and corporate governance	X		X	X	X	X					X		X	X	
Technology		X						X		X					X
Cybersecurity									X	X					
Innovation		X		X						X		X	X		
People, culture, talent and human rights management	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

Eleven meetings of the Board of Directors were held in 2021 with an average attendance of 100%, 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: increasing the ambition of Scope 1 and 2 emission reduction targets and setting Scope 3 targets	Environmental	Unanimously approved
The company's Diversity and Inclusion Strategy and the results of the Gender Pay Equity and Equal Opportunity Study	Social	Unanimously approved
Human rights and climate action due diligence process at affiliate companies	Social, environmental	Unanimously approved

Among the critical issues addressed in 2021 by the Board of Directors are those related to environmental, social and Good Governance aspects

MANAGEMENT COMMITTEE [GRI 2-13]



In 2021, the General Shareholders' Meeting approved the new Directors' Remuneration Policy 2022-2024

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 Sustainability, Appointments and 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, which is of a continuing nature, maintaining the fundamental premises of the previous ones in terms of independence, stakeholder involvement (the remuneration report is submitted to a consultative vote at the General Shareholders' Meeting) and internal and external advice, and adding technical improvements.

Remuneration of the Board of Directors in 2021 [GRI 2-19, GRI 2-20]

The remuneration of the members of the Board of Directors for their membership of the Board and those corresponding to the Chairman and the Chief Executive Officer for the exercise of their executive functions during the year 2021 have been approved in detail by the General Shareholders' Meeting held on March 29, 2019 as part of the "Directors' Remuneration Policy for the 2019, 2020 and 2021 financial years", approved as Item 7 of the Agenda.

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 Executive Chairman and the Chief Executive Officer are part of the group covered by this policy and of the total premium paid for this during the year, 368 thousands of euros corresponded to them.

The members of the Senior Management also form part of the group covered under the mixed group insurance policy for pension commitments. The total premium paid for the same during the financial year amounts to 771 thousands of euros.

The two executive directors are beneficiaries of the 2019-2021 Long-Term Incentive Plan approved by the General Shareholders' Meeting on March 29, 2019 under item 8 of the Agenda. In said meeting, a total of 118,635 rights relating to shares were assigned. 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 (82.20%), will be generated within thirty days following the approval of the 2021 annual accounts by the General Shareholders' Meeting to be held in 2022.

Members of Senior Management (members of the Management Committee) are equally beneficiaries of the 2019-2021 Long-Term Incentive Plan. As approved at the General Shareholders' Meeting, the Board has assigned them a total of 161,455 rights relating to shares as well as an incentive in cash amounting to 957 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 (82.20%), will be generated within thirty days following the approval of the 2021 annual accounts by the General Shareholders' Meeting to be held in 2022.

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]**

Board members	2021(5)	2020
Mr Antonio Llardén Carratalá (Executive Director)(1)	1,881	1,886
Mr Marcelino Oreja Arburúa (Chief Executive Officer)(2)	952	957
Sociedad Estatal de Participaciones Industriales (Proprietary Director)(4)	160	160
Mr Luis García del Río (Independent Director)(3)(4)	73	160
Mr Martí Parellada Sabata (External Director)(3)(4)	73	160
Mr José Blanco López (Independent Director)(4)	160	69
Ms Rosa Rodríguez Diaz (Independent Director)(3)(4)	73	160
Ms Ana Palacio Vallelersundi (Independent Leading Director)(4)	190	190
Ms Isabel Tocino Biscarolasaga (Independent Director)(3)(4)	168	175
Mr Antonio Hernández Mancha (Independent Director)(4)	160	160
Mr José Montilla Aguilera (Independent Director)(3)(4)	166	69
Mr Gonzalo Solana González (Independent Director)(4)	160	160
Mr Cristóbal José Gallego Castillo (Independent Director)(4)	160	69
Mr Ignacio Grangel Vicente (Independent Director)(4)	160	160
Ms Eva Patricia Úrbez Sanz (Independent Director)(4)	160	160
Mr Santiago Ferrer i Costa (Proprietary Director)(4)	160	160
Ms Natalia Fabra Portela (Independent Director)(3)(4)	85	-
Ms María Teresa Arcos Sánchez (Independent Director)(3)(4)	85	-
TOTAL	**5,026**	**4,855**

(1). The remuneration for the Executive Chairman in 2021 was approved in detail by the General Shareholders' Meeting on March 29, 2019 as part of the "Directors' Remuneration Policy for 2019, 2020 and 2021 financial years". During 2021, the Executive Chairman received fixed remuneration in the amount of 1,000 thousands of euros and variable remuneration in the amount of 588 thousands of euros (associated to the Company's targets for 2020); he also received 130 thousands of euros for Board membership and other remuneration in kind amounting to 163 thousands of euros (the changes in remuneration in kind with respect to previous years is exclusively a result of measurement differences without there having been any additional items included in the remuneration). Thus, the combined amounts totalled 1,881 thousands of euros. In addition, he was also the beneficiary of a life insurance policy with a premium of 56 thousands of euros for the year. 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 Executive Chairman is one of the beneficiaries covered by this policy, and of the total premium paid during the year, 210 thousands of euros correspond to the Executive Chairman. The Executive Chairman is a beneficiary of the 2019-2021 Long-Term Incentive Plan approved at the General Shareholders' Meeting held on March 29, 2019. Item 8 of its Agenda states that the meeting assigned him a total of 79,090 performance shares. These rights do not entail the acquisition of shares until the end and settlement of the programme, and the final incentive, which depends on the degree of achievement of the programme's objectives (82.20%), will be generated within thirty (30) days following the approval of the 2021 Annual Accounts by the General Shareholders' Meeting to be held in 2022. The fixed remuneration of the Executive Chairman remains unchanged from 2017.

(2). The remuneration for the Chief Executive Officer in 2021 was approved in detail by the General Shareholders' Meeting on March 29, 2019 as part of the "Directors' Remuneration Policy for the 2019, 2020 and 2021 financial years." During 2021, the CEO received fixed remuneration in the amount of 500 thousands of euros and variable remuneration in the amount of 294 thousands of euros (associated to the Company's targets for 2020); he also received 130 thousands of euros for Board membership and other remuneration in kind amounting to 28 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 952 thousands of euros. In addition, he was also the beneficiary of a life insurance policy with a premium of 0.8 thousands of euros for the year. The Chief Executive Officer is also beneficiary of the mixed group insurance policy for pension commitments, and the share of the premium corresponding to the Chief Executive Officer for this policy amounted to 159 thousands of euros for the year. The Chief Executive Officer is a beneficiary of the 2019-2021 Long-Term Incentive Plan approved at the General Shareholders' Meeting held on March 29, 2019. Item 8 of its Agenda states that the meeting assigned him a total of 39,545 performance 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 objectives (82.20%), will be generated within thirty (30) days following the approval of the 2021 annual accounts by the General Shareholders' Meeting to be held in 2022. The fixed remuneration of the Chief Executive Officer remains unchanged from 2018.

(3). On June 21, 2021, Mr José Montilla Aguilera was appointed Chairman of the Audit and Compliance Committee, and Ms Isabel Tocino Biscarolasaga stepped down from this position. On May 27, 2021, Mr Luis García del Río, Mr Martí Parellada Sabata and Ms Rosa Rodríguez Díaz resigned from their positions and Ms Natalia Fabra Portela and Ms María Teresa Arcos Sánchez were appointed directors.

(4). The remuneration for these Directors relating to Board and Committee membership was approved in detail by the General Shareholders' Meeting on March 29, 2019 as part of the 'Directors' Remuneration Policy for 2019, 2020 and 2021 financial years'.

(5). The remuneration of Directors in 2021, broken down by sex, amounted to 412 thousands of euros for men and 173 thousands of euros for women (calculated as the average remuneration. For comparative purposes, the calculation does not include new directors or those who resigned from their positions in 2021, since they were not active during the entire fiscal year). The difference in remuneration is due to the fact that the Executive Directors, Chairman and Chief Executive Officer are men.

4.2 People

[GRI 3-3]

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

1%
Increase in workforce compared to 2020
[GRI 203-2]

45.1
Training hours per employee (€874 investment per employee)
[GRI 404-1]

83%
of the workforce underwent a performance assessment[1]
[GRI 404-3]

18
Internal promotions (28% women)

37.3%
Female managers and pre-managers[2]

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

SUSTAINABLE MANAGEMENT PLAN

Main lines in 2021

- **Adaptation of Enagás' Equality area to the new developments contained in the new regulatory framework.**
- **Implementation of the action plan linked to the employee's life cycle, as defined along the various lines of the diversity and inclusion strategy.**
- **Continuation of the listening strategy by launching various internal consultations to improve the employee experience, such as a survey for the valuation of social benefits and work-life balance, and consultations to monitor the areas for improvement detected in the 2020 surveys.**
- **Updating of the performance evaluation model and extension of the 360º performance evaluation approach to the group excluded from the collective bargaining agreement.**
- **Implementation of an online platform for all employees to give and receive feedback.**
- **Publication of vacancies via portals aimed at persons with disabilities.**
- **Extension of the opportunity to participate in the mentoring programme to all employees.**

2022 lines

- **Review of the prevention and action protocol for all workplace harassment situations.**
- **Establishment and approval of a diversity and inclusion policy for the company.**
- **Launch of the climate survey as part of the Global Listening strategy.**
- **Dissemination of the 2nd Enagás Equality Plan.**
- **Recertification of the 'Bequal' seal as part of Enagás' commitment to the inclusion of people with disabilities.**
- **Establishment of a diversity and inclusion governance model.**
- **Launching initiatives to attract female talent in operational positions.**
- **Launching of upskilling and reskilling initiatives to boost skills acquisition processes with the aim of fostering the employee employability.**

1. Performance evaluation linked to their professional development and the increase in their fixed remuneration. For employees outside the collective bargaining agreement, this performance evaluation will also be linked to variable remuneration.
2. In a management position.

Our professionals

[GRI 2-7]

The following outlines the distribution of Enagás' 1,344 professionals (1,337.6 FTEs[1]) by country, age group, professional group and gender.

Enagás maintains stable, quality employment levels

NUMBER OF EMPLOYEES BY COUNTRY[(1)]

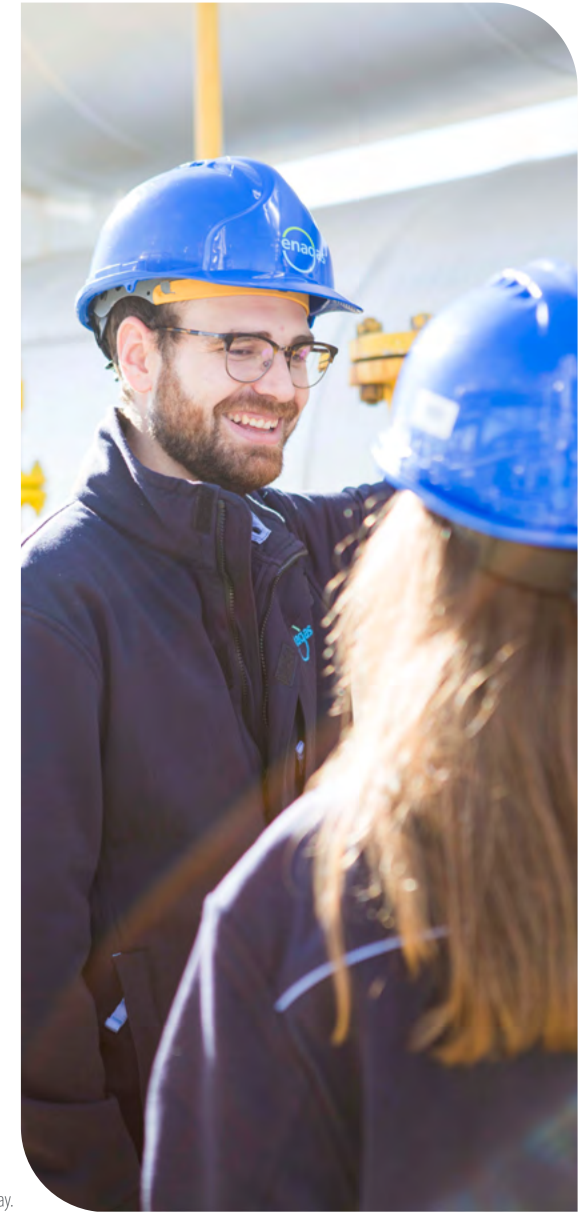
Country	2019	2020	2021
Spain	1,288	1,314	1,327
Other countries	18	16	17[(2)]
Peru	3	3	3
Mexico	8	6	3
Switzerland	1	1	
Kuwait			4
Belgium	3	4	3
Chile	1	1	1
France	1		1
Greece	1	1	2
TOTAL	**1,306**	**1,330**	**1,344**

(1). Including the employees 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 Management Report' section), the number of employees would rise to 1,376 (399 women and 977 men). See section 2.1 'Operating profit, b) Personnel Expenses' of the Consolidated Annual Accounts.
(2). 100% of employees outside Spain have a permanent full-time contract.

NUMBER OF EMPLOYEES AND MANAGERS BY NATIONALITY[(1)]

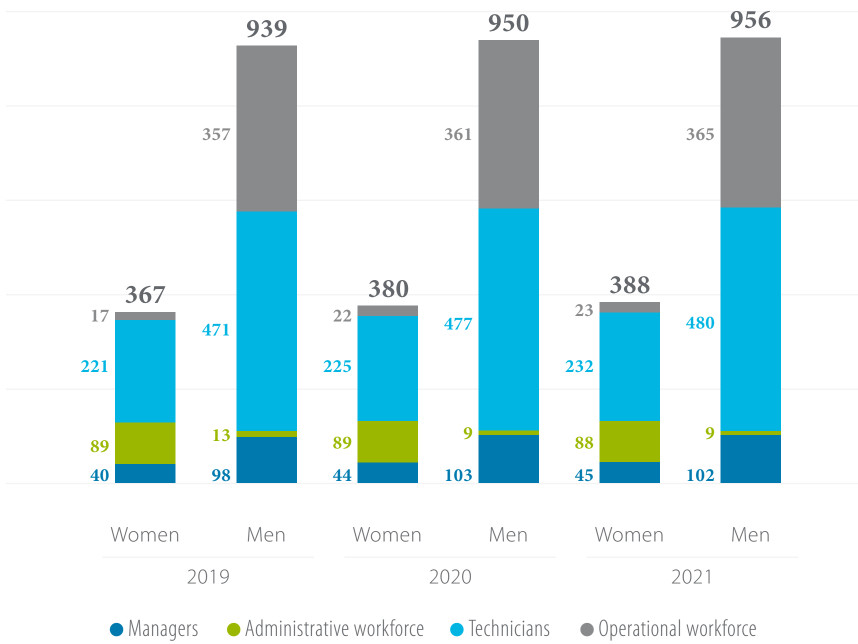
Country	2020		2021	
	No. of managers	Total no. of employees	No. of managers	Total no. of employees
Spain	144	1,283	144	1,299
Venezuela	1	7	1	9
Germany	0	5	0	5
France	0	4	0	4
Peru	0	3	0	3
Mexico	1	6	1	3
Argentina	0	3	0	3
Italy	0	2	0	3
Switzerland	0	2	0	2
Other nationalities[(2)]	1	15	1	13
TOTAL	**147**	**1,306**	**147**	**1,344**

(1). The country of birth is considered.
(2). Belgium, Brazil, Colombia, Cuba, Dominican Republic, Ecuador, Greece, Morocco, Paraguay, Romania, South Africa, United Kingdom, and Uruguay.



1. Full-time equivalent.

NUMBER OF EMPLOYEES BY PROFESSIONAL GROUP AND GENDER [GRI 405-1] [GRI 2-7]



In 2021, there were 91 new recruitments, 67% being people aged under 35 and 31% women. [GRI 2-7, GRI 401-1]

Stable and quality employment [GRI 2-7]

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

PERCENTAGE OF EMPLOYEES BY TYPE OF CONTRACT, WORKING HOURS AND GENDER

		2019			2020			2021		
		Women	Men	Total	Women	Men	Total	Women	Men	Total
Type of workday	Full-time	92.6%	99.5%	97.5%	94.7%	99.3%	98.0%	94.6%	98.8%	97.6%
	Part-time	7.4%	0.5%	2.5%	5.3%	0.7%	2.0%	5.4%	1.2%	2.4%
Type of contract	Permanent	97.0%	97.4%	97.3%	96.3%	96.5%	96.5%	95.6%	96.9%	96.5%
	Temporary	3.0%	2.6%	2.7%	3.7%	3.5%	3.5%	4.4%	3.1%	3.5%

AVERAGE ANNUAL NUMBER OF PERMANENT AND TEMPORARY CONTRACTS BROKEN DOWN BY SEX, BOTH FULL-TIME AND PART-TIME

	Permanent contract			Temporary contract		
	Full-time	Part-time	Total	Full-time	Part-time	Total
Women	346	24	370	15	0	15
Men	919	3	922	33	1	34

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
<=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

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
Management	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**

See the ***Human Capital Management Policy*** on the [corporate website]

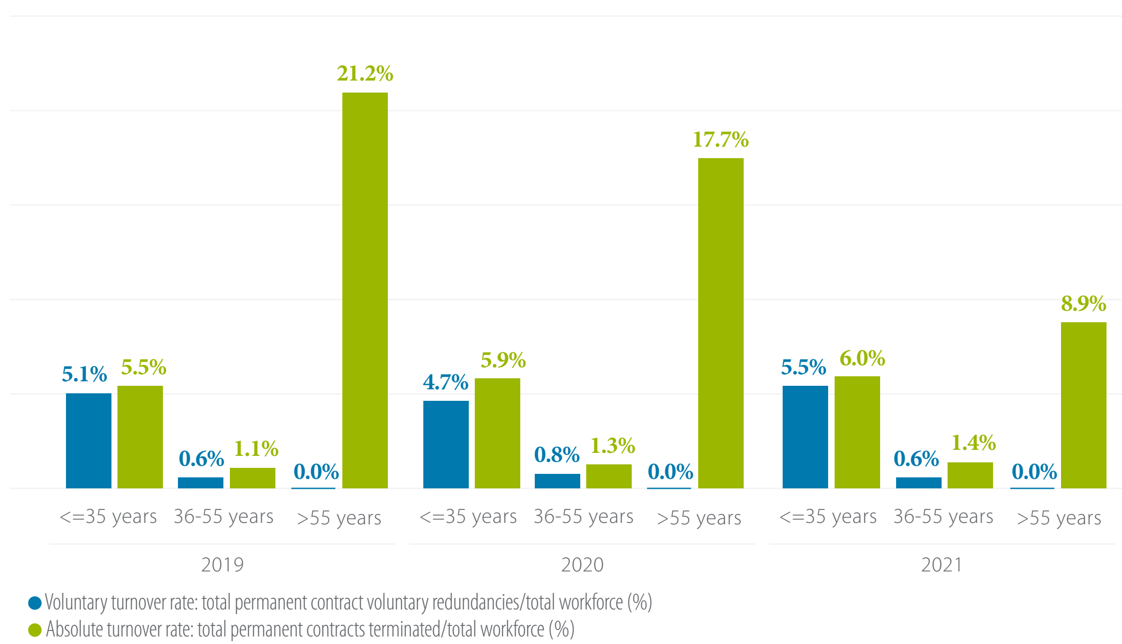
In addition, at the end of 2021, 17 professionals were hired through temporary employment agencies and 68 interns were working at Enagás.

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.

VOLUNTARY AND ABSOLUTE TURNOVER RATE BY GENDER [GRI 401-1]

	2019			2020			2021		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Voluntary turnover rate	2.5%	0.9%	**1.3%**	3.0%	0.8%	**1.4%**	1.9%	0.9%	**1.2%**
Absolute turnover rate	5.1%	5.4%	**5.3%**	4.6%	5.1%	**5.0%**	3.0%	3.3%	**3.2%**

VOLUNTARY AND ABSOLUTE TURNOVER RATE BY AGE GROUP [GRI 401-1]



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 2021, one involuntary redundancy took place at the company.
[GRI 2-7]

1. One man in the 'operator' professional group, in the age group 36-55. In 2020 there were two involuntary departures (two men, one in the 'technician' professional group and age group <=35, and the other in the 'operator' professional group and age group 36-55). In 2019, there was one involuntary departure (one man, in the 'technician' professional group and age group 36-55).

Agility and new ways of working

Enagás is leading a programme of new ways of working that promotes cultural change and internal transformation of the company with a focus on people, based on pillars such as collaboration, innovation and creativity, efficiency, knowledge and new capabilities, empowerment and transparency.

This programme focuses on three areas:

- To promote a culture and behaviours that encourage more flexible and collaborative working models. Other initiatives in this area include the Global Listening programme, which promotes actions aimed at improving the employee's experience during their time at the company (see the 'Employee satisfaction and motivation' section in this chapter) and an "upskilling/reskilling" programme which has made it possible to provide digital training to employees, thus minimising the digital divide. [GRI 404-2]
- Adoption of methodologies and ways of working that allow us to face the challenges we face in a more creative and innovative way. Enagás has set out a new map of methodologies and associated training schedules (see the 'Training' section in this chapter).
- Providing people with new spaces, tools and ways of smart working that allow them to gain flexibility ("any time from anywhere") (see the 'Digital Transformation' chapter). Within the framework of this axis, teleworking, personal productivity and digital disconnection programmes, among others, stand out.

Enagás has Corporate Guidelines on the Right to Disconnect, with a positive impact on people's productivity and well-being. In 2021, the company launched an action plan that encompasses different initiatives aimed at training and raising awareness among all Enagás employees about digital health, efficient use of technology, awareness of communication outside working hours and work-life balance.

Enagás has Corporate Guidelines on the Right to Disconnect, with a positive impact on people's productivity and well-being

In addition, Enagás leads an Agility programme that seeks to adopt agile principles throughout the company through specific actions in three areas: modifying the organisation to take a more cross-cutting and flexible approach, simplifying processes, promoting the use of methodologies that seek to adopt collaborative work frameworks with early value delivery, as well as promoting new behaviours and attitudes that foster communication, transversality and employee training in agility.

In 2021, the following Agile initiatives were launched from the 'Agility Hub'. They have created an awareness of cultural change and new ways of working in the organisation:

- Deployment of the Agile Culture Community which, through a network of facilitators, has driven tangible actions that have provided solutions to agile challenges: effective meetings, value contribution and a culture of feedback.
- Creation of agile project management office communities in different areas of the company ensuring strategic alignment, prioritisation and adoption of agile principles.
- Creation of the scrum projects community of practice to provide methodological support to project teams in the adoption of scrum frameworks.

In addition, in order to extend the dissemination and training in agility to all Enagás employees, training schedules have been set out and launched through specific programmes and courses (see the 'Training' section in this chapter).

See the ***Corporate Guidelines on the Right to Digital Switch-Off*** on the **corporate website**

PERCENTAGE OF PROFESSIONALS WHO HAVE RECEIVED PERFORMANCE ASSESSMENT BY PROFESSIONAL GROUP AND GENDER

		2019	2020	2021
Management	Women	95.0%	97.7%	100%
	Men	91.8%	100%	100%
Technicians	Women	91.4%	92.9%	96.6%
	Men	70.1%	70.0%	72.1%
Administrative workforce	Women	61.8%	64.0%	64.8%
	Men	92.3%	77.8%	77.8%
Operational workforce	Women	41.2%	40.9%	39.1%
	Men	91.0%	91.4%	90.4%
TOTAL		**81.1%**	**82.0%**	**82.6%**

Knowledge of internal talent [GRI 404-3]

Evaluation of the performance and skills of our professionals means that we can know our internal talent and guide their training and professional development effectively. Performance assessment allows the identification of strengths and areas of development of professionals regarding the performance of their work and on which the different development plans are developed. The competences and behaviours of professionals are evaluated annually, among others, based on corporate values. The results of these evaluations are linked to their professional development and the increase in their fixed remuneration and, in the case of professionals outside the collective bargaining agreement, in their variable remuneration.

In 2021, the performance evaluation model was updated to simplify the process, allow for greater differentiation and increase its frequency (every six months).

The management team's performance evaluation process is carried out under a 360º approach. In addition to an assessment by the manager, an upward assessment is incorporated through the teams assessing their managers, as well as a peer review of the group by employees of the same professional group. In 2021, 87 employees have been evaluated under this 360º approach. It should be noted that in the case of Directors, an assessment is also made by the Management Committee.

In addition, Enagás has extended this comprehensive approach to the rest of the employees outside the agreement by extending the peer evaluation to other employees in the same professional group. In 2021, 267 employees received a peer and upward assessment.

Moreover, competencies are evaluated through Development Centre workshops, in which participants get feedback on the strengths and areas for development. In 2021, 311 employees received a competency-based assessment for possible promotion to management positions.

In the context of continuing to promote the culture of feedback and fostering open communication, Enagás has set up an online platform so that all employees can give and receive feedback from other employees, thus helping identify improvements and highlight achievements.

Professional development programmes

The information obtained from the different evaluations of professionals is used to design customised development plans adapted to the needs identified. On the one hand, development programmes are promoted through on-the-job experience. With this in mind, 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 2021, there were 71 internal movements (promotions, horizontal transfers and international transfers). 35% of hirings selected internal candidates. Seventeen interns also stayed on at the company.

On the other hand, there is also potential to carry out internal and/or external coaching and mentoring programmes.

- In 2021, six employees participated in coaching programmes. In addition, professionals in the company have received training and are certified in coaching; they are therefore qualified to carry out internal coaching processes.

- In 2021, Enagás opened its mentoring programme to all the company's employees. In 2021, 33 employees participated in the internal mentoring programme and 24 participated in the external mentoring programme.

Lastly, an extensive programme of training actions is available on the corporate training portal and these are offered both face-to-face as well as via e-learning.

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 crime prevention model, a corruption prevention model, 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.

In addition, and depending on the type of work carried out by the new employee, a training plan has been designed in areas related to operations, maintenance and administrative management.

The company's face-to-face training is offered at the Enagás Training School where over 10% of the workforce participate as trainers in different programmes. This face-to-face training in the classroom and in the workplace is complemented by e-learning, mobile training, communities of practice, etc.

Enagás assesses the satisfaction of professionals who have received training, which in 2021 increased to 8.7 out of 10.

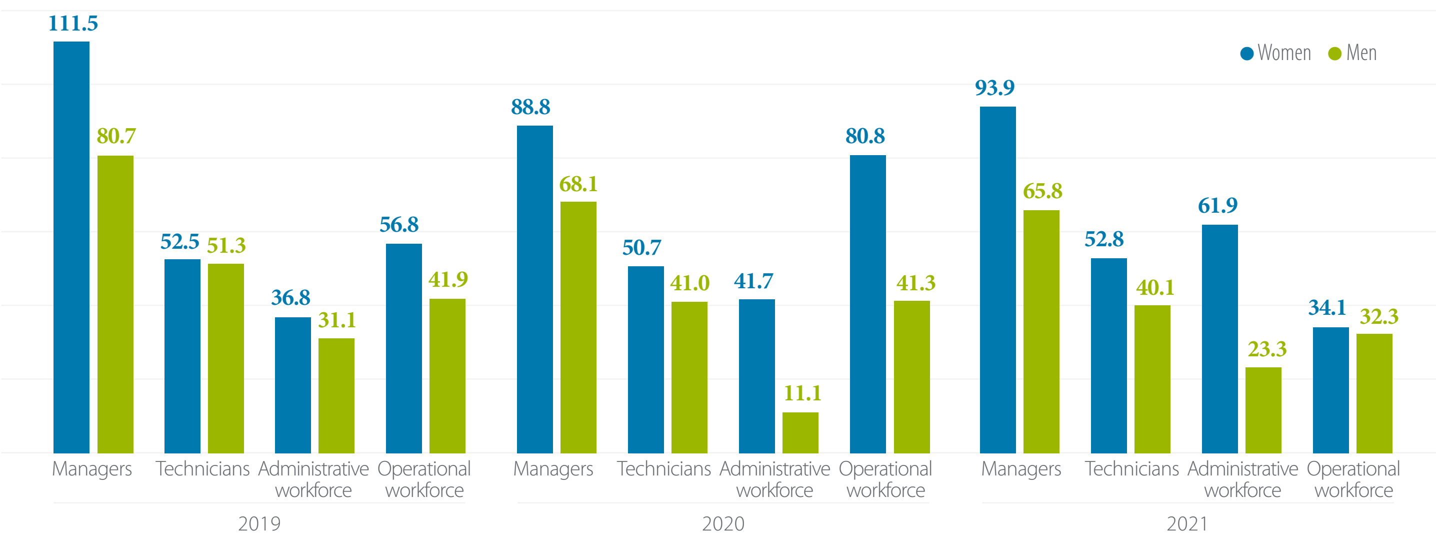
Over 1,200 training courses given in 2021

As part of Enagás' strategy to promote the continuous training of our employees 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 include corporate, operations and maintenance, environmental and health and safety training. The training associated with these training schedules (training counted as compulsory) represents 13.1% of the training hours and 13.8% of the economic investment per employee.

There are also training schedules available to employees to develop skills and learn new ways of working. We have schedules based on the skills and behaviours defined for each profile, as well as schedules that allow people to learn about new methodologies like Agile, Kanban, Lean, Kaizen, Devops, Design Thinking, and so on, preparing employees to be able to participate in projects and initiatives where these methods are applied. In this case, there are specific schedules divided into three levels of knowledge: Fundamentals, Facilitator and Expert.

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 Infrastructures, the company has continued to work on a series of initiatives, including the launch of a pilot project for a critical knowledge transfer plan linked to the changeover plans and the 'Expert Talk' programme, where experts and leaders at the company share their knowledge with other company employees through monthly lectures on relevant topics in the gas sector. [GRI 404-2]

HOURS OF TRAINING RECEIVED BY PROFESSIONAL, BY PROFESSIONAL GROUP AND GENDER [GRI 401-1]



TOTAL HOURS OF TRAINING BY PROFESSIONAL GROUP [GRI 404-1]

	2019	2020	2021
Management	12,370	10,381	10,932
Technicians	35,761	30,797	31,494
Administrative workforce	3,678	3,831	5,654
Operational workforce	15,941	16,497	12,583

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

Diversity and Inclusion

[GRI 3-3]

The corporate guidelines on diversity and equal opportunities define the principles by which Enagás frames its actions in this area.

These principles include 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.

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 employees, fostering work environments free of direct and indirect discrimination, harassment or other forms of intolerance at all levels of the organisation.

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' chapter).

In order to achieve this commitment, 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.

GENDER

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.

FUNCTIONAL

To make progress in the integration of people with disabilities (physical, sensory, intellectual) into the workplace.

GENERATIONAL

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

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.

THINKING

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.

LGTBIQ+

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.

05/2021

In 2021, during the European month of Diversity, Enagás made clear its commitment to Diversity and Inclusion as fundamental axes in people management through the internal and external dissemination of audiovisual messages linked to the six key areas that support a diverse and inclusive culture in the company.

07/2021

Enagás has signed a collaboration agreement with REDI (Business Network for Diversity and LGBTQI+ Inclusion) with the commitment to foster an inclusive and respectful environment at the company, where talent is valued regardless of identity, gender expression or sexual orientation.

See the ***Corporate guidelines on diversity and equal opportunities*** on the corporate website

Gender diversity

In the area of gender diversity, Enagás guarantees equal opportunities for men and women.

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 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 is being developed in collaboration with the CEOE, and aims 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.

In 2021, Enagás launched a specific internal communication campaign to attract female talent outside the company, relying on employees to search for female candidates in their circles.

As part of Enagás' commitment to continuous improvement in this area, the company joined the following programmes in 2021:

a. *'Target Gender Equality',* which aims to accelerate gender equality in companies participating in the United Nations Global Compact.

b. *"Equality platform for the energy sector",* promoted by the European Commission and aimed at providing a space for the discussion of issues related to equality in the energy sector.

2021

Enagás has renewed its commitment to the Diversity Charter, a European charter of principles on inclusion and diversity signed voluntarily by organisations, in order to make visible their commitment to these principles in the workplace.

PERCENTAGE OF WOMEN IN THE WORKFORCE AND IN MANAGEMENT POSITIONS [GRI 2-7, GRI 405-1]

	2019	2020	2021
Female managers(1)	29.0%	29.9%	30.6%
Senior female managers (Management Committee)	18.2%	18.2%	16.7%
Mid-level female managers	25.6%	26.8%	28.2%
Junior female managers	31.8%	32.6%	33.3%
Female managers and pre-managers(1)	35.2%	37.1%	37.3%
TOTAL IN WORKFORCE	**27.7%**	**28.6%**	**28.9%**

(1). In 2019, a new career model, the technical career, was implemented aimed at creating and identifying experts in those areas of knowledge that are critical for Enagás. Therefore, for the purpose of calculating the percentage of women in management and pre-management positions, the workforce included in that technical career are excluded.

In relation to gender diversity in the company's organisational structures, 19.7% of organisational positions considered to be STEM[1]-related and 23.8% of positions that directly contribute to revenue generation are filled by women.

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 2021, Enagás' minimum wage was 1.5 times the national minimum wage in Spain. [GRI 202-1]

1. Science, Technology, Engineering and Mathematics.

EVOLUTION OF THE RELATIONSHIP BETWEEN BASIC SALARY[1] OF WOMEN AND MEN BY PROFESSIONAL GROUP [GRI 405-2]

		2019	2020	2021
Management	Chairman and Chief Executive Officer[2]	N.A.	N.A.	N.A.
	Other members of the Management Committee[3]	0.85	0.89	0.93
	Other managers	0.92	0.90	0.91
Technicians		0.99	1.00	1.00
Administrative workforce		1.03	1.08	1.06
Operational workforce		0.92	0.87	0.89
TOTAL	**Ratio**	**0.97**	**0.97**	**0.98**
	Percentage[4]	**2.94%**	**2.54%**	**2.12%**

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. This takes into consideration all professionals in Spain with a permanent contract, both full-time and part-time (99.5% of the workforce). In the case of part-time workforce, the basic 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 3 employees in this category 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.

The Enagás salary gap has been progressively reduced in recent years as a result of the efforts made by Enagás in this area. The wage gap in 2021 was 0.98 (2.1% difference between men's and women's base salary).

Although, when analysing the salary gap by professional group, the difference in the category "Other members of the Management Committee" shrank in the last financial years, this data is not representative as there are only two women in this category, compared to eight men.

The difference in the "Other managers" category (0.91) is due to a greater presence of men in this category (68%), as well as a greater seniority of males in this category with respect to females. In this regard, Enagás is making great efforts in developing talent aimed at female managers and pre-managers, as well as promoting women to positions of responsibility.

The difference in the category of operational workforce (0.89) is explained by a greater presence of men (94%) with an average seniority greater than that of women (an average of 14.6 years for men compared to 7.8 years for women). In this regard, Enagás is promoting the incorporation of women in the operational workforce professional group through initiatives such as the search for female profiles in vocational schools. Thus, 57% of female operators are under 35 years of age.

Likewise, the difference in salary in the administrative workforce category (1.06) is due to the fact that this is a category occupied mostly by women (91%) in which men nevertheless have more seniority than women (19 and 15.4 years of average seniority, respectively).

In 2021, the principle of equal pay for men and women as established in Spanish legislation (Royal Decree 902/2020) was implemented through three instruments: job evaluation, payroll records and a payroll audit by an independent third party.

CHANGES IN REMUNERATION[1] BY PROFESSIONAL GROUP, AGE AND GENDER [GRI 405-2]

		2019[2]	2020	2021
PROFESSIONAL GROUP				
Management	Executive Chairman and Chief Executive Officer	2,538,714	1,603,997	1,592,399[3]
	Other members of the Management Committee	864,647	597,860	561,410
	Other managers	173,763	145,614	150,128
Technicians		67,311	64,713	66,243
Administrative workforce		45,920	45,089	46,414
Operational workforce		52,462	52,957	53,067
AGE RANGE				
<= 35 years		52,124	51,541	51,074
36-55 years		83,225	75,514	76,611
>55 years		108,166	96,597	95,912
GENDER				
Female		72,563	68,159	70,493
Male		85,319	77,598	78,451

(1). Average remuneration that includes: variable remuneration, allowances, payments to long-term savings plans and any other item, such as overtime. This takes into consideration all professionals in Spain with a permanent contract, both full-time and part-time, who have remained in the company throughout the year (94% of the workforce). In the case of part-time workforce, the basic salary has been extrapolated to a full-time salary for comparability.
(2). In 2019, the long-term incentive plans (2016-2018) were settled, significantly increasing the remuneration of the company's employees. The allocation of these incentive plans was structured according to the professional group's degree of contribution to the established targets.
(3). This amount differs from that reported in the 2021 Annual Report on Directors' Remuneration, as interim income is excluded (69 thousands of euros for the Executive Chairman and 9 thousands of euros for the Chief Executive Officer).

CHANGES IN REMUNERATION[1] BY PROFESSIONAL GROUP AND GENDER [GRI 405-2]

			2019[2]	2020	2021
Management	Executive Chairman and Chief Executive Officer	Women	N.A.[3]	N.A.[3]	N.A.[3]
		Men	2,538,714	1,603,997	1,592,399[4]
	Other members of the Management Committee	Women	738,332[5]	549,740[5]	539,303[5]
		Men	900,736	611,609	566,937
	Other managers	Women	158,421	132,106	138,519
		Men	180,542	151,781	155,737
Technicians		Women	63,166	61,657	63,862
		Men	69,208	66,130	67,333
Administrative workforce		Women	46,118	45,548	46,798
		Men	44,627	40,808	42,788
Operational workforce		Women	45,324	45,158	45,520
		Men	52,741	53,314	53,472
TOTAL		**Women**	**72,563**	**68,159**	**70,493**
		Men	**85,319**	**77,598**	**78,451**

N.A.: Not Applicable.
(1). Average remuneration that includes: variable remuneration, allowances, payments to long-term savings plans and any other item, such as overtime. This takes into consideration all professionals in Spain with a permanent contract, both full-time and part-time, who have remained in the company throughout the year (94% of the workforce). In the case of part-time workforce, the basic salary has been extrapolated to a full-time salary for comparability.
(2). In 2019, the long-term incentive plans (2016-2018) were settled, significantly increasing the remuneration of the company's employees. The allocation of these incentive plans was structured according to the professional group's degree of contribution to the established targets
(3). There are no women in this professional group.
(4). This amount differs from that reported in the 2021 Annual Report on Directors' Remuneration, as interim income is excluded (69 thousands of euros for the Executive Chairman and 9 thousands of euros for the Chief Executive Officer).
(5). 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 contributes to the dissemination of best practices in this area as part of Capital Radio's Human Resources forum, and has sponsored and collaborated in various studies: 'General diversity diagnostics: analysis of intergenerational talent at companies', 'Intergenerational leadership' and 'Intergenerational health and well-being'. Enagás employees were provided with online training on generational diversity, deepening the intergenerational culture present at the company.

NUMBER OF EMPLOYEES BY AGE AND PROFESSIONAL GROUP [GRI 2-7, GRI 405-1]

	2019				2020				2021			
	<=35 years	36-55 years	>55 years	Total	<=35 years	36-55 years	>55 years	Total	<=35 years	36-55 years	>55 years	Total
Management	2	119	17	**138**	3	119	25	**147**	0	122	25	**147**
Technicians	172	413	107	**692**	173	422	107	**702**	134	465	113	**712**
Administrative workforce	8	67	27	**102**	10	66	22	**98**	5	68	24	**97**
Operational workforce	84	229	61	**374**	88	229	66	**383**	77	227	84	**388**
TOTAL	**266**	**828**	**212**	**1,306**	**274**	**836**	**220**	**1,330**	**216**	**882**	**246**	**1,344**

Functional diversity

Enagás is working to promote the social inclusion of people with disabilities. This has included direct hires (six people on workforce[1]) as well as indirect job creation for people with serious disabilities through partnership agreements with special employment centres and foundations, not to mention corporate volunteering initiatives (see the 'Corporate volunteering programme' section in the 'Local communities' chapter), and measures taken to increase disability awareness and training.

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.

05/2021

Enagás and Grupo Social ONCE have signed an agreement on employment and training for people with disabilities. Both entities will implement trainings, both theoretical and practical, aimed at providing training in different subjects to all people, especially those with disabilities and with academic qualifications. They will also set up recruitment, orientation and job placement programmes for access to quality employment.

Equality at Work accolade since 2010

Bequal Plus Seal for the company's commitment to the social inclusion of people with disabilities

Adherence to the Diversity Charter (plurality at the company)

Endorsement of the UN Women's Empowerment principles

1. In 2020, there were seven people with disabilities on workforce and in 2019, there were ten.

Work-life balance and shared responsibility

[GRI 401-2]

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

Enagás has held the EFR company certificate since 2007, having obtained the highest score, Level A for Excellence in work-life balance, in 2019. The company has over 130 reconciliation measures that favour the professional and personal development of all employees; these also help to balance the different dimensions of each person's life and meet their social and healthcare needs as well as those of their immediate family.

excelencia A efr
certificado en conciliación 1000-1
ES – 016 / 2007 / DNV

Family-Responsible Company,
Level A for Excellence

Some of the relevant reconciliation measures available to our employees are as follows:

Family

- Flexible Remuneration Plan: includes health insurance, childcare, travel card and training.
- Study support for employees' children.
- 80% subsidy on special schooling expenses for employees who have children with disabilities.
- 'Día sin Cole' (No School Day) programme and subsidised urban summer camps for employees' children on workdays throughout the school year.
- Specific measures for female workers who are victims of gender-based violence.
- Subsidy for the purchase or rental of vehicles powered by compressed natural gas (CNG).
- Alares Family Support Programme:
  - 'MiAsistente' (MyAssistant) 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.

Work flexibility

- Flexibility in start times and lunch break.
- Flexible working (teleworking)[1].
- 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 employees 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.
- 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.
- Healthy eating corner at head office.
- Help towards sports activities.

1. For all items supported by this modality.

Enagás has over 130 work-life balance measures that favour the professional and personal development of all professionals

SOCIAL BENEFITS MOST USED BY EMPLOYEES [GRI 401-2]

	% of costs borne by the company	% of workforce taking advantage of benefits
Meal subsidies (financial assistance and restaurant vouchers)	100%	93.1%
Group death and disability insurance[(1)]	100%	100%
Healthcare insurance for employees and their dependants	92.6%	93.3%
Pension plans[(2)]	89.2%	89.2%

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

Furthermore, Enagás improves and extends paid leave beyond the provisions of current labour regulations (death of a close relative, illness, special circumstances, etc.). With respect to childcare, in addition to the maternity/paternity leave established by law (currently 16 weeks for each parent), employees 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]

Maternity/paternity leave taken in 2021

21 42

Retention rate[(1)]

87.5% 97.6%

Return-to-work rate in 2021[(2)]

85% 97.8%

(1). Total number of employees who have returned from parental leave/total number of employees who were scheduled to return to work following parental leave.
(2). Total number of employees retained 12 months after returning to work following parental leave/total number of employees who returned to work the previous year.
[GRI 401-2]

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.

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 2021, several working group meetings were held with social representatives, including meetings of the working groups to address issues related to teleworking, working hours and labour flexibility, and to establish the 2nd Equality Plan. All of this has led to the signing of several agreements, including an agreement on working hours, shifts and leaves and an agreement on the official teleworking programme at Enagás.

For employees not covered by 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 (these are mainly conciliation measures, flexibilities and social benefits).

PPERCENTAGE OF EMPLOYEES COVERED BY COLLECTIVE BARGAINING AGREEMENTS BY PROFESSIONAL GROUP(1)

	2019	2020	2021
Technicians	29.9%	28.8%	25.4%
Administrative workforce	86.3%	84.7%	84.5%
Operational workforce	100%	100%	100%
TOTAL	**51.2%**	**50.2%**	**48.4%**

(1). These data refer to professionals in Spain.

[GRI 2-30]

Employee satisfaction and motivation

[GRI 2-29]

Enagás conducts workplace climate surveys in Spain every two years. In 2020, the latest work climate survey had a 73% participation rate, maintaining overall employee satisfaction at 82%. In addition, the sustainable engagement index improved three points since its previous instantiation, to 91% (88% in 2018), and is ten points above comparable external standards.

In line with the company's projects, the work climate survey launched in 2020 added the following: a well-being index, encompassing physical, social, emotional and financial dimensions; an index on diversity and inclusion to survey employees' perceptions of the culture promoted by the company in this area; and a question on COVID-19, allowing us to find out how employees perceive the company's management during the health crisis.

As conclusions of the climate survey, it is worth highlighting the improvement in the results compared to the survey carried out in 2018, and the high marks in the "internal relations", "Management" and "digitalisation" categories, placing all three as drivers of sustainable commitment. Improvement plans based on the survey results will be defined in 2021.

As part of the Enagás Global Listening Strategy 2020-2021, the company launched three internal surveys in 2021 to a sample of employees to learn about the development of critical aspects identified in the climate survey:

- FFC survey to measure the knowledge, use, satisfaction and assessment by professionals of the different work-life balance measures and social benefits available to them. This survey was sent to all employees with a 67% participation rate. High employee satisfaction with the measures offered by Enagás stands out, with satisfaction higher than in the assessments made in 2018.
- Internal surveys to follow up on the areas for improvement identified in the results of the 2020 opinion survey and to assess the status of new initiatives implemented at the company:
  - An internal survey aimed at specific areas of the company (Technical System Manager and Infrastructures). The participation rate for each area was 85% and 66%, respectively. It should be noted that in both surveys, a high rate of sustainable commitment was maintained; in addition, 99% of participants consider Enagás to be a good company to work for.
  - An internal survey of a representative sample of the workforce (705 employees) with a participation rate of 72%. The results of this survey exceed external benchmarks and there was improvement in the following areas: health and safety, talent management, diversity and compensation. The categories with the best results and a satisfaction rate above 95% were Code of Ethics, Sustainability and Environment, and Flexibility.

In 2021, Enagás set out an action plan that responds to the results of the Global Listening Strategy 2020-2021

In 2021, Enagás set out an action plan that responds to the results of the Enagás Global Listening Strategy 2020-2021. This plan has been communicated to all the company's employees.

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

In 2022, Enagás received the Top Employer certification for the twelfth consecutive year.

4.3 Ethics and integrity

[GRI 3-3]

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.

7
Communications received via the Ethics Channel

97%
of employees received training on the Code of Ethics

82%
of employees have undergone training on the Corruption Prevention Model
[GRI 205-2]

94%
of employees have received training on the Crime Prevention Model

100%
of communications received have been resolved

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 of the business.

The key aspects of our ethics and integrity model are Enagás' applicable policies, standards and procedures. These, based on the Group's Code of Ethics, constitute the Compliance, Crime Prevention, Corruption Prevention and Antitrust Models, as well as the distribution of the same.

SUSTAINABLE MANAGEMENT PLAN

Main lines in 2021

- Pre-audit of the Corruption Prevention Model with a view to a future external certification under ISO 37001, the Anti-Bribery Management Systems Standard.
- Approval and implementation of the Antitrust Model.
- Training in antitrust matters for employees who carry out activities related to this subject.
- Development of a reporting procedure within the framework of the Crime Prevention Model.
- Internal audit to analyse the degree of penetration of the Code of Ethics in the culture of the organisation and third parties related to it and the reporting process for breaches of the Code of Ethics.
- Effectiveness review for the controls of the Corruption Prevention Model.

2022 lines

- Certification of the Corruption Prevention Model under ISO 37001, the Anti-Bribery Management System Standard.
- Training for contractors and suppliers on the Code of Ethics.
- Approval and publication of a Crime Prevention Policy.
- Approval and publication of a Conflict of Interest Policy.
- Development of a penalties procedure in relation to third party due diligence (within the framework of the Compliance Model).
- Internal review to monitor the correct operation of the Compliance Model.

Code of Ethics

[GRI 2-23, 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.

In 2021, the company asked all its employees to confirm, by signing, that they have read, are familiar with and understand the contents of the Enagás Group Code of Ethics.

The Enagás Group's Code of Ethics is implemented through policies, guidelines, standards, procedures and controls. 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]

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 over a specific value are obligated to report those gifts. 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 (estimated value in excess of 50 euros)– may not be made, offered or received.
- Procedure for management of consultations and reporting regarding irregularities or breaches of the Code of Ethics 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 (Ethics Channel), informing the party who made the report of the status of their report at all times. [GRI 2-26, GRI 207-2]

ETHICS CHANNEL CONTACT INFORMATION [GRI 2-26, GRI S11.15.4]

Electronic mailbox: canal.etico@enagas.es

Post addressed to the Chairperson of the Ethical Compliance Committee

Form available on the corporate Intranet

In addition to the formal channels indicated above, Enagás employees can always:

- Go to their immediate hierarchical superior.
- Contact the person in charge of specific Compliance functions in their area.
- Personally address the Head of Compliance (compliance@enagas.es).

See the ***Code of Ethics and Policies*** section on the corporate website [GRI 2-23]

Messages received through the Ethics Channel are managed in the following phases:

- Preliminary analysis of the message based on sufficiency and relevance criteria.
- Study and assessment of the information provided.
- Deliberation on notification and informing the reporter of the decision taken on the matter.
- Planning and allocation of resources to research and research development by a research team appointed by the Ethical Compliance Committee.
- Analysis of the Investigation Report and resolution by the Ethics Compliance Committee.
- Notification to the reporter of the resolution and conclusions reached and the measures taken.

Enagás is committed to resolving all reports received. In 2021, seven communications were received via the Ethics Channel: [GRI 205-3]

- Two internal notifications related to workplace harassment and bullying, respectively. These notifications were continuations of situations previously communicated by the same employees. Both notifications were re-assessed and finally dismissed.
- One external notification from an employee of an affiliate was received regarding the deterioration of the work environment, which was dismissed as outside the scope of the Code of Ethics. However, this message was passed on to the affiliate in question through the appropriate channels and handled appropriately.
- Four internal consults regarding the following matters: the procurement bidding process, acceptance of gifts, acceptance of remuneration for participation in technical seminars on behalf of the company, and to thank the company for its work in ethical matters. Enagás responded to all messages received.

No breaches of the Code of Ethics or other company policies were identified in 2021.

Compliance Model

The Enagás Compliance Model is managed 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 Compliance Department, as the essential core of Compliance functions, is organically assigned to the General Secretariat and functionally assigned to the Audit and Compliance Committee of the Board of Directors, to which it communicates and reports on its activities, making it a high-level body within Enagás. The Compliance Function is autonomous, carrying out its tasks in accordance with the Compliance Policy and the General Compliance Standard. 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 Enagás Compliance Model is built around the Compliance Policy and its associated regulations

The appointment and eventual dismissal of the Director of 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 Model is built around the Compliance Policy and its associated regulations:

- The Compliance Policy sets out a series of compliance commitments that all company professionals must comply with, irrespective of their professional group or the country where they carry out their activities.
- The General Compliance Standard develops what is set out in the Compliance Policy and the Enagás Code of Ethics. It outlines the compliance responsibilities that, according to each professional group, are assigned to Enagás' professionals.

The Compliance Function is in charge of managing the Compliance Model in accordance with the provisions of the Policy and the General 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 their managers the prevention, detection and management of any non-compliance risks associated with their activities. The Compliance Function also assumes other responsibilities related

See the ***Compliance Policy*** on the corporate website

to the Model, including but not limited to training and raising awareness in compliance matters and the management of non-compliance risks.

The model 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.

Crime Prevention

As part of the Compliance Model, Enagás has a Crime Prevention Model that 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.

The Crime Prevention Model 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 Criminal Code. The role of the Head of Compliance has thus been redefined with regard to the reception, prior study and investigation of complaints, as has the Audit and Compliance Committee of the Board of Directors and the Criminal 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.
- 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 Crime Prevention Model, in line with the Spanish Criminal Code, Enagás has specific Crime Prevention Models for Mexico and Peru, adapted to each country's local regulations governing the liability of legal entities for the commission of crimes.

In 2021, the company developed a Reporting Procedure for the Audit and Compliance Committee regarding the operation and supervision of the Model, since this Committee is responsible for ensuring the effectiveness and validity of the Crime Prevention Model and its compliance with the law, the management of criminal risks and training and communication on criminal matters.

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.

All activities have been analysed for these possible corruption risks and the company has put in place controls and guidelines for action in order to prevent and mitigate them. [GRI 205-1]

The Enagás Corruption Prevention Model 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 in internal regulations.

The Anti-Fraud, Corruption and Bribery Policy reflects the company's commitment to "zero tolerance" on these matters

See the ***Anti-fraud, Corruption and Bribery Policy*** on the corporate website

The Model implemented in the Enagás Group includes the prevention of corruption risks through the following controls:

- General controls, which constitute the basis of risk control and are effective in mitigating the generic risk of committing potential acts of corruption and possible related crimes, including bribery, influence peddling and corruption in business.
- Specific controls, consisting of specific measures aimed at mitigating the risk of corruption. This identification of controls, both financial and non-financial, is made up of the controls already in place at Enagás that mitigate the identified risk of corruption.

In 2022, Enagás plans to gain certification for its Corruption Prevention Model based on ISO 37001, the anti-bribery management system.

No cases of corruption have been identified in the company in 2021. [GRI 205-3]

See the ***Antitrust Policy*** on the corporate website

Antitrust Model

In 2021, as part of the Company's Compliance Model, Enagás developed an Antitrust Model whose purpose is not only to avoid or reduce administrative sanctions on the company, but also to promote a corporate culture of ethics and compliance that respects the regulations that defend free competition.

The Antitrust Model is aligned with the recommendations on antitrust matters of the National Commission on Markets and Competition

The pillars of the Antitrust Model are the Antitrust Policy and the General Standard by the same name:

- 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.
- The General Antitrust Standard describes in a structured manner the elements that Enagás has established for the prevention, detection and management of risks in this area, 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. In this regard, 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 employees in all applicable areas, so that all can reflect it in their daily conduct.

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 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 presented the Fiscal Transparency Report in line with the company's commitment to tax transparency.

Moreover, in accordance with the public reporting commitments set out in the Responsible Tax Practice Policy, the company has published 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' 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.

As for audits of applicable taxation, at the end of 2021, audits were pending for the years 2018 to 2021 for the taxes applicable to the Group, with the exception of corporate income tax, which is pending audit for the years 2017 to 2021. 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 has been filed 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.
[GRI 207-1, GRI 207-2, GRI 207-3]

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 three professionals participating part-time in different activities related to the transparency register, including a permanent representative in Brussels. Annual costs in 2021 were slightly over 200,000 euros, distributed as follows: personnel expenses (73%), membership fees (24%), office and administrative costs (2%), representation, communication and public relations costs (1%), consultancy costs (<1%) 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 as a sponsor for these initiatives. The amount allocated in 2021 was 327,838 euros.

Enagás' main contributions to lobbying activities at a European level include the following associations:

- Gas for Climate: Consortium of European TSOs and other associations promoting the development of renewable and low-carbon gases (total contribution of 94,777 euros, with a contribution of approximately 25,000 euros earmarked for lobbying activities).

- Hydrogen Europe: Trade association representing European companies and stakeholders for the promotion of best practices related to the hydrogen industry (total contribution of 18,000 euros, with a contribution of 6,800 euros earmarked for lobbying activities).

- GIE (Gas Infrastructure Europe): European association of gas infrastructure operators, which also promotes the use of renewable and low-carbon gases (total contribution of 20,000 euros, with a contribution of 5,700 euros earmarked for lobbying activities).

In addition, Enagás actively contributes to lobbying activities within the framework of many other European associations and groups, such as, for example: ENTSOG, Marcogaz, NGVA, ERGaR, EASEE-gas and GasNaturally.
[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. The online training on the Code of Ethics was completed by 96.9% of employees. It is a tool to prevent irregularities, including those that could involve the commission of crimes.

In recent years, Enagás has provided specific training on:

- Crime Prevention Model: this training has been completed by 94.4% of employees. The course includes general information on the Crime Prevention Model and practical cases related to the most relevant crimes related to the company's activity, and professionals are provided with a Crime Prevention Manual. This manual includes a description of each criminal risk and behavioural guidelines for its prevention.

- Corruption Prevention Model: this training has been completed by 81.8% of employees.

- Antitrust Model: in 2021, 69 employees involved in competition-related activities received training on the new model.

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.

In 2021, employees involved in competition-related activities received training on the new antitrust model

4.4

Financial and operational excellence

[GRI 3-3]

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.

1.70 €
Dividend per share in 2021

403.8 M€
Net profit

4,276.8 M€
Net debt (5.1x net debt/ adjusted EBITDA)

1.7%
Financial cost of debt

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.

SUSTAINABLE MANAGEMENT PLAN

Main lines in 2021

- 403.8 M€ net profit (PAT) (PAT target met)(2).
- 217.6 M€ in affiliate profit (before PPA) (+24.4%)(1).
- 59.7 M€ Net investments(2).
- 1.7% of financial cost of debt(2).
- +1% dividend in line with target.

2022 lines

- Dividend 1.72 €/share (+1% vs. 2021).
- Net income ~ 430 M€ (+6.3% vs. 2021).
- International asset turnover.
- Solid and visible cash generation that will allow us to reduce net debt for the second year in a row and continue to maintain a solid, optimal balance sheet structure.
- Certification of the asset management system according to the ISO 55001 standard.

(1). These figures are included in the Alternative Performance Measures Report, available at: https://www.enagas.es/enagas/en/AccionistasEInversores/InformacionEconomicoFinanciera/Medidas_Alternativas_de_Rendimiento%20(APM).
(2). Figures from the income statement of the Consolidated Annual Accounts of the Enagás Group for financial year 2021.

Financial excellence

2021 Results

Results in line with the targets set for 2021.

2021 RESULTS (M€)

	2020	2021	% variation
Total revenue [1]	1,084.0	991.2	-8.6%
EBITDA[2]	942.9	895.3	-5.0%
EBIT[2]	614.6	583.4	-5.1%
Net profit (PAT) [1][3]	444.0	403.8	-9.0%

(1). Figures from the income statement of the Consolidated Annual Accounts of the Enagás Group for financial year 2021.
(2). These figures are included in the Alternative Performance Measures Report, available at: https://www.enagas.es/enagas/en/AccionistasEInversores/InformacionEconomicoFinanciera/Medidas_Alternativas_de_Rendimiento%20(APM).
(3). 499.9 million euros profit before tax, 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 357.1 M€, Chile 23.3 M€, Peru 43.8 M€, Mexico 17.7 M€, Greece 7.3 M€, Switzerland 42.5 M€ and USA 8.2 M€.

LEVERAGE AND LIQUIDITY

	2020	2021
Net debt[2]	4,287.7 M€	4,276.8 M€
Net debt/EBITDA (adjusted)[1][3]	4.8x	5.1x
FFO/Net debt[3]	16.0%	16.4%
Financial cost of debt[2]	1.9%	1.7%
Liquidity[2]	2,473.0 M€	3,299.5 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 2021.
(3). These figures are included in the Alternative Performance Measures Report, available at: https://www.enagas.es/enagas/en/AccionistasEInversores/InformacionEconomicoFinanciera/Medidas_Alternativas_de_Rendimiento%20(APM).

Evolution of the share price

At the close of the 2021 financial year, the Enagás share stood at 20.40 euros, representing a market cap of 5,344.6 million euros.

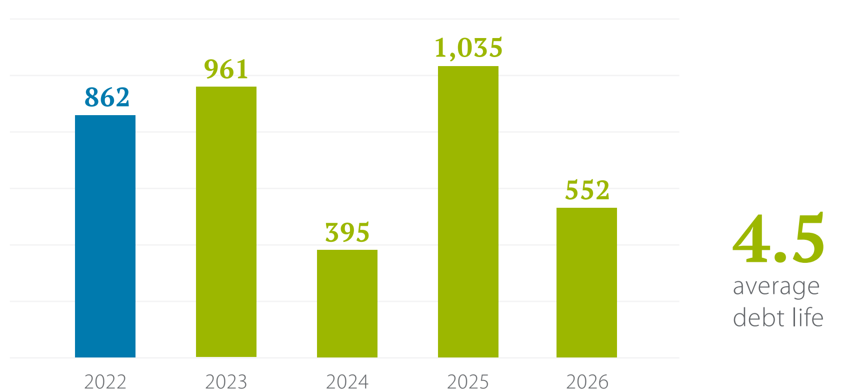
Over the course of 2021, Enagás shares have performed better (+13.55%) than the national index, the Ibex 35 (+7.93%) and the European sector index, EuroStoxx Utilities (+5.69%).

During 2021, the Enagás share reached a maximum closing high of 20.95 euros per share (December 16) and a minimum closing low of 17.09 euros per share (February 18). Enagás' average daily trading volume in 2021 was approximately one million shares per day.

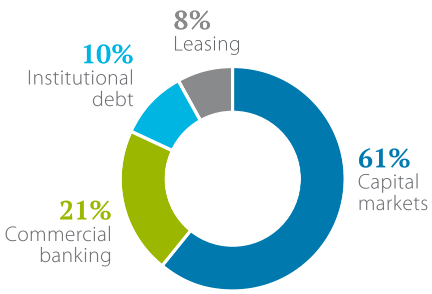
Financing strategy

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.

DEBT MATURITY (M€)



DEBT STRUCTURE



+80%
fixed-rate debt

Sustainable credit

In December 2019 Enagás transformed its 1,500 million euro syndicated credit line into a sustainable one by linking its price to the reduction of CO_2 emissions (see the 'Climate action and energy efficiency' chapter). This credit line is held by 11 national and international financial institutions, has a limit of 1,500 million euros –not currently drawn down– and matures in December 2024.

European Taxonomy for Sustainable Activities

Within the framework of the European Union's Sustainable Finance Action Plan, the Taxonomy for sustainable activities Regulation has been developed. The associated First Delegated Act has entered into force, defining the list of activities relevant to the taxonomy and the Technical Selection Criteria to determine whether these activities contribute substantially to the objectives of mitigation and adaptation to climate change, do not cause significant damage to other environmental objectives, and also comply with the minimum social safeguards established by the OECD and the United Nations (OECD Guidelines for Multinational Enterprises and UN Guiding Principles on Business and Human Rights).

In this area, Enagás has conducted an analysis to identify those activities which may contribute significantly to these two environmental objectives (mitigation and adaptation to climate change), as well as their economic indicators.

In this way, Enagás has identified as eligible activities those associated with the field of renewable gases that the company is developing; these are mainly associated with the production of hydrogen and biomethane and the adaptation of infrastructures to transport these renewable gases (see the 'Our commitment to the energy transition' chapter). These activities have the potential to contribute significantly. Primarily, they will contribute to the environmental objective of climate change mitigation.

For each economic activity, projects have been identified that are associated with an asset or set of assets, so that the significant contribution of each to environmental targets and the principle of no significant harm can be subsequently assessed:

- Activity 4.14. Transmission and distribution networks for renewable and low-carbon gases: projects related to the adaptation of gas infrastructures for the transmission of renewable gases.
- Activity 3.10. Manufacture of hydrogen: development and operation of hydrogen production plants, development of hydrogen generation technologies.
- Activity 4.13. Manufacture of biogas and biofuels for use in transport: development and operation of biomethane production plants.
- Activity 6.13. Infrastructure for personal mobility (hydrogen refuelling installations): promotion and leasing projects for hydrogen refuelling installations.
- Activity 4.10. Storage of electricity: development and operation of electricity storage facilities, which now permit the use of hydrogen and/or ammonia.

The economic indicators (CAPEX, OPEX and revenues) associated with each project have been determined, taking into account the following:

- Activities associated with the adaptation of infrastructures (4.14. Transmission and distribution networks for renewable and low-carbon gases): these activities are carried out at Enagás Transporte, and the projects identified refer to operated assets, with operational control. There are investments in material and intangible fixed assets whose amounts are included under the 2021 total in note '2.4. Property, plant and equipment' and in note '2.5. Intangible fixed assets' of the Consolidated Annual Accounts. There are no revenues or OPEX derived from this adaptation, since renewable gas transmission activities have not been started.

- Activities associated with the production of hydrogen and biomethane and other activities (3.10, 4.13, 4.10, 6.13): these activities are carried out by Enagás Renovable and Enagás Emprende and each project constitutes a company in which Enagás Renovable or Enagás Emprende participate together with other partners, without operational control. There are investments in material and intangible fixed assets whose amounts are included under the 2021 total in note '2.4. Property, plant and equipment' and in note '2.5. Intangible fixed assets' of the Consolidated Annual Accounts. There are also financial investments whose amounts are included in the 2021 total in note '1.6 Investments accounted for by the equity method, new acquisitions' of the Consolidated Annual Accounts. OPEX are maintenance expenses or capital increases by the Enagás Group. There is no income, as the Enagás Group has not received dividends from any of the companies.

With regard to the Enagás Group's total economic indicators, which are necessary to quantify the percentage of activities eligible to be aligned with the taxonomy, the following have been included:

- Revenues: Revenues from regulated and non-regulated activities and other operating revenues (See 'Note 2.1.a. Operating profit, Income' of the Consolidated Annual Accounts).

- Investments:
  - CAPEX: investments in material and intangible fixed assets discounting the effect of IFRS16 accounting standards (See 'Note 2.4. Property, plant and equipment, Supplementary information on IFRS16' and 'Note 2.5. Intangible fixed assets' of the Consolidated Annual Accounts).
  - Financial investments (See 'Note 1.6. Investments accounted for by the equity method' of the Consolidated Annual Accounts).

Enagás has identified as eligible activities to contribute to the mitigation of climate change those associated with the field of renewable gases

- OPEX (See 'Note 2.1.c Other operating expenses' of the Consolidated Annual Accounts).

As a result of this exercise, the following economic indicators were identified:

EUROPEAN TAXONOMY FOR SUSTAINABLE ACTIVITIES

Economic activities	CAPEX	Financial investments	OPEX	Revenue
4.14. Transmission and distribution networks for renewable and low-carbon gases (€)	6,376,469	0	0	0
3.10. Manufacture of hydrogen (€)	7,749,527	1,152,000	100,000	0
4.13. Manufacture of biogas and biofuels for use in transport (€)	695,000	1,682,800	26,000	0
6.13 Infrastructure for personal mobility (hydrogen refuelling installations) (€)	0	0	18,000	0
4.10 Storage of electricity (which now permits the use of hydrogen and/or ammonia) (€)	67,000	0	0	0
Total eligible economic activities (€)	14,887,996	2,834,800	144,000	0
Enagás Group total (€)	125,117,000	10,301,000	183,672,000	991,173,000
Eligible economic activities (%)	11.9%	27.5%	0.1%	0%

Enagás is also carrying out various studies and pilot tests with a global scope for all its assets in terms of adapting its infrastructures for the transmission of renewable gases (technologies, modelling, behaviour of materials, etc.), as well as those associated with the promotion of the use of renewable gases in rail transport. In 2021, the company invested 239,171 euros (CAPEX) in these activities and had OPEX of 318,913 euros.

Total tax contribution [GRI 203-2]

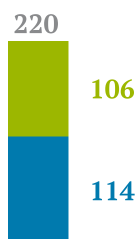
The total tax contribution made by Enagás in 2021 amounted to 220 million euros, of which 51% corresponded to input taxes[1] (114 million euros) and 49% to taxes collected[2] (106 million euros).

The total tax contribution is calculated using the cash method and taking into account the globally integrated entities and joint operations (see section '1.3 Consolidation principles, a) Consolidation methods' of the Consolidated Annual Accounts).

Tax paid in 2021 corresponded almost entirely (99%) to tax paid in Spain[3].

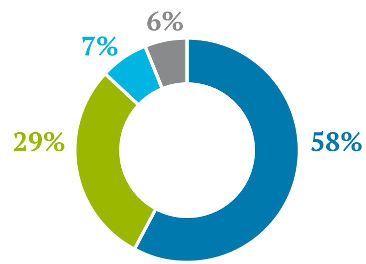
TOTAL TAX CONTRIBUTION OF THE ENAGÁS GROUP

Enagás total tax contribution (M€)



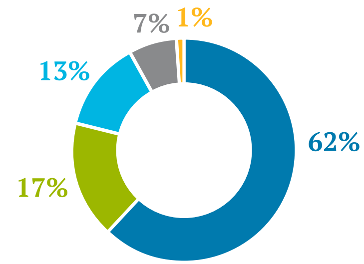
- Taxes borne
- Taxes collected

Taxes collected



- Income tax
- Payroll taxes
- Taxes on goods and services
- Environmental taxes

Taxes borne



- Income tax[(1)]
- Payroll taxes
- Taxes on goods and services
- Property taxes
- Environmental taxes

(1). Including the following items: Corporate income tax, Tax on Economic Activities and movable capital income retentions.

The total tax contribution made by Enagás in 2021 amounted to 220 million euros

1. 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.
2. 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.
3. The additional contribution of national and international affiliates accounted for using the equity method was 133 million euros, of which tax borne was 79 million euros and tax collected was 54 million euros.

Country-by-country contribution

[GRI 203-2, GRI 207-4]

Below is a breakdown of the Enagás Group's tax contribution by country in 2021 including the tax jurisdictions of Spain, Mexico, Peru, Chile and the United States, companies that are fully and proportionally consolidated (see the '1.3 Consolidation principles, a) Consolidation methods' section of the Consolidated Annual Accounts).

TAX CONTRIBUTION BY COUNTRY IN 2021 (€)

Jurisdiction	Average number of employees	Foreign intercompany	Domestic third parties	Foreign Third Parties: Belgium	Colombia	Greece	Italy	Morocco	Mexico	Portugal	United Kingdom	Switzerland	Profit before corporate income tax	Corporate Income Tax paid (cash basis)	Corporate income tax accrued in the current year[(1)]	Tangible assets other than cash and cash-equivalent instruments
Spain	1,358	439,983	984,830,528	295,000	112,050	18,813	650,128	1,107,730	104,489	2,450,459	104,359	100,430	343,380,353	66,973,710	96,124,805	4,472,739,071
Mexico	7	-	128,500	-	-	-	-	-	-	-	-	-	-342,052	-	-94	309,958
Peru	4	-	830,545	-	-	-	-	-	-	-	-	-	-114,614	6,375	-11,937	521,743
USA	-	-	-	-	-	-	-	-	-	-	-	-	-4,517,103	-	2,737,723	-
Chile	1	-	-	-	-	-	-	-	-	-	-	-	-837,803	-3,465,448	-3,532,512	-

(1). In Spain, the existing increase in the effective rate vs. the nominal rate is mainly due to the limitation of the dividend exemption to 95%. In the other jurisdictions (Mexico, Peru, United States and Chile), this difference is due to i) their status as holding companies, with exempt income (dividends); or ii) companies with an immaterial level of income. Taxation in these jurisdictions is carried out through equity-accounted affiliates, the details of which are not included in this scope.

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 regasification plants 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 regasification plants 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, providing both traditional LNG logistics services - such as ship unloading, regasification, LNG transfer to ships and truck loading - and the new small scale and bunkering services for which 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 29 operations were carried out at our terminals during 2021, an increase of more than 70% compared to the number of operations carried out in 2020. It should be noted that Enagás is a pioneer in PTS (Pipe to Ship) operations, which are carried out at the Cartagena terminal. A total of three such operations were carried out during 2021, with a loaded energy of 7.7 GWh.

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 following 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 access points, storage facilities, transmission and distribution.

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 12,000 km of high-pressure gas pipelines, facilitating access to gas from almost every point on the Iberian Peninsula. The company holds stakes in six of the seven regasification plants in the Iberian Peninsula (four terminals owned outright 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.

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, both in the large and small-scale sectors.

See the ***Annual Report on the Spanish Gas System*** on the corporate website

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 plants.**
- **Zero operational losses from boil-off during tanker loading operations.**
- **Minimum 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[(1)].**

(1). Except for the Huelva terminal, which can only moor vessels of up to 180,000 m^3.

Commercial services in Spain

At Enagás, we are working to provide our customers with the set of services 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:

- Vessel unloading.
- Regasification.
- LNG storage.
- Truck loading.
- LNG loading from plant to vessel.
- Ship-to-ship transfer of LNG.
- Cooling down of vessels.
- Virtual liquefaction.
- Flowing gas on to the Virtual Balance Point.
- Storage at the Virtual Balance Point.
- Flowing gas off of the Virtual Balance Point.
- Flowing gas off of the Virtual Balance Point to a consumer.
- Natural gas storage in basic underground storage facilities.
- Injection.
- Extraction.

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 plant to vessels.
- Underground natural gas storage, injection and extraction.

As our work is carried out in a regulated environment, the Regulation and its implementation form the basis of our plans moving forward. For this reason, it is worth noting that in the last few years, the last regulatory pieces necessary to establish the new regulatory framework that applies to the Spanish Gas System have been released:

- Royal Decree 1184/2020, of December 29, establishing the methodologies for calculating charges in the gas system, the regulated remuneration of basic underground storage facilities and the fees applied for their use.
- Order TED/65/2021, of January 11, 2021, establishing the methodology for calculation of the last resort natural gas tariff, in order to adapt it to the new toll structure of the gas system.
- Resolution of the National CNMC[1] of May 27, 2021, establishing the access tolls to the transmission networks, local networks and regasification for the 2022 gas year.
- Order TED/1023/2021, of September 27, establishing the gas system charges and the remuneration and fees for basic underground storage facilities for gas year 2022.
- Circular 9/2021 of the CNMC of December 15, 2021, setting out the methodology and conditions for access and capacity allocation in the natural gas system.

Commercial and technical availability were at 100%

This body of regulations establishes the basic foundation for an important change in the management and commercialisation model of the Spanish Gas System. It also includes changes in the gas balance management model, in an attempt to minimise operators' risks in the event of fraudulent movements by any shipper; capacity is allocated through market mechanisms, mainly auctions.

In 2021, commercial availability was at 100% and technical availability was at 99.75%. This year, Enagás terminals unloaded a gas volume of 125 TWh; regasification amounted to 100 TWh.

Find out more about ***commercial services in Spain*** on the corporate website

1. National Commission on Markets and Competition.

Customer management

Our customers are transmission companies, shippers, distributors and the direct consumers in the market (consumers which connect directly to our facilities), to which Enagás supplies a wide range of LNG services, transmission and underground natural gas storage.

269 Shippers

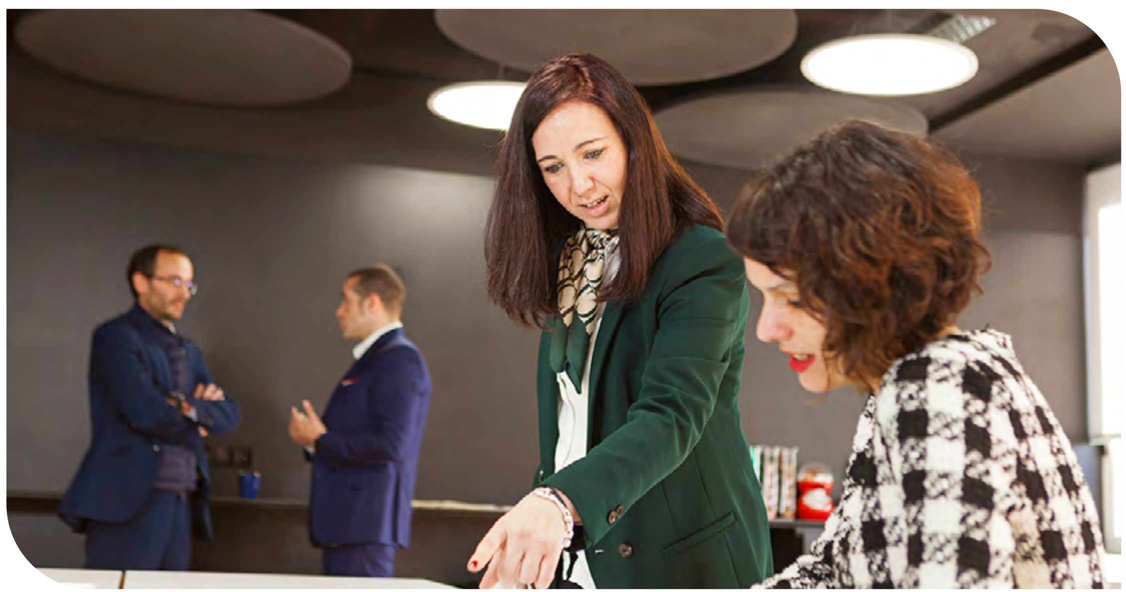
Spain	74%
United Kingdom	7%
Switzerland	7%
Portugal, Italy and Denmark	2% each country
France, Germany and the Netherlands	1% each country
Other	<3%

Enagás regularly evaluates the satisfaction of its customers and professionals (see the 'People' chapter) through satisfaction surveys, the results and associated improvement plans being reported to those same stakeholders. In the case of customers, the results obtained in 2021 were as follows:

CUSTOMER RESULTS 2021 [GRI 2-29]

			Number of responses out of the total	Assessment of services rendered (out of 10)	Services
Business operation	**Enagás as transmission company**[1]	Shippers	30/46	9.0[2]	Capacity management and viability analysis, infrastructure operation and programming, etc.
		System operators (transmission and distribution companies)	4/8	9.4	
	Enagás as Technical Manager of the System[3]	Shippers	35/150	8.3	Programming, operations, distribution and balances, etc.
		System operators	7/14	9.6	

(1). See the improvement plans associated with satisfaction surveys on the corporate website.
(2). The satisfaction target set for 2021 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).



See the ***list of our customers*** on our corporate website

The GTS Transparency Committee has continued ensuring transparency and compliance with its Good Practice Guide

See the ***Information Privacy Policy*** on the **corporate website**

In 2021, Enagás resolved 100% of the 76 formal complaints it received from customers[1]. 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.

The GTS Transparency Committee, during the year 2021, continued to ensure transparency and compliance with its Good Practice Guide. In addition, in order to promote and disseminate an environment where its transparency is more visible, the GTS has opened participation in this Committee to the entire gas sector. Thus, since last September, monthly meetings have been called and held, attended by all interested agents. In these meetings, both initiatives proposed by the GTS and requests made by the agents themselves are shared. Among the work pathways identified by this Committee is the creation of a working subgroup focused on transparency related to renewable gases.

In terms of managing customer's information privacy, Enagás has a privacy policy and complies with the General Data Protection Regulation (GDPR). In 2021, 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 2019 and 2020).

1. In 2020, 166 formal complaints were received (100% resolved during the year).

Asset management: continuity of the business and resilience [GRI 3-3]

Enagás, in the face of the scenario derived of the COVID-19 crisis, carried out a critical analysis of its operating processes under different crisis scenarios to secure business continuity and resilience at the company in the short and medium term, as well as to improve its infrastructure response capacity.

To this end, a business continuity action plan has been set out with actions implemented during the year in the areas of organisation, processes and culture, with the following objectives:

- Provide organisational resilience mechanisms to maximise the availability of resources and provide greater flexibility to meet operational needs in the event of a new situation where resources may be unavailable.
- Guarantee autonomy in asset management, minimise external dependencies (contractors and suppliers) and simplify and improve critical business processes to enable business continuity in the event of an emergency situation.
- Strengthen communication, collaboration and cross-company interaction to help teams maintain contact and their sense of connection.

All of this is complemented with the promotion and acceleration of other identified initiatives that already form part of other company programs. This will allow us to provide a better response to the new needs arisen (definition of ISO 55001 Asset Management, Digitalisation Plan, Knowledge Management, etc.).

In addition, during 2021, a global assessment project of the structural and adaptive resilience of infrastructures has been promoted by means of an analysis that has made it possible to evaluate, based on different areas, vectors and indicators against reference standards, as well as the degree of coverage of Enagás with respect to the High Reliability Organisation (HRO).

In 2022, Enagás will continue to take actions that contribute to guaranteeing business continuity and resilience at the organisation and that allow us to get ahead of any possible new crisis scenarios. In addition, certification of the asset management system according to the ISO 55001 standard is planned.

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 anomalies in gas pipelines. During 2021, 10% of Enagás' gas pipeline network was inspected internally.
- 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 2021, more than 83,000 km of gas pipelines were monitored.

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 closure and rehabilitation plans that consider the possible impacts on the environment and local communities once the useful life of the plant has ended. Enagás has recorded financial provisions for the dismantling of all its regasification plants and underground storage facilities, amounting to more than 290,000 euros.

It should be noted that, although the useful life of the underground storage facilities has not yet ended, these infrastructures already have detailed closure and rehabilitation plans as required by the Hydrocarbons Law.

In 2021, no Enagás facilities were closed.

Continuous improvement programmes

Enagás uses methodologies such as Lean-Kaizen and Design Thinking, among others, to identify innovative solutions focused on efficiency and process improvement, thus generating disruptive results in the short-term.

In this regard and in order to face new challenges, in the area of infrastructures, the Strategic Plan for Continuous Improvement was created in 2017. It establishes a management model with the objective of identifying and prioritising cross-cutting initiatives with an impact on strategic drivers of continuous improvement, which encourage people's development and the use of new methodologies while promoting a culture of continuous improvement and operational excellence.

In 2021, its operation was defined and validated internally under a procedure integrated into the company's documentary structure (ISO 9001), which will enable the identification of improvement initiatives to be made known and activated by the teams through regular communications throughout 2022.

Within the Continuous Improvement Program, we also promote the "Daily Kaizen" programme, focused 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 recent years, progress in this area has focused on boosting the coordination and communication between different teams through the development and implementation of digital Kaizen boards and promoting best practice sessions involving the different teams.

In addition, and in order to face new challenges for the company, cross-cutting Kaizen projects are being undertaken to provide innovative solutions focused on the efficiency of specific processes. These include gas measurement and LNG truck loading, among others.

4.5

Health and Safety

[GRI 3-3]

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

0.07
Lost time injury severity rate (own workforce + contractors) [GRI 403-9]

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

2.53
Lost time injury frequency rate (own workforce + contractors) [GRI 403-9]

15,301
Training hours in health and safety [GRI 403-5]

2.70%
Rate of absenteeism [GRI 403-9]

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 health and safety conditions.

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

SUSTAINABLE MANAGEMENT PLAN

Main lines in 2021

- **Contingency plan review, indicator assessment and action plan to minimise the impact of COVID-19 on the company's operations.**
- **Improved analysis of accident indicators for effective incident management.**
- **Validation of the Resilient Management Model.**
- **Identification, assessment and minimisation of risks associated with new ways of working and Information and Communication Technologies.**
- **Development of internal cybersecurity audits, one focused on teleworking and the other on cybersecurity in the "cloud".**
- **Internal review of the Enagás crisis manual to revise the identification of stakeholders.**

2022 lines

- **Improved digitisation of the Company's Crisis Management process.**
- **Preparation of lessons learned from incidents; dissemination of the same among Enagás professionals and contractors.**
- **Minimisation of risks derived from the digital transition, promoting digital disconnection through awareness-raising tools.**
- **Assessment and verification of Crisis Manual effectiveness through simulations.**
- **Improvement of cyber risk management in the supplier life cycle.**
- **Enhancement of cybersecurity measures for industrial information systems.**
- **Performance of a black box - white box penetration test to evaluate the maturity level of a computer system's security controls.**

Health and Safety Management

Health and safety management system

The Enagás Group health and safety management system is certified under ISO 45001

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 employees. This certification covers 100% of the professionals and contractors under this management system that work at Enagás infrastructure facilities.
[GRI 403-1, GRI 403-7, GRI 403-8]

Enagás also has a Road Traffic Safety Management System certified in accordance with ISO39001. In this area, the company has a Mobility and Road Safety Plan, Road Safety Guidelines 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 as part of its approval process for suppliers of certain families of products or services. Furthermore, 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 risks involved in the works they perform. [GRI 403-7]

Employees 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, workforce letters, 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. In 2021, a chatbot (virtual assistant) was added to answer questions at a company level, highlighting questions about health and safety issues and COVID-19, among others.

Enagás has various employee representative bodies where employees may exercise their participation and consultation rights. Different committees comprise health and safety officers and management representatives. The Health and Safety Committees[1] 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. There is also a suggestion box on the Intranet, which is available to all employees. [GRI 403-4]

1. The Health and Safety Committees are statutorily established for centres with more than 50 workers. In centres with fewer than 50 workers in which there is a Prevention Delegate, health and safety meetings are held regularly.

Action Protocol and Contingency Plan for COVID-19

[GRI 403-2, GRI 403-3, GRI 403-4, GRI 403-5, GRI 403-6]

As part of its COVID-19 crisis management framework, Enagás has an action protocol aimed at ensuring the health and safety of its employees, the integrity of its infrastructures and security of supply.

The main health and safety measures adopted by the company are as follows:

- CAENOR COVID-19 Action Protocol certification, as well as the ISO 45005 certification for occupational health and safety management - General guidelines for safe working during the COVID-19 pandemic - recognising the company's COVID-19 management model.
- Risk analysis for all profiles and workplaces, together with a plan comprising measures focused on personal hygiene, organisational measures, protective equipment, psychosocial management and telework management.
- Definition, communication and implementation of specific contingency plans for each type of infrastructure.
- Reduction of the natural capacity of the facilities, facilitating teleworking for positions that can perform all their duties through this modality.
- Continuous monitoring of the environment and follow-up of employee teams to protect their health and the organisation's work. For this purpose, a CO_2 measurement strategy and air quality analysis have been put in place.
- Installation of hygiene measures, posters and signage in the buildings and distribution of personal protective equipment (masks, gloves and hand gels).
- Intensified regular testing of our own workforce and regular contractors, as well as follow-up and contact tracing of our employees.
- Special focus on the emotional well-being and mental health of our employees.
- Training, awareness-raising and informational activities dealing with COVID-19 risks and mitigation measures.

Awareness-raising [GRI 403-5]

In 2021, a total of 15,301 hours of health and safety training were provided; 75% of employees received training.

Health and Safety training is a key part of any preventative action to improve worker protection from the hazards 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. Notable activities provided in 2021 included training in safety matters at electrical installations, management of hazardous goods, and general training in Safety, Hygiene and Ergonomics and First Aid.

During the 2021 financial year, health and safety communication and awareness actions have remained focused on risks and measures related to COVID-19. More than 50 informational messages have been sent to all Enagás personnel through the corporate mailbox with info bites about COVID-19, promotion of health programmes (step challenges, vaccines, etc.), procedures and recommendations for returning to the office, and so on. [GRI 403-4, GRI 403-6]

Enagás is also providing training to all its contractors through the SACE platform. This training is complementary to the face-to-face chats at infrastructure facilities where particularly hazardous work may be carried out. 2,119 hours of training were provided to contractors through the SACE platform, which is equivalent to 4,238 training courses.

10/2021

Enagás, as a company committed to the health and well-being of its employees, held an informative online talk on digital health.

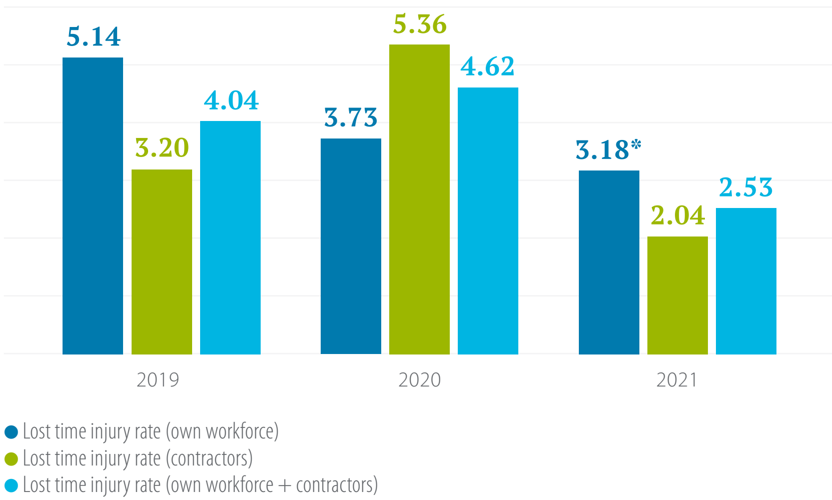
As part of the Enagás digital disconnection program, this talk highlighted the negative impact that spending large amounts of time using technology can have on employees' physical and mental health, providing practical recommendations to avoid the associated risks.

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

Safety indicators [GRI 403-9]

LOST TIME INJURY FREQUENCY RATE

Number of accidents causing injuries and sick leave per million hours worked. (Number of accidents leading to sick leave x 10^6 / number of hours worked).



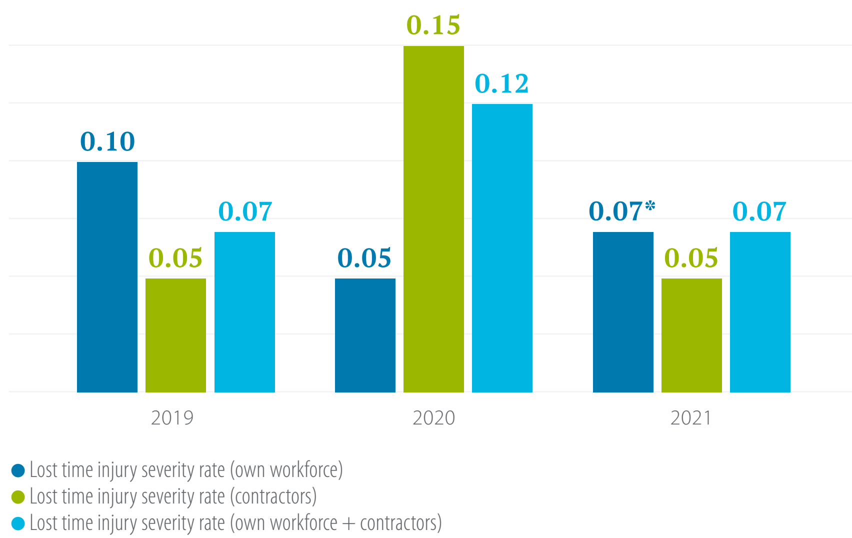
*The lost time injury frequency rate by gender was 3.79 for males and 1.62 for females in 2021, 5.18 and 0.00 respectively in 2020, and 6.49 and 1.67 respectively in 2019. The lost time injury frequency rate by gender has been calculated with the exact number of hours worked for each gender in 2021 and 2020, while in 2019 it was calculated with the estimated number of hours worked based on the distribution of the workforce.

In 2021, there were seven lost time accidents among own workforce[1] (six involving men and one involving a woman); all were categorised as minor accidents by the Social Security Mutual Society. The main causes were falls and blows, posture/ergonomic issues, mechanical hazards, work with hazardous chemical materials and traffic accidents. 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.

As regards reported workplace injuries, the rate per million hours worked is 8.19 for own workforce and 4.77 for contractors.

LOST TIME INJURY SEVERITY RATE [GRI 403-9]

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



*The lost time injury severity rate was 0.09 for males and 0.01 for females in 2021, 0.07 and 0.00 respectively in 2020, and 0.13 and 0.01 respectively in 2019. The lost time injury severity rate by gender has been calculated with the exact number of hours worked for each gender in 2021 and 2020, while in 2019 it was calculated with the estimated number of hours worked based on the distribution of the workforce.

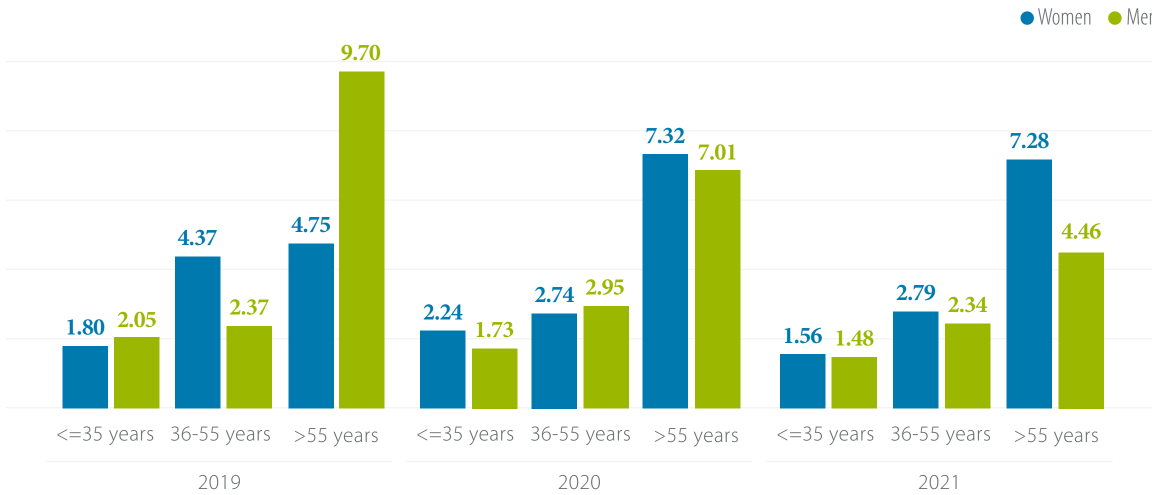
1. In 2020, eight accidents occurred (all to men); in 2019, there were eleven accidents (ten with men and one with a woman). In both years, all accidents were categorised as minor accidents.

Enagás' accident rates are below the energy sector average

In 2021, as the vessel "Bourbon Petrel" was providing supply services to the Gaviota underground storage facility, an incident occurred on the deck of the vessel when the crew of the vessel was performing the unmooring manoeuvre, resulting in the death of one of its sailors. Enagás conducted an investigation of the incident to identify its causes; no causes associated with the management of the platform of the Gaviota underground storage facility were identified. Enagás has collaborated with the vessel "Bourbon Petrel" to identify improvements to the vessel's procedures, signage on deck and the supervision tasks regarding the positioning of the vessel with respect to the platform.

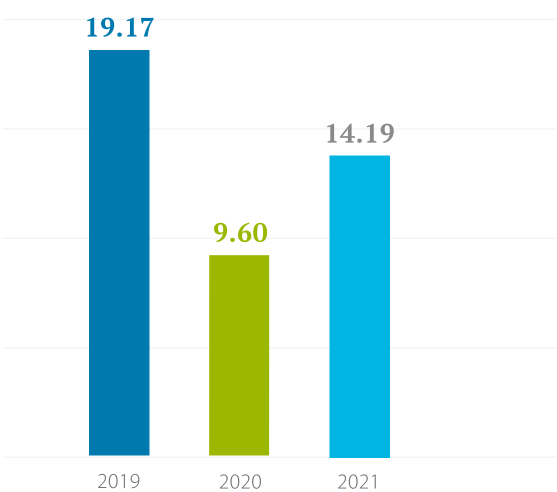
ABSENTEEISM RATE BY AGE AND GENDER [GRI 403-9]

Absenteeism hours x 100 / Theoretical hours (collective workforce x 1,682 hours).



LOST DAY RATE [GRI 403-9]

Total cases with lost days (own workforce) / Total hours worked x 200,000.



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.

Risk assessments and incident handling

[GRI 403-2]

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 is used for both routine and exceptional 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.
- Safety inspections (planned observations and safety visits) and work permits are other procedures that make up the Enagás management system, in which risks are identified and evaluated.

Following any risk assessment, corrective actions are established to mitigate the relevant identified risks, and the effectiveness of the action is subsequently evaluated.

In addition, during 2021, jobs and locations have remained subject to COVID-19 risk analyses, as indicated by the relevant procedure from the Spanish Ministry of Health, as well as periodic self-monitoring checks to monitor the measures implemented.

Enagás has an internal procedure for reporting risks or anomalies that any worker may detect during the course of their activity. There are various channels for establishing these communications, such as Health and Safety Committees and meetings, workers' representatives, an electronic mailbox available to all employees, and coordination meetings with contractors, through the prevention service or those directly responsible, and a specific mailbox enabled on the SACE platform for contractors and suppliers.

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 relating to incidents (incidents with lost time injuries, without lost time, fatal, serious or multi-party accidents, as well as incidents without injury (near misses) and in itinere accidents).

In 2021, the evaluation of psychosocial risks at the company was completed

If the following circumstances arise, a specialised investigation is carried out through 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

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

Enagás has stakeholder maps for infrastructure crisis management, both at the corporate and local level

the corrective measures (including those that affect the risk assessment review or changes to the management system), as well as resources and timelines.

In 2021, the evaluation of psychosocial risks at the company was completed, with the most unfavourable areas being the pace of work and role clarity; the most favourable areas were recognition and vertical trust. As part of the evaluation process, 22 prevention circles or work groups were held with the voluntary participation of employees from different Enagás facilities, with the aim of proposing improvements for all the areas evaluated. There is also a working group made up of worker and company representatives that is working on the planning of corrective measures to be implemented. [GRI 403-2]

Crisis and emergency management

Enagás periodically updates the Company's Crisis Management Manual, adapting it to new risks, policies and emerging businesses, for rapid and effective management in the event of any incident, establishing various action committees to control incidents depending on the degree of severity and consequences of each scenario. The company is also working on a resilient management model to increase its capacity to adapt to a changing environment while achieving its objectives, assessing both structural and adaptive resilience.

During this year, after acting on the basis of the scenario in our Crisis Management Manual for personnel unavailability, specific contingency plans have been updated and drawn up.

Enagás has stakeholder maps for infrastructure crisis management, both at corporate and local level. In the event of a hypothetical crisis situation, these will allow the key people, channels and issues to be identified.

Enagás also has different procedures in place to respond to incidents in information systems, which include roles and responsibilities, steps to take to restore the operability of equipment and systems, recovery times, etc.

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.

The Enagás information security management model is applicable to cybersecurity and is based on international and national regulations and the continued assessment of cyber risk, in order to provide, through all means within its reach and in proportion to the threats detected, the resources required for the organisation to have an environment that is aligned with the established business and cybersecurity targets. Enagás has set out cyber risk indicators that are measured and reported regularly to the Audit and Compliance Committee of the Board of Directors. [GRI 2-13]

Additionally, 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 the Laws governing the Protection of Critical Infrastructure (LPIC) and the security of network and information systems (NIS).

Enagás has a cybersecurity management model with segregation of duties between government and operation, as well as a Cybersecurity Master Plan. 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.

No successful attacks on the company's information systems occurred in 2021

The Enagás Security Master Plan 2022-2024 takes into consideration the extraordinary situation caused by the COVID-19 pandemic by facilitating secure teleworking without affecting the company's normal operations, as well as discussing the company's inertia towards digitalisation and the growing migration to cloud solutions. This Master Plan is based on the results of the risk analysis and focused on improving the resilience of Enagás' information systems. Finally, the company is adapting its controls to the requirements of the government's future Spanish Critical Infrastructure and Essential Services Protection Certification scheme.

Enagás has been deploying its cybersecurity awareness and training strategy, reaching all workforce and carrying out a number of face-to-face and online activities intended to improve employee ability to detect and react to threats. 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 2021, Enagás conducted two internal cybersecurity audits, one focused on teleworking and the other on cybersecurity in the "cloud". These audits contribute to ensuring the company's high level of cybersecurity, and they did not identify significant vulnerabilities.

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 2021.

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

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 Integrated Healthy 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.

In order to respond to the demands arising from the COVID-19 health crisis, Enagás headquarters has two doctors, two qualified occupational nurses and an administrative assistant (up from one doctor and one qualified occupational nurse). The Gaviota platform also has a qualified occupational nurse 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 regasification plants.

Enagás launched the "Guide Project" campaign to guide employees towards a culture of health and safety

In 2021, the "Guide Project" campaign was launched to guide employees towards a culture of health and safety through the acquisition of knowledge and good habits that allow people to maintain their well-being in the professional and personal spheres. Within the framework of this project, a number of actions have been taken, notably including the launching of informative videos on cardiopulmonary resuscitation, road safety and new traffic regulations and ATEX (Explosive Atmosphere) zones. [GRI 403-3, GRI 403-6]

Medical service actions

[GRI 403-6]

Besides the specific medical check-up for each position, Enagás also carries out 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.

- 715 medical consultations for Enagás personnel (660 related to COVID-19), and one for external personnel.
- 10,495 COVID-19 tests for Enagás personnel and 2,128 tests for external personnel. In addition, 330 follow-ups on cases (possible and confirmed) of COVID-19 were carried out among the company's employees.
- 445 cases of vaccinations against flu, and 5 against pneumococcus, hepatitis A and B, tetanus and typhoid.
- 1,087 health examinations.
- 998 examinations for high blood pressure and cardiovascular risk (including 84 blood tests and 8 blood pressure measurements in the medical service, both at specific times and in follow-up).
- 391 tests of early diagnosis of prostate cancer.
- 300 tests of early diagnosis of colon cancer.

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. It also encourages exercise through programs such as 'Good new energy', through which employees can access virtual yoga, Pilates and healthy back classes. Enagás also has a locker room, showers and bicycle parking facilities on its premises.

During 2021, in the context of the health crisis, we continued to offer employees online health-related activities, including a programme to improve emotional management, mindfulness and a digital wellness programme.

04/2021

To mark World Day for Safety and Health at Work, celebrated on April 28, Enagás participated in 'RetoSteppers' ('Steppers Challenge'), a team competition in which participants aim to accumulate as many steps as possible during four weeks, promoting a healthy lifestyle among employees. More than 250 of the company's employees participated in this challenge. They were divided into 44 teams, which faced different challenges.

4.6 Natural capital and biodiversity management

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.

100% of activity certified in accordance with ISO 14001

96% of waste recovered / recycled (AENOR Zero Waste Certification)

100% of facilities with biodiversity impact assessments (209.32 ha)

16.4 ha of facilities close to critical biodiversity protection areas with specific biodiversity protection plans

67.7 dam^3 of water from municipal network consumed

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.

SUSTAINABLE MANAGEMENT PLAN

Main lines in 2021

- Biodiversity Plan.
- Pilot project for the valuation and monetisation of biodiversity impacts.
- Waste minimisation plan.
- Zero waste certification.
- Programmes of environmental objectives and targets 2021.
- Transparency in risk and water management (CDP Water).

2022 lines

- Programmes of environmental objectives and targets 2022.
- Plan to minimise waste generation and increase recovery/recycling treatments.
- Expansion of linear infrastructure areas with vegetation control through the use of extensive cattle raising.
- New initiatives for the valuation and monetisation of environmental impacts.
- Transparency in risk and water management (CDP Water).
- Water Management Plan.

Natural capital and biodiversity management model

[GRI 3-3]

Environmental certifications

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 storage facilities and the Huelva and Barcelona regasification plants are EMAS certified.

Natural capital and biodiversity impacts and dependencies

Enagás 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

PRIORITIZATION OF ENVIRONMENTAL ASPECTS

	Environmental aspects		Impacts	Origin of impacts	Main preventative actions and impact mitigation
Most relevance	**Gas emissions**	▸ CO_2 emissions ▸ CH_4 emissions ▸ NOx, HCFCs, CO, SOx 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	Regasification plant operations	Use of cold before seawater is return 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

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. It is 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' chapter).

These environmental impacts are analysed through environmental assessments in the case of 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).

In addition, Enagás conducts other analyses and studies, such as assessments of environmental risks associated with accidental scenarios. 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.

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 plant (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 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 pilot project at Euskadour Compressor Station [GRI 304-2]

In 2021, a pilot project to value and monetise environmental impacts at the facility was carried out. 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).

A pilot project to value and monetise environmental impacts was carried out at Euskadour Compressor Station

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.

Biodiversity strategy

[GRI 304-2]

Target set at no net loss of biodiversity for energy infrastructure construction and operation projects

Strategic drivers

- 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.

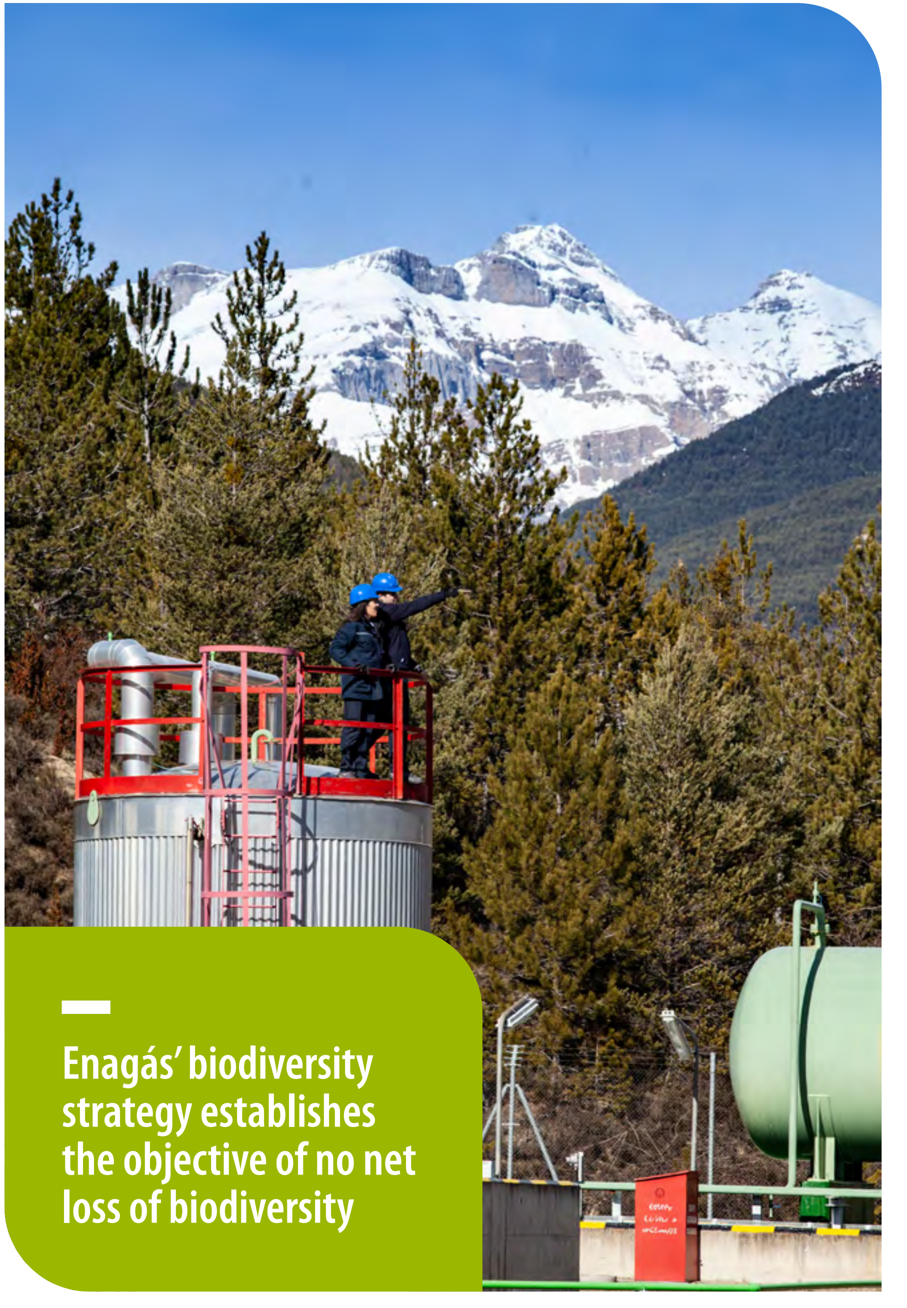
In construction projects, Enagás carries out activities for the protection and conservation of flora and fauna species, in accordance with the impact mitigation hierarchy, aimed at preserving ecosystems and their biodiversity. Such activities start with on-site reconnaissance before any work commences 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 2021, 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 reclaimed 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 2021, progress was made towards reclaiming 801,539 m^2 of the 1,479,980 m^2 disturbed. In 2022, Enagás will continue to work towards the reclamation of the remaining surface area. [GRI 304-2, GRI 304-3]

Enagás conducts biodiversity impact assessments at all of its facilities (56 operational sites, which occupy an area of 209.32 hectares), as well as at construction projects carried out at the facilities and in pipeline areas. During the last five years, the total area evaluated in this way (facilities and construction projects) has been 212.52 hectares.

The Gaviota and Serrablo underground storage facilities are located within and/or near critical biodiversity protection areas. Both facilities have a specific biodiversity management plan that covers their entire area (16.43 hectares).



Enagás' biodiversity strategy establishes the objective of no net loss of biodiversity

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 14% compared to the base year (2018) (see the 'Climate action and energy efficiency' chapter). ▸ Electricity generation projects for our own and third-party consumption, using renewable energies, cleaner technologies and more efficient processes, through which we generated 16.7% of the electricity consumed in 2021 (see the 'Climate Action and Energy Efficiency' chapter). ▸ 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 plants 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	▸ Promotion of the development of non-electric renewable energy sources, such as biomethane and hydrogen, for injection into the gas pipeline network, as well as the development of new services and uses of natural gas, launching more than 55 projects (see the 'Our commitment to the energy transition' chapter). Particularly notable is the project launched in 2021 together with Genia Bioenergy, Naturgy and the Regional Government of Valencia to promote the production of renewable gas from rice straw and its injection into the gas infrastructure. ▸ 100% of electricity consumption from guaranteed renewable energy beginning in 2021 (see the 'Climate action and energy efficiency' chapter).
Life cycle optimisation for products and facilities. Recovery and extension of the useful life of auxiliary materials and incorporation of eco-design criteria	▸ Reclamation plant for water with methanol at the Serrablo storage facility; depending on the amount of methanol present and under certain operating conditions, this will allow us to recover up to 98% of the water containing methanol, thus avoiding the generation of a substantial volume of hazardous waste. ▸ Extension of the useful life of oils and lubricants used in the equipment of its facilities by cleaning and filtering these products. ▸ Incorporation of eco-design criteria in construction projects. ▸ Use of the gas pipeline network route to install fibre optics.
Water saving and efficiency	▸ 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.
Waste recovery and recycling	▸ Waste recovery and recycling treatments required of waste managers, enabling us to recover 96% of waste in 2021.
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. ▸ Donation of unused furniture and 65 pieces of computer equipment (laptops, monitors, etc.) for subsequent reuse in 2021.
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.

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 (activities that depend mostly on externalities), and is mostly liquid waste.

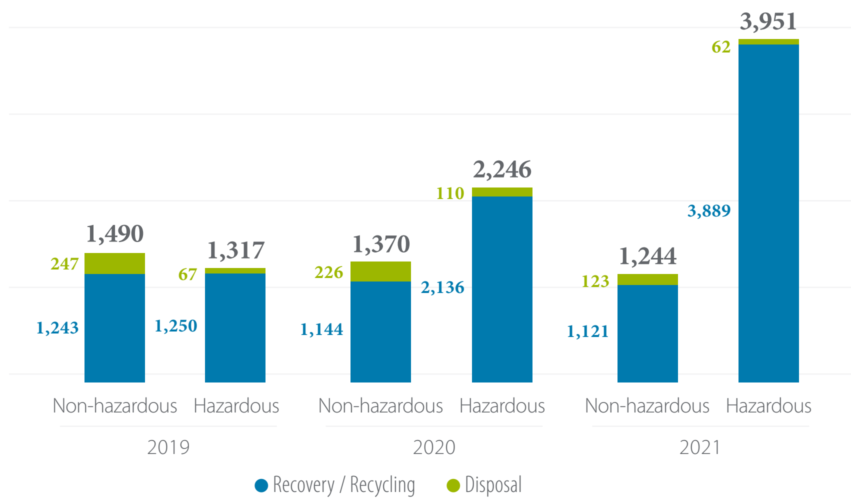
Enagás has implemented a system of segregation, management, storage and delivery to authorised managers of hazardous and non-hazardous waste. These authorised waste managers manage the waste outside the company's facilities.

In 2021, Enagás obtained the Zero Waste certification from AENOR[1], 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, Enagás has set out the treatments to be applied to each waste product in line with applicable legislation and the company's commitments, which include the objective 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 and minimising waste generation. [GRI 306-2, GRI 306-4, GRI 306-5]

Enagás has recycled/recovered 96% of all waste generated

1. The Barcelona plant is out of scope due to the wastewater incident.

WASTE GENERATED AND MANAGED BY TYPE OF WASTE (t)[1]
[GRI 306-3, GRI 306-4, GRI 306-5]



(1). Non-hazardous waste for 2019 and 2020 has been recalculated without taking into account water with sulfides from Barcelona. [GRI 2-4]

In 2021, the increase in hazardous waste generated compared to the previous year was due to the increase in water with methanol (liquid industrial waste), which represents 88% of Enagás' hazardous waste. This waste is generated in underground storage facilities during the extraction period. This type of waste is therefore generated proportionally to storage extraction activity, depending also on the amount of water contained in the wells. In 2021, extraction activity increased compared to the previous year; consequently, the amount of this waste increased.

98% of hazardous waste has been subject to recovery treatment. Those that have been disposed of are of different types, many of which are difficult to recover (waste with THT and contaminated soils). Enagás continues to work with waste managers to in-crease this percentage as much as possible.

On a related note, the volume of non-hazardous waste generated decreased by 9% with respect to the previous year. 90% of non-hazardous waste has been subject to recovery treatment. The main non-hazardous waste is septic tank sludge (non-industrial liquid waste containing only organic matter in its composition), which represents 50% of Enagás' total non-hazardous waste.

Most Enagás facilities, due to their isolated location and distance from urban areas, do not have the option to discharge their waste water into a municipal sewerage network. For this reason, there are watertight tanks for the collection of this water, which means zero discharge as its contents are transferred to a wastewater treatment plant. At a small proportion of facilities, septic tanks with biological treatment and authorised discharge through filtration ditches are available.

As an incident in 2021, wastewater from the Barcelona Plant, which under normal conditions is disposed of via the Port's sewage system, had to undergo physical-chemical pre-treatment by a specialised company, due to the presence of sulfides. A total of 2,618 tonnes of wastewater were treated. During the year 2021, work continued to resolve this incident, with the installation of a pre-discharge treatment system. It is expected that during 2022, the matter will be resolved and discharge may once again be dispatched through the Port's sewage system.

NON-HAZARDOUS WASTE GENERATED AND MANAGED BY NATURE, ORIGIN AND TREATMENT OF THE WASTE (t) [GRI 306-3, GRI 306-4, GRI 306-5]

Status	Scope of generation	Operation/ Treatment(1)	2019	2020	2021
Solids	Normal/main industrial activity	Recovery/ recycling	20.69	17.47	3.19
		Disposal	66.57	23.14	13.76
	Non-industrial(2)	Recovery/ recycling	344.77	434.62	494.14
		Disposal	42.84	25.60	11.41
Liquids	Normal/main industrial activity	Recovery/ recycling	35.50	15.70	9.61
		Disposal	137.18	177.04	94.98
	Non-industrial(3)	Recovery/ recycling	842.47	676.56	613.57
		Disposal	0	0	3.20

(1). Enagás differentiates between the following operations/treatments: Recovery/recycling (includes energy recovery, capture, recycling and other recovery treatments) and disposal (landfill disposal, incineration and other treatments).
(2). Includes domestic/municipal waste similar to that generated in homes and offices, such as MSW, paper and cardboard, plastics, metals, CDW from minor projects, batteries, toner, etc.
(3). Includes septic tank sludge (resulting from the treatment of wastewater in pits and sealed tanks). Non-hazardous waste for 2019 and 2020 has been recalculated without taking into account water with sulfides from Barcelona. [GRI 2-4]

In 2021, Enagás obtained the Zero Waste certification from AENOR

HAZARDOUS WASTE GENERATED AND MANAGED BY NATURE, ORIGIN AND TREATMENT OF THE WASTE (t) [GRI 306-3, GRI 306-4, GRI 306-5]

Status	Scope of generation	Operation/ Treatment(1)	2019	2020	2021
Solids	Normal/main industrial activity	Recovery/ recycling	33.71	73.34	45.04
		Disposal	11.26	13.47	11.03
	Ancillary industrial activity(2)	Recovery/ recycling	6.85	6.94	1.30
		Disposal	2.48	14.04	8.41
	Non-industrial(3)	Disposal	0.04	0.02	0.12
Liquids	Normal/main industrial activity	Recovery/ recycling	1,209.35	2,055.49	3,842.65
		Disposal	53.48	82.89	42.58

(1). Enagás differentiates between the following operations/treatments: Recovery/recycling (includes energy recovery, capture, recycling and other recovery treatments) and disposal (landfill disposal, incineration and other treatments).
(2). Includes contaminated soils produced by accidents and soaked sepiolite (clean-up material for small spills).
(3). Includes biohazardous waste from the Medical Service.

SOLID WASTE GENERATED AND MANAGED BY TREATMENT (t)(1)

Operation/Treatment		2019	2020	2021
Recovery / recycling(2)		399.17	525.41	542.37
Disposal	Landfill	110.85	55.39	30.03
	Incineration	1.8	0.98	0.8
	Other treatment	8.02	5.84	5.37

(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.

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 2021:

- 263 litres of oils
- 210 litres of diesel
- 20 litres of sodium hypochlorite
- 18 litres of liquid with hydrocarbon, petrol and coolant liquid

Corrective actions include damage assessment, land decontamination and replenishment if necessary, removal and treatment by the waste management company and preparation of the incident report. By 2021, 97%(1) of the volume of these spilled liquids had no environmental impact thanks to these corrective actions.

(1). It has not been possible to decontaminate or treat 10 litres of water with hydrocarbons and sodium hypochlorite due to the nature of the spill.

Water management

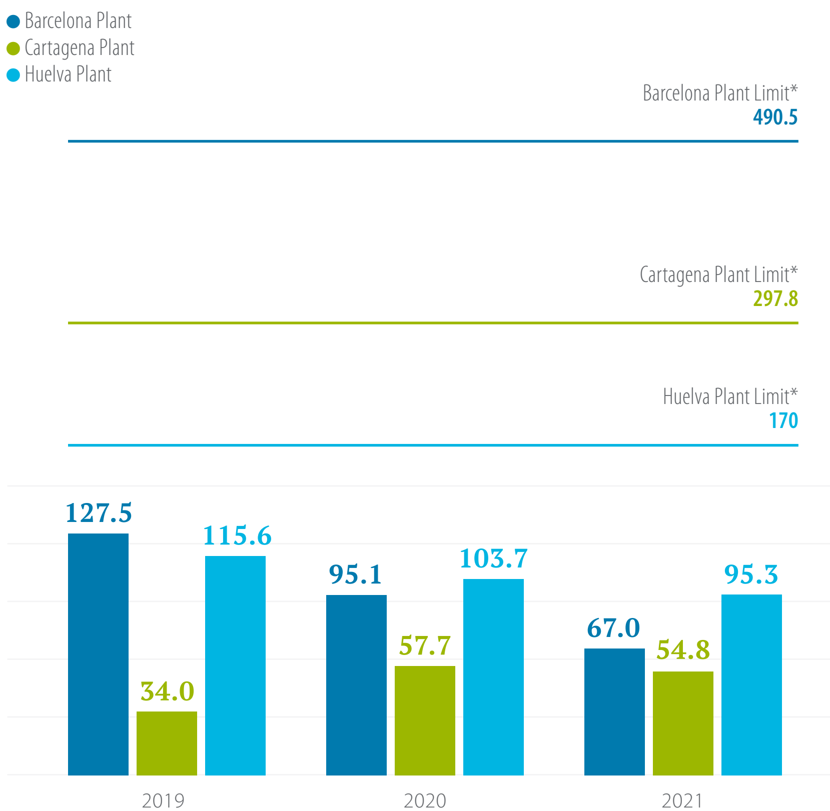
[GRI 3-3, GRI 303-1]

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.

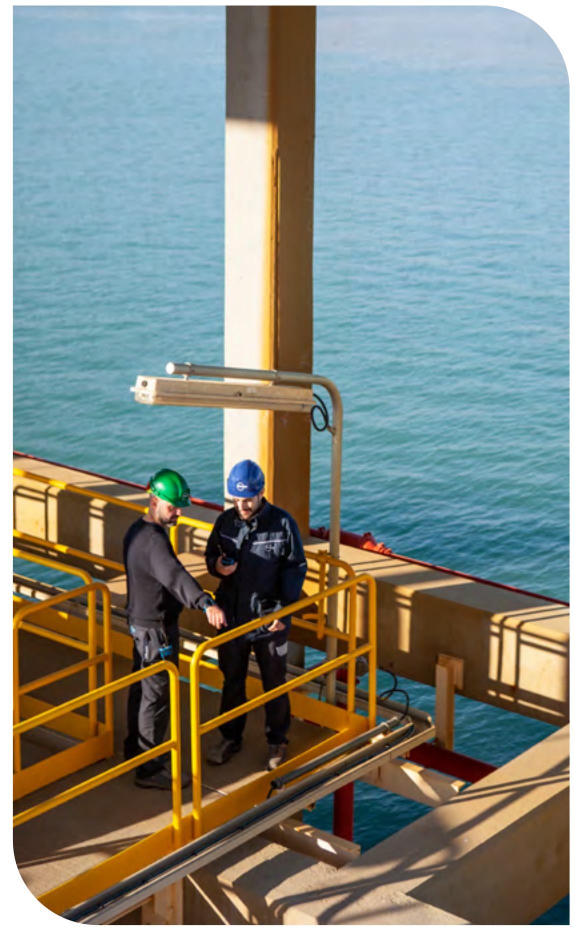
The main withdrawal of water that Enagás carries out is that of seawater for use in floodwater and seawater vaporisers at regasification plants. The volume of water taken is directly proportional to the quantity of gas regasified. This seawater accounts for 99.9% of the total water withdrawn and is returned 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]

In 2021, seawater withdrawn at regasification plants was lower than in the previous year, in line with the lower level of activity at these facilities.

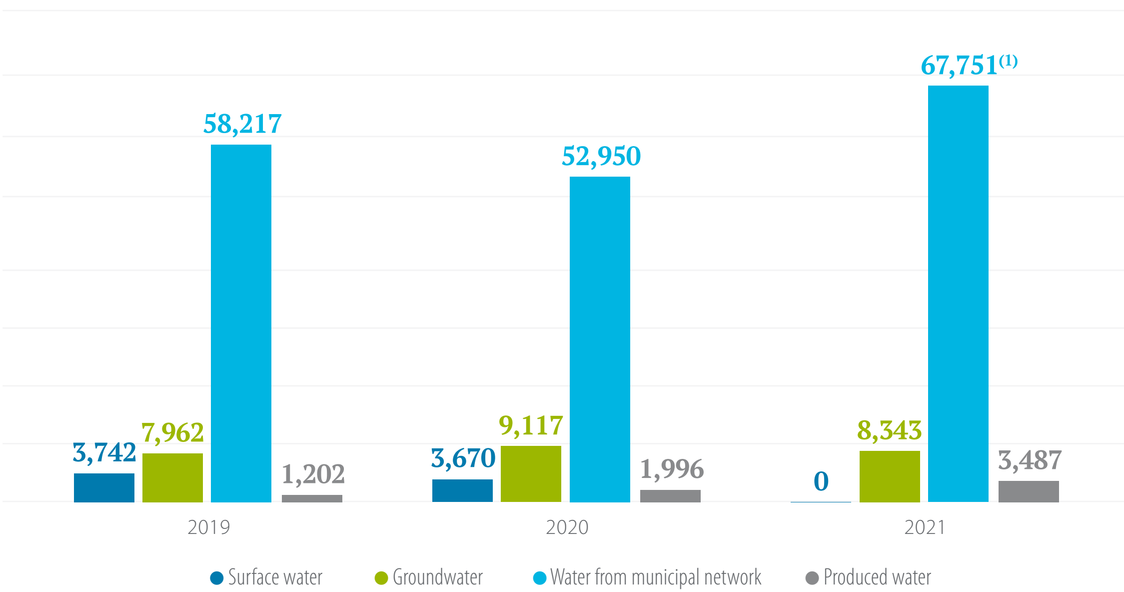
SEAWATER WITHDRAWN AND RETURNED TO ITS SOURCE (hm^3) [GRI 303-3]



*Legal extraction limit established for each regasification plant.



WATER WITHDRAWN FROM OTHER SOURCES (m^3) [GRI 303-3]



(1). Includes water from tanks at the Zaragoza Metrology Centre.

In 2021, no surface water was withdrawn due to a break in a pipe at the Zaragoza Metrology Centre (the only facility using surface water). This has led to the supply of this facility through water tanks, which is reported together with the water drawn from the municipal network. In relation to the drawing of water from the municipal network, the increased presence of our employees due to a return to in-person work after the COVID-19 health crisis was accompanied by some minor incidents at several facilities[1], which has caused a slight increase in volume with respect to 2020. This fact has prevented us from reaching the 5% municipal water supply reduction target set for 2021.

The main withdrawal of water that Enagás carries out is that of seawater and it is returned under the same conditions

Enagás also draws water from other sources, mainly for sanitary use, irrigation and fire-fighting equipment. Of the 79,581 m^3 withdrawn in 2021 for these uses, 14,365 m^3 have been discharged, meaning that water consumption has totalled 69,770 m^3 (an amount that includes the 4,554 m^3 of seawater pumped at the Barcelona Plant for desalination). This amount represents only 0.03% of the total water withdrawn. [GRI 303-2, GRI 303-4, GRI 303-5]

The company therefore has various measures aimed at reducing water consumption such as better techniques for irrigation and consumption of grey water. Enagás has been implementing measures to reduce water consumption for years, as well as carrying out regular campaigns to publicise and raise awareness of this issue. [GRI 3-3, GRI 303-1]

1. A greater volume of water was drawn from the municipal network at the Barcelona plant for cleaning septic tanks and pipes due to the incident in which the presence of sulfides was detected in the wastewater (see the 'Waste generation and management' section in this chapter).

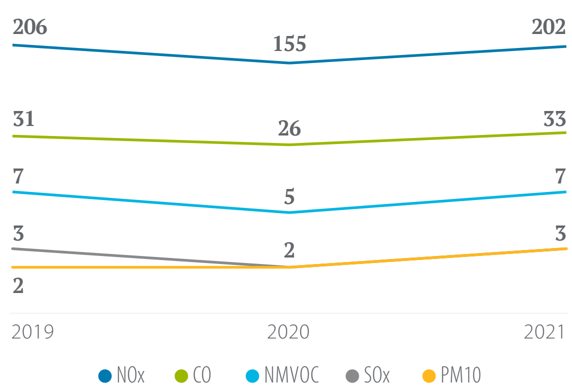
Atmospheric pollution

[GRI 3-3, GRI 305-7]

The main non-greenhouse gases emitted at our facilities are CO, SOx, NOx, PM10 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' chapter) are directly related to the reduction of these atmospheric emissions.

In 2021, the increase in non-greenhouse gas emissions compared to the previous year is directly related to the increase in CO_2 (see the 'Climate action and energy efficiency' chapter).

NON-GHG EMISSIONS (t)[1]



(1). In 2021, Enagás modified the emission factors for the calculation of these emissions in line with industry best practices. For comparative purposes, emissions for 2019 and 2020 have been recalculated. [GRI 2-4]

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. All facilities carry out regular environmental noise measurements 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 is also working to reduce night-time lighting at its compressor stations by keeping perimeter lighting to a minimum and by switching off the facility's lights at night.

4.7 Climate action and energy efficiency

[GRI 3-3]

Improved energy efficiency and lower greenhouse gas emissions are major factors in reinforcing the vital role that natural gas will play in a low-carbon economy as a key element for achieving sustainable, safe and efficient energy.

8,099
Tons CO_2e avoided in 2021 through energy efficiency or emissions reduction measures launched in 2021

33 GWh
Self-generation of energy from renewable, clean and efficient sources (+45% vs. base year 2018)

263,571
Greenhouse gas emissions (scope 1) [GRI 305-1] (-4% vs. base year 2018)

0
Greenhouse gas emissions (scope 2) [GRI 305-2] thanks to 100% Renewable Energy Guarantees of Origin contracts

825,211
Greenhouse gas emissions (scope 3) [GRI 305-3]

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.

SUSTAINABLE MANAGEMENT PLAN

Main lines in 2021

- 2021 Energy Efficiency and Emissions Reduction Plan.
- Update of our decarbonisation strategy, increasing the level of ambition of the emission reduction targets in accordance with the latest SBTi criteria for the 1.5ºC scenario.
- Incorporation of scope 3 targets in our decarbonisation strategy.
- Review and update of scope 3 emissions by broadening the value chain approach.
- Obtaining the OGMP2.0 (Oil and Gas Methane Partnership) Gold Standard, which recognises Enagás' commitment to reducing methane emissions and improving its data.
- Development of projects and analysis of top-down methane emissions measurement and quantification methodologies to advance the reconciliation of bottom-up technologies in order to improve data uncertainty.
- Annual campaign to detect, quantify and repair fugitive emissions in all our facilities (LDAR Campaign).

2022 lines

- 2022 Energy Efficiency and Emissions Reduction Plan.
- Development of a computer application to record venting at regasification plants and underground storage facilities.
- Continuity in the development of projects and analysis of top-down methane emissions measurement and quantification methodologies to advance the reconciliation of bottom-up technologies in order to improve data uncertainty.
- Annual campaign to detect, quantify and repair fugitive emissions in all our facilities (LDAR Campaign).
- Definition of a long-term offsetting approach prioritising nature-based solutions in line with the evolution of voluntary carbon markets.

Risks derived from climate change are evaluated comprehensively in the Company's risk management model

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, Appointments and Remuneration 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 through the Risk Committee. The Risk 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 formed of the main Directorates of the company, among which is the Strategy function, that provides input for the identification of opportunities.

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 Department function supervises the effectiveness of the established controls to mitigate these risks (see the 'Risk management' chapter).

Risk management and opportunities arising from climate change

[GRI 201-2]

Risks derived from climate change are evaluated comprehensively in the Company's risk management model over the short-term horizon (three years).

In addition, for the assessment of these risks in the long-term, 2030 is taken as the time frame (the first time frame for compliance with the objectives established in the Integrated National Energy and Climate Plan). In this way, risks from factors such as policies and regulatory measures that encourage the

In 2021 Enagás has been the only company in the world in the Oil & Gas sector included on the CDP Climate Change A List, which means it has achieved the highest score in this annual ranking

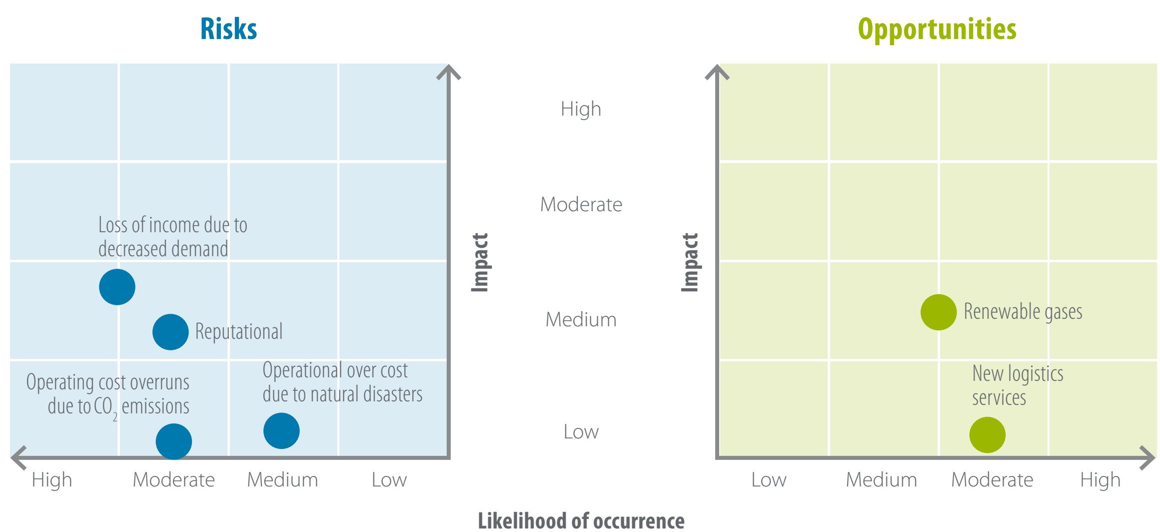
See the *CDP Climate Change 2021 report* on the corporate website

use of renewable energy sources, natural disasters or adverse weather conditions and volumes of CO_2 emissions and prices, as well as reputational risks, are identified and quantified.

According to the assessment, the effects of these risks would have a low economic impact on the company in 2030 (around 5% of profit). The effects of these risks would be mainly offset by the opportunities the company has identified both in the field of renewable gas development and in new natural gas logistics services.

For the assessment of climate change risks, the Stated Policies Scenario (STEPS) of the of the International Energy Agency (IEA) has been used as the baseline. For the transition risk assessment, two IEA scenarios were taken into account: Net Zero Emissions by 2050 Scenario (NZE), aligned with 1.5ºC increase, and Sustainable Development Scenario (SDS). For the physical risk assessment (natural disasters), the Net Zero Emissions by 2050 Scenario (NZE) and the IPCC RCP 8.5 scenario were taken into account. In both cases, the worst-case scenario was used to calculate the impact and represent the risks on the map. [GRI 201-2]

CLIMATE CHANGE RISKS AND OPPORTUNITIES



CLIMATE CHANGE RISKS

Factors	Risk	Control and management measures
Volume of CO_2 emissions CO_2 prices	**Operating cost overruns due to CO_2 emissions**	▸ Commitment to climate neutrality by 2040. ▸ Short and long-term emissions reduction targets linked to variable remuneration. ▸ Energy Efficiency and Emissions Reduction Plan. ▸ Setting an internal carbon price. ▸ Assessment of the use of renewable gases for self-consumption at the company's infrastructure facilities.
Policies and regulatory measures encouraging the use of renewable energies	**Loss of revenue due to decrease in demand / increase in financing costs**	▸ Promotion of new services and uses of natural gas in the transportation (road, rail and sea), industrial and household sectors. ▸ Promotion of the development of gas from renewable sources (biomethane and green 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. ▸ Monitoring of sustainable finance regulation and assessment of alternative financing models.
Natural disasters or adverse meteorological conditions (floods, landslides, etc.)	**Operational cost overruns due to natural disasters**	▸ 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. ▸ Emergency response action plan. ▸ Insurance policy covering catastrophic damage. ▸ Review of plans for adaptation to climate change in infrastructures.
Negative public perception of companies operating in the fossil fuels industry	**Reputational**	▸ Fluent, direct communication with stakeholders. ▸ Permanent monitoring of information published in the media and social networks.

[GRI 201-2]

CLIMATE CHANGE OPPORTUNITIES

Opportunity	Lines of action
Renewable gases	Focus areas related to biomethane: ▸ Issuance of green certificates. ▸ Measurement of gas quality: guaranteeing the quality of renewable gas before its injection into the gas network. ▸ Stake in biomethane infrastructures (upgrading/connection to the transmission network). With regard to green hydrogen, the main areas of focus are: ▸ Involvement in different European groups analysing the technical conditions for the introduction of hydrogen into gas networks. ▸ Joint Ventures for technological development and the promotion of green 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.
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.

[GRI 201-2]

Emissions reduction targets

[GRI 305-5]

Enagás has increased its commitment to the energy transition and to this end has set targets to decarbonise its value chain (scope 3 emissions reduction). Additionally, Enagás has increased the level of ambition of its scope 1 and 2 emissions reduction targets in line with the 1.5ºC scenario, thus reinforcing its commitment to achieve carbon neutrality by 2040 (see the 'Decarbonisation and carbon neutrality' chapter).

In this way, the Company is reinforcing the commitments adopted through its adherence to various international climate action initiatives:

- Science Based Targets: we are committed to setting out targets based in science[1].
- 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.

The decarbonisation pathway set out to achieve carbon neutrality by 2040 includes the following scope 1 and 2 targets with respect to 2018.

-25% in 2024
target included in the 2022-2024 Long-Term Incentive Plan, i.e. linked to the variable remuneration of all employees

-50.4% in 2030
target aligned with the 1.5ºC scenarios

-92.4% in 2040
target aligned with the 1.5ºC scenarios

These are targets set out using science-based target criteria. We will achieve these through the prioritisation of specific emissions reduction measures set out in our Emissions Reduction and Energy Efficiency Plan. These measures include:

- The electrification of turbo-compressors: a plan to replace gas turbo-compressors with electric engines.
- The use of renewable gases for infrastructure self-consumption.
- The detection and remediation of fugitive emission points using various field and airborne technologies.
- Improvement in the operation of the gas system.

With respect to Scope 3 objectives, the following have been established with respect to 2021.

-25% in 2030
target aligned with the 1.5ºC scenarios

-50% in 2040
target aligned with the 1.5ºC scenarios

In addition, we are keeping our emissions reduction targets linked to variable remuneration (see the 'Targets linked to variable remuneration' chapter):

- Annual target management programme: Enagás sets annual targets linked to the reduction of energy consumption, as well as to its own generation of electricity from efficient, clean and renewable sources. In 2021, a global greenhouse gas reduction target and a specific methane reduction target were established, and they were met by 100% and 85%, respectively.
- Long-Term Incentive Plan: from 2016 Enagás includes emissions reduction targets in its Long-Term Incentive Plan. An emissions reduction target with 100% compliance was included in the 2019-2021 Long-Term Incentive Plan.

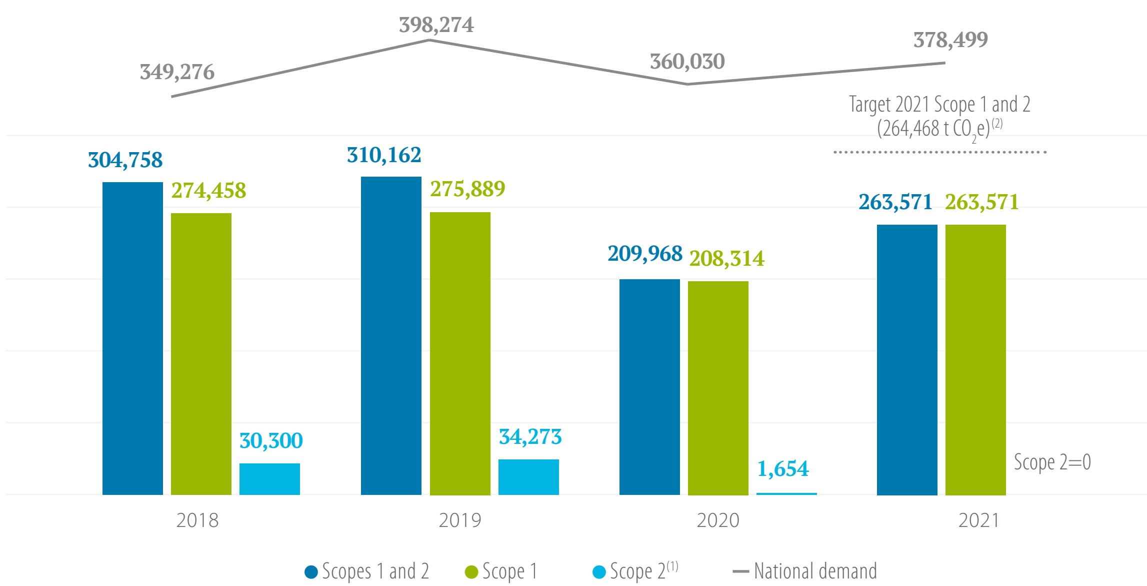
Enagás has defined an ambitious emissions reduction path aligned with science-based objectives and links its objectives to the variable remuneration of its employees

1. At the date of preparation of this report, SBTi has not yet set out a methodology for the Oil&Gas sector that covers Enagás' activities (midstream), although Enagás incorporates SBTi's main recommendations into its target-setting methodology.

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 with the "Calculate, reduce and offset" seal.

SCOPE 1 AND 2 CO_2 EMISSIONS (t CO_2e) AND CHANGES IN NATIONAL DEMAND (GWh) [GRI 305-1, GRI 305-2]



(1). Scope 2 calculated according to market-based methodology. Scope 2 data calculated according to location-based methodology are: 72,078 tonnes of CO_2e in 2018, 81,883 tonnes of CO_2e in 2019, 60,429 tonnes of CO_2e in 2020 and 46,368 tonnes of CO_2e in 2021.
(2). Target for Scope 1 set at 264,468 tonnes of CO_2e and for Scope 2 at 0 tonnes of CO_2e.

Scope 1 and 2 emissions have increased by 26% compared to 2020. The increase is mainly due to the closure of the Maghreb-Europe pipeline. This situation meant a significant change in the operation of the gas system in the last months of the year. The closure of the Tarifa international connection required an increase in Enagás' compression activity to maintain guaranteed pressures in the Al-Andalus pipeline, raising the volume of compressed gas by 56%, which resulted in a 47% increase in emissions from these infrastructures. Prior to the pipeline closure, the compression function was covered from Tangier and has now had to be transferred to Enagás compressor stations.

However, despite the increase in activity level compared to the previous year, Enagás managed to reach the annual emissions reduction target set for 2021, achieving a 14% reduction in emissions compared to the base year (2018). This reduction was made possible by the implementation of energy efficiency and emission reduction measures.

In 2021, we met our annual emissions reduction target (scope 1 and 2) through reducing emissions by 14% compared to the base year (2018)

EMISSION INTENSITY (SCOPES 1 AND 2) [GRI 305-4]

	2019	2020	2021
National demand (t CO_2e/TWh)	779	583	696
Net profit (t CO_2e/M€)	734	473	653
By employee (t CO_2e/employee)	237	158	196
Gas departures(1) (t CO_2e/Gwh total gas departures)	0.76	0.56	0.64

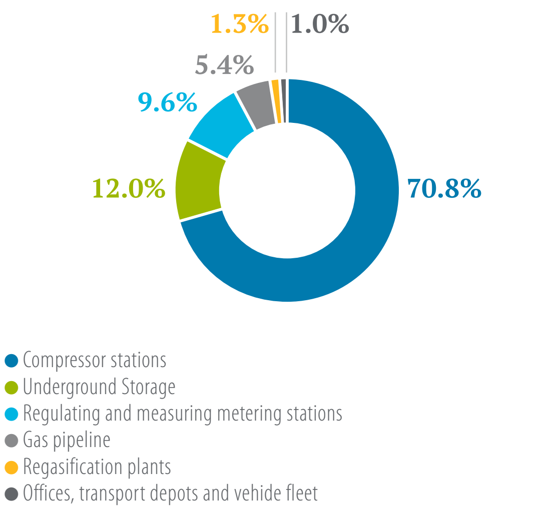
(1). Total gas departures include the following items: 1) National market demand (conventional national and electricity sector); 2) International market demand (international departures and ship loading).

Enagás has also reduced emissions from electricity consumption by 100% (Scope 2) 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. In 2021, 33 GWh were generated.
- Enagás also reduced its electricity consumption by 5% thanks to greater efficiency in consumption.

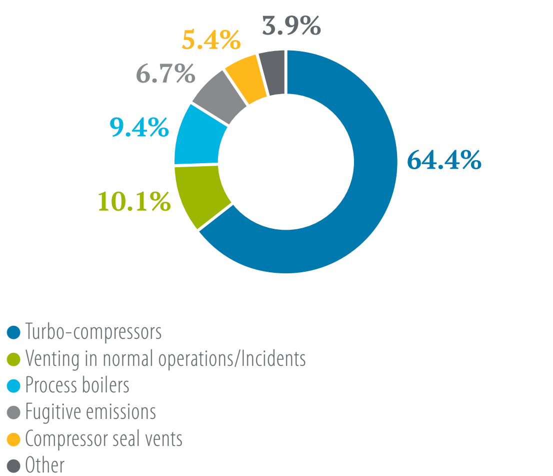
SCOPE 1 AND 2 EMISSIONS BY INFRASTRUCTURE

[GRI 305-1, GRI 305-2]



SCOPE 1 AND 2 EMISSIONS BY SOURCE

[GRI 305-1, GRI 305-2]

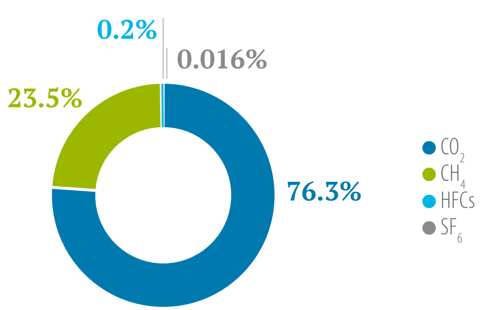


At a facility level, 71% of emissions are concentrated at compressor stations, followed by underground storage facilities, which account for 12%. In terms of emission sources, about 65% of the total emission footprint (Scope 1 and 2) is generated by the self-consumption of natural gas in turbocompressors at compressor stations and underground storage facilities. In this regard, Enagás has an ambitious Turbo-compressor Replacement Plan to progressively replace natural gas compressors with electric compressors, thereby significantly reducing emissions and helping to achieve the targets set out in the reduction pathway (see the 'Decarbonisation and carbon neutrality' chapter).

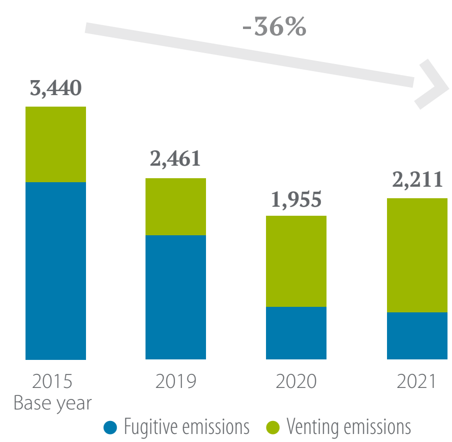
INFRASTRUCTURE ACTIVITY DATA [GRI 302-2]

		Unit	2020	2021	2021 vs. 2020 (%)
Regasification plants	Regasified gas, tank and ship loading at regasification plants	GWh	132,579	121,810	-8%
Compressor stations	Compressed gas at Compressor stations	GWh	133,561	207,869	+56%
Underground storage facilities	Total net injection underground storage facilities	GWh	8,935	7,989	-11%
	Total gross withdrawal from underground storage facilities	GWh	11,264	12,724	+13%

SCOPE 1 AND 2 EMISSIONS BY GAS TYPE
[GRI 305-1, GRI 305-2, GRI 305-6]



CHANGE IN METHANE EMISSIONS (t CH_4)(1)



(1). Unburned emissions have been calculated using an oxidation factor of 1, to align with the requirements established by the European Emissions Trading System (EU ETS).

76% of Enagás' carbon footprint (scope 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 23% of the footprint (Scope 1 and 2), are mainly due to natural gas venting (71%) and fugitive emissions (29%). Venting may occur as a result of operation and maintenance, operating safety, pneumatic valves and analysis equipment such as chromatographs. Fugitive emissions correspond to uncontrolled gas leaks in the equipment (flanges, connectors, etc.). The latter have been reduced by 11% compared to the previous year. Globally, emissions of this gas (CH_4) have increased by 13%, mainly due to:

- Inclusion of new emission sources in the carbon footprint as a result of the continuous assessment of methane sources (e.g. inclusion of venting from compressor purging, venting during turbocompressor start-up, etc.).
- Improved data recording on venting by the Transport Division thanks to the implementation 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.

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

Thanks to the 2021 Energy Efficiency and Emissions Reduction Plan, emissions equivalent to more than 3,500[1] cars have been avoided in one year

1. The calculation considers the emission factor 0.1667 kg CO_2/km of a 'generic' car according to the report published by the Ministry for Ecological Transition, based on travel of 15,000 km/year.

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. This comprehensive review may be extended until 2023, by which time Enagás expects to achieve the highest data quality in line with OGMP commitments and deadlines (see the 'Methane Emissions Reduction' section in this chapter).

EU Emissions Trading System

62% of emissions included in the Carbon Footprint (Scopes 1 and 2) are included in the EU Emissions Trading System (EU ETS).

In 2021, 32,745 emission allowances were received through free allocation and 78,000 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 we have more than halved our CO_2 emissions thanks to the implementation of energy efficiency measures, in which we have invested around 70 million euros since 2008. [GRI 201-2]

During 2015-2020, the Energy Efficiency and Emission Reduction Plan has enabled the avoidance of 716,980 t 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 2021.

We are working to ensure the continuous improvement of the energy efficiency of our infrastructures. For this reason, we have an energy management system certified according to the ISO 50001 standard.

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 2021 (GWh)	Emission reductions achieved in 2021 (t CO_2e)
Optimisation of the control loop of Regulation and Metering Stations (RMSs - second phase): installation of PLCs for boiler and pump control and gas outlet temperature adjustment with remote access control through the Enagás network in the following positions: ▸ a. 15.28.02_ Departure Murcia (Murcia Transmission Center) ▸ b. 15.08.A1_ Departure to Onda (Castellón Transmission Center) ▸ c. 15.06.A_ Cabanes (Castellón Transmission Center) ▸ d. 15.14_ Paterna (Paterna Transmission Center) ▸ e. D-17_ Villapresente (Villapresente Transmission Center) ▸ f. B07.05_ Cigales (Valladolid Transmission Center)	Natural gas savings	0.91	183.59
Installation of a Vent Gas Recovery System (VGRS) at the Lumbier Compressor Station.	Natural gas savings	0.98	1,561.19
Replacement of pneumatic start-ups (using natural gas) with electric start-ups in the turbocompressors of the Gaviota Underground Storage Facility.	Natural gas savings	0.02	30.70
Dismantling of the process boilers (gas consumption) at the Barcelona Regasification Plant associated with the replacement of a compressor with another cryogenic compressor that allows work to be carried out at lower temperatures without the need to heat the natural gas.	Natural gas savings	1.47	296.03
Elimination of Exhaust Valves (EVs) from the regulation lines of the Regulation and Metering Stations in three transportation zones (Murcia, Cordoba and La Coruña). This reduces the natural gas (methane) emissions that were released through these valves.	Natural gas savings	0.07	106.55
Replacement of the pneumatic actuators (using gas) of flow control valves (FCV) and pressure control valves (PCV) with electric actuators at the Tuy position (Pos I-025).	Natural gas savings	0.12	194.56
Detection and repair of fugitive emission points in Plants, Underground Storage and the Transmission Network (LDAR Campaign).	Natural gas savings	3.63	5,624.17
Replacement at the Barcelona Regasification Plant of 3 pneumatic valves (using natural gas) with electric valves.	Natural gas savings	0.00015	0.24
Installation at the Barcelona Regasification Plant of dry couplings in truck loading bay ("C") to reduce natural gas (methane) emissions in the truck loading arms.	Natural gas savings	0.000002	0.01
Recovery at the Cartagena Regasification Plant of part of the venting from the reciprocating compressor seals.	Natural gas savings	0.06	102.14
Minimisation of electricity consumption at the Yela underground storage facility in the compressor bay through lighting sectorisation.	Electric consumption savings	0.01	—[2]
Change of the air compressors of the Serrablo Underground Storage plant to reduce electricity consumption.	Electric consumption savings	0.08	—[2]
Replacement of the compressed air compressors at the Denia Compressor Station to reduce electricity consumption.	Electric consumption savings	0.23	—[2]
Installation of two frequency inverters in two primary pumps at the Barcelona Regasification Plant to reduce electricity consumption.	Electric consumption savings	0.44	—[2]
TOTAL		**8.05**	**8,099.17**

(1). Including those emissions reduction or efficiency measures verified in 2021 and completed in the last quarter of 2020 or before the last quarter of 2021, considering that sufficient time has elapsed for savings to be measured.
(2). As we had a 100% Guarantee of Renewable Origin contract in 2021, the reduction is not considered to be in emissions, but only in energy savings.

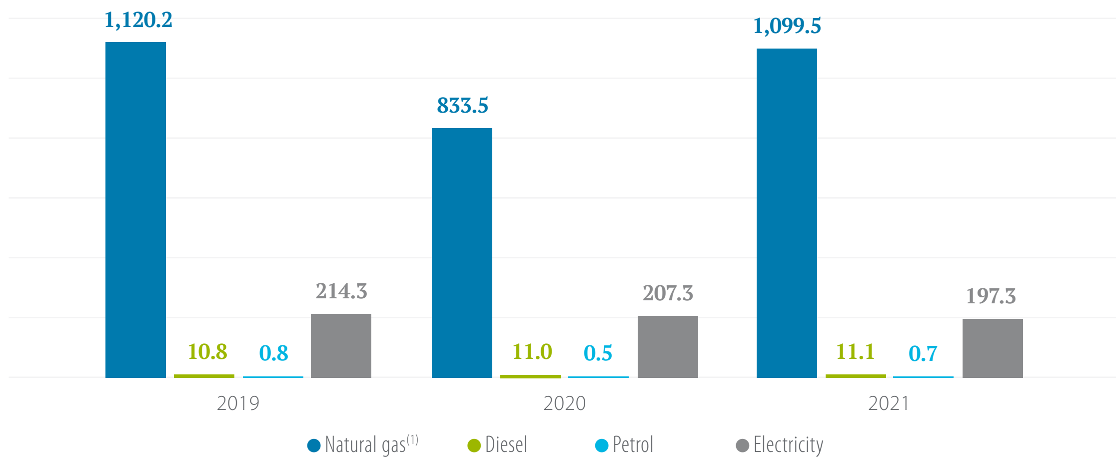
ENERGY EFFICIENCY AND EMISSIONS REDUCTION MEASURES 2015-2021

Since 2015, the initiatives implemented as part of the Energy Efficiency and Emissions Reduction Plan have led to a total reduction of 716,980 tonnes of CO_2e.

From the beginning of 2021, the percentage of electricity with a guarantees of 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 2021, own electricity generation from renewable, clean or efficient sources reached 33 GWh, 45% more than in 2018, representing 16.7% 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 (21.2 GWh) helps reduce 5,312 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' section in the 'Natural capital and biodiversity management' chapter).

ENERGY CONSUMPTION (GWh/year) [GRI 302-1]



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

ENERGY CONSUMPTION (GWh/year) [GRI 302-1]

	2019	2020	2021
Renewable energy consumed (GWh)	214	207	197
Non-renewable energy consumed (GWh)	1,132	845	1,111
TOTAL ENERGY CONSUMED (GWH)	**1,346**	**1,052**	**1,309**

The increase in Enagás' activity, mainly at compressor stations, led to an increase in natural gas consumption (+32%) compared to last year. On the other hand, diesel consumption by emergency generators and fire-fighting tanks remained constant. Gasoline consumption increased (+41%) mainly because in 2020, due to the pandemic situation, travel was more restricted than in 2021.

With regard to electricity, the continuous improvement in the efficiency of our facilities, as well as specific energy efficiency measures, led to a 5% reduction in consumption compared to last year.

ENERGY INTENSITY [GRI 302-3]

	2019	2020	2021
Domestic demand (GWh energy consumed/TWh)	3.38	2.92	3.46
Net profit (GWh energy consumed/M€)	3.19	2.37	3.24
By employee (GWh energy consumed /employee)	1,030.67	791.16	973.68
Gas departures (GWh energy consumed /GWh total gas departures)	3.28	2.82	3.16

11/2021

The International Methane Emissions Observatory (IMEO), after assessing the reports on the OGMP reporting framework submitted by 62 companies from around the world, awarded the Gold Standard seal to the top companies, including Enagás and three of its affiliates (the BBG regasification plant, the SAGGAS regasification plant and the operator DESFA).

Reduction of methane emissions

[GRI 305-5]

During 2021, various methane reduction measures were implemented, enabling Enagás to achieve a 36% reduction in methane emissions compared to the base year (2015). These measures include:

- Detection, quantification and repair of fugitive emission points covering all our facilities, which has enabled us to avoid the emission of 5,624 t CO_2e in 2021 and reduce fugitive emissions by 11% compared to last year.
- Implementation of a vented gas recovery system at the Lumbier Compressor Station, which will lead to reductions of nearly 3,500 t CO_2e per year.
- Continued replacement of pneumatic actuators with electric actuators in the transmission network, which has prevented the emission of almost 200 t CO_2e into the atmosphere.
- Recovery of part of the compressor venting from the regasification plants, which has prevented the emission of approximately 100 t 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 2021 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.

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 (differential absorption lidar and drone use) for subsequent reconciliation with Enagás inventory data. These measurements were performed at all regasification plants, one underground storage facility and one compressor station.
- Entry into production of a digital application to record venting in the transmission network. In 2021, this application allowed for the more detailed monitoring of transmission venting and to obtain the information broken down in accordance with the OGMP2.0 reporting framework. In addition, technical requirements have been set out for the corresponding development of underground storage facilities and regasification plants.
- Leadership in the research project promoted by GERG (European Gas Research Group). This is a pioneering global research project aimed at quantifying methane emissions in midstream infrastructures, selecting the best existing technologies. This project tested the performance of 12 leading-edge technologies (nine top-down and three bottom-up) in order to assess their accuracy and reliability for the quantification of methane emissions. Specifically, blind tests were

carried out with controlled leaks and with different flow rates in Enagás' Spanish infrastructure. The next phase of this project will be carried out at LNG regasification terminals, underground storage facilities and compressor stations in different European countries.

This project is the continuation of a first phase, also led by Enagás, which focused on fugitive emissions measurement equipment (bottom-up technologies) (GERG 'Technology Benchmark for site level methane emissions quantification').

- In 2021, Enagás and SATLANTIS started the calibration tests of high-precision optics which will be inserted in a constellation of space microsatellites, called GEISAT (Greenhouse Gases), to detect and quantify methane emissions on Earth.

The company also maintained its high level of collaboration with regulators and international organisations, with the following actions being of particular note in 2021: [GRI S11.2.4]

2021

Enagás, as a member of the European Gas Research Group (GERG), actively led a project in which the performance of twelve cutting-edge technologies (nine top-down and one top-down) was tested at Enagás' facilities in order to assess their accuracy and reliability for the quantification of methane emissions.

- During 2021, Enagás actively participated in various European Commission consultations on the legislative development roadmap, dealing with the content and monitoring, reporting and verification of methane emissions. It also participated in events organised by the European Commission, such as the workshop on the detection and remediation of fugitive emissions in the Oil & Gas sector.
- Leadership in the meetings of the OGMP Mirror Group and support in the development of OGMP technical guidelines with the submission of comments.
- Participation in MARCOGAZ technical recommendations: "Technical recommendation on Venting and Flaring"; "Technical recommendation on LDAR Campaigns" and "Methane Emission Glossary". [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 regasification plants, the Euskadour compressor station, the corporate fleet and headquarters (5,390 tonnes of CO_2e), maintaining their carbon neutrality achieved in 2017 (in the case of Euskadour, since 2020). This offset programme has been carried out through reforestation and landfill gas recovery projects in Chile and Peru.

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

07/2021

Enagás joins the innovative 'Motor Verde' initiative, which aims to become the largest large-scale reforestation project to boost emissions offsetting in Spain.

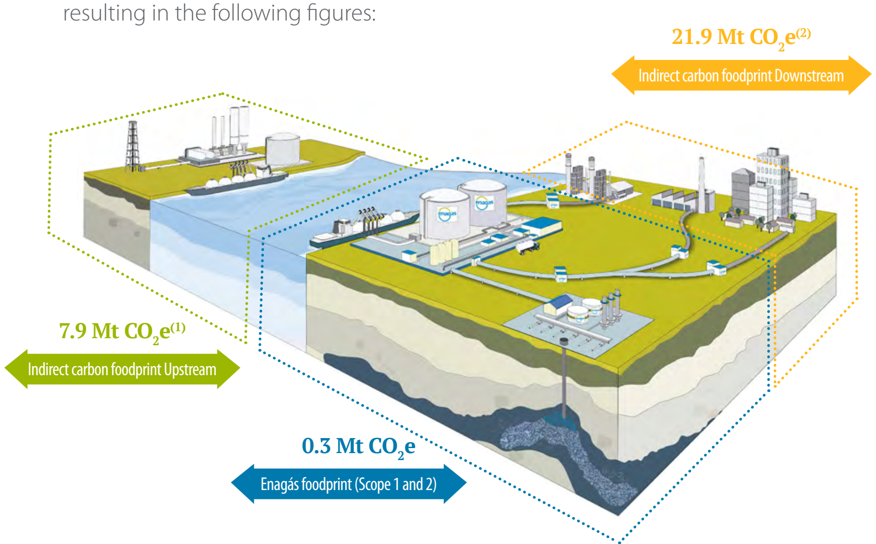
The public-private collaboration project is promoted by Fundación Repsol, the Regional Government of Extremadura and the Sylvestris Group, together with Banco Santander, Fundación Tierra Pura and Ilunion.

This is a distinguishing project that seeks to generate a positive impact in three ways. These are environmental, via restoring natural areas (up to 70,000 hectares in Spain) and contributing to action against climate change (offsetting up to 16 million tonnes of CO_2); social, by creating local and inclusive employment (more than 15,000 job opportunities); and economic, through betting on a green investment for the future, boosting the business fabric in rural areas.

Scope 3 emissions

[GRI 305-3]

In 2021, Enagás conducted an impact analysis for the gas transmitted by the company throughout its value chain, resulting in the following figures:



Based on this analysis, Enagás updated the sources of emissions included in its carbon footprint related to Scope 3, in line with the demands of its main stakeholders as well as with the new published guidelines and calculation methodologies.

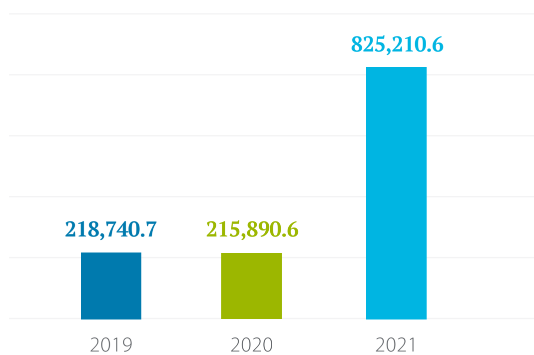
This update includes changes to the following Scope 3 categories of its carbon footprint, linked to both its activity (midstream) and value chain (upstream and downstream):

(1). Includes emissions from the extraction and processing of LNG and transportation by ship to the regasification plants. Emissions calculated based on the amount of LNG unloaded at the regasification plants and based on the number of LNG vessels received.
(2). Emissions from the combustion of all gas 1) regasified; 2) loaded in trucks and 3) gas loaded in ships at regasification plants are considered.

Scope 3 emissions - Revised categories	Scope 3 emissions related to Enagás' activity (midstream)	▸ Category 3 - Emissions from extraction, production and transmission of energy used
		▸ Category 5 - Emissions from waste generated
	Scope 3 emissions linked to the natural gas transmission value chain (upstream and downstream emissions that apply to Enagás)(1)	Upstream emissions from natural gas transmission: ▸ Category 4 - Emissions from the transport of LNG by ship (upstream).
		Downstream emissions from natural gas transmission: ▸ Category 9 - Emissions from natural gas distribution (downstream), considered as emissions from the end use of natural gas (downstream) by our customers (Category 11).

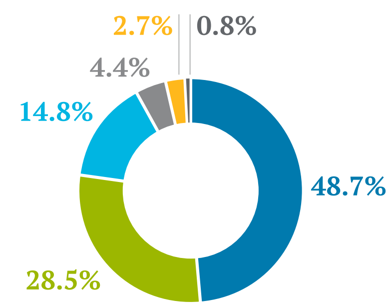
(1). Enagás' business model implies non-ownership of the gas transported, so the company considers emissions derived from natural gas flowing on and off our infrastructure network (transport by ship, international connections, distribution and use by direct industrial customers) to be indirect Scope 3 emissions from a sectoral perspective.

SCOPE 3 EMISSIONS (t CO_2e) [GRI 305-3]



As detailed above, the increase in 2021 in Scope 3 emissions is due to the update of the emission sources included, which, unlike in previous years, includes an expanded value chain approach.

SCOPE 3 EMISSIONS CLASSIFICATION [GRI 305-3]



- Upstream transportation and distribution
- Investments
- Downstream transportation and distribution and use of sold products
- Emissions from extraction, production and transportation of energy used (not included in Scope 1 or 2)
- Purchase goods and other services
- Other categories

SCOPE 3 [GRI 305-3]

ISO 14064: 2019 - Indirect emissions			GHG Protocol - Scope 3		$t\ CO_2e$	%
Category		**Subcategory**				
Category 3: Emissions caused by transport		Upstream transport and distribution of goods	4	Upstream transmission and distribution	402,205	48.7%
		Downstream transport and distribution of goods	9	Downstream transmission and distribution	122,210(1)	14.8%
		Cat. 5.1 Product use phase	11	Use of sold products		
		Employee commuting	7	Employee commuting	398	<0.1%
		Customer and visitor travel	6	Business travel	19	<0.1%
		Business travel	6	Business travel	188	<0.1%
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	20,709	2.5%
		Capital goods	2	Capital or production goods, for example equipment, machinery, vehicles, buildings, factories, etc.	6,197	0.8%
	Services used by the organisation	Solid and liquid waste disposal	5	Waste generated during operation	172	<0.1%
		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	1,385	0.2%
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	15	Investment	235,261(4)	28.5%
Category 6: Indirect GHG emissions from other sources			3	Fuel and energy related activities not included in scope 1 and 2	36,467	4.4%
			10	Processing of sold products	NA(3)	
			14	Franchises	NA(5)	
TOTAL					**825,211**	

(1). Emissions from Cat. 11 (Used 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 BBG regasification plant; Compañía Operadora de Gas in Peru (COGA) and Transportadora de Gas de Perú (TgP); Soto la Marina Compressor Station; Morelos Pipeline; SAGGAS Regasification Plant; GNL Quintero; DESFA operator, Trans Adriatic Pipeline (TAP) and TLA Altamira regasification plant. 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.

The Scope 3 update, carried out in 2021 with the new extended value chain approach, has also involved the revision of the indirect emissions relevance analysis according to ISO 14064:2019 criteria. Criteria for assessing significance have included: 1) emission volume of each category relative to the total; 2) level of influence; 3) access to information; 4) data accuracy; and 5) relevance.

As a result of the significance analysis, the categories corresponding to 1) upstream transmission and distribution of goods; 2) downstream transmission and distribution; 3) purchased goods; 4) investments; and 5) 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.

2021

CDP SUPPLIER ENGAGEMENT LEADER 2021

In 2021, Enagás was included by CDP in the Supplier Engagement Leaderboard, obtaining an A in CDP's 2021 Supplier Engagement Rating. This list recognises which are the best companies in the management and commitment to their suppliers in terms of climate change.

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 (green hydrogen and biomethane) that will allow for their progressive incorporation into the energy model (see the 'Renewable Gases' chapter) 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' chapter).

- Collaboration with industry and associations on decarbonisation (see the 'Methane emissions reduction' section in this chapter).

- Promoting decarbonisation at Enagás affiliates: emissions reduction and energy efficiency measures are among the critical management standards that Enagás extends to its affiliates (see the 'Affiliate management' chapter). 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 'Methane emissions reduction' section in this chapter).

- 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' chapter).

4.8
Local Communities

[GRI 3-3]

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 and create direct and indirect employment.

1.8 M€
of investment in social action

0.45%
Social action investment with respect to net profit

12
Corporate volunteering initiatives

170
Professionals took part in corporate volunteering initiatives

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).

SUSTAINABLE MANAGEMENT PLAN

Main lines in 2021

- Volunteering activities focused on improving the employability of vulnerable groups (e.g. victims of violence against women, people with disabilities, etc.).
- Launch of the "Euro Solidario" campaign.

2022 lines

- Update of the Enagás Group's Social Action Strategy.
- Joining the LBG (London Benchmarking Group) working group and adoption of the associated methodology.
- Updating of the volunteer platform to facilitate direct donations and pro-bonos, among other actions, and incorporation of gamification processes.
- Volunteer activities focused on team cohesion and improving the social and labour integration of vulnerable groups (women, persons with disabilities, etc.).
- Volunteer activities with an impact on the environment.

Local community management

[GRI 2-25, GRI 2-29]

Identification 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 impact while guaranteeing safety.

For this purpose, the first stages of building, operation and maintenance projects involve analysis of the area in terms of social, economic and environmental aspects, from which local stakeholders are identified.

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' chapter).

Furthermore, the needs analysis of the area enabled the identification of key collectives and associations (NGOs, local councils, etc.) which are an important source of information for understanding the local context and for the establishment of partnerships (see 'Social investment' in this chapter).

Information and consultation processes

Enagás conducts environmental impact studies for construction projects and assessment of 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. EMAS-certified facilities publish an annual report (Barcelona and Cartagena regasification plants and Yela and Serrablo underground storage facilities).

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 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 [GRI S11.15.4]

- **Environmental inbox**
- **Informative sessions**
- **Corporate website**
- **Consultation processes**

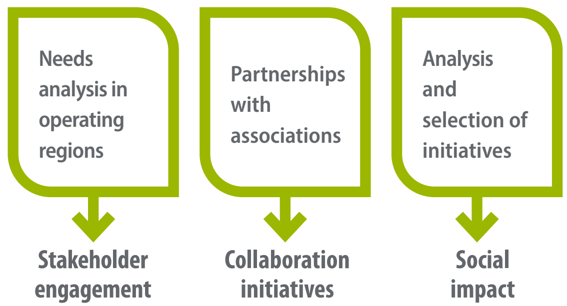
One of Enagás' priorities is to contribute to socio-economic development in the local communities where it develops and operates its infrastructure

Social investment

[GRI 413-1]

The objective of Enagás' social investment is to contribute to the social and economic development of local communities, giving priority to those regions in which it operates, through sustainable social action models.

Through dialogue and collaboration with stakeholders, we maximised the positive social impact of our initiatives, whether through volunteering, sponsorships, patronage or donations.

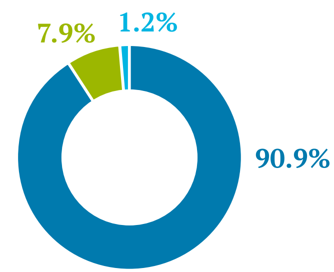


In 2021, the total amount of this social investment reached 1.8 million euros, distributed as follows:

	2019	2020	2021
Amount allocated for social investment (million euros)	1.93	3.89(1)	1.81

(1). Extraordinary monetary contributions totalling 2.1 million euros were made in 2020 to address the COVID-19 health crisis.

TYPES OF CONTRIBUTIONS



- Sponsorships, patronage and donations
- Management expenses
- Employees' time dedicated to volunteer activities during working hours

The amount allocated to sponsorships, patronage and donations was 1,647,222 euros (see the 'Sponsorships, patronage and donations' section of this chapter), while general management expenses (cost of employees dedicated to the management of social investment and cost of the volunteer programme) amounted to 143,100 euros and the cost of employees' dedication during their working day to volunteer activities amounted to 21,045 euros.

The objective of Enagás' social investments is to contribute to the socio-economic development of local communities

Strategic priorities for social investment [GRI 413-1]

PRIORITY 1: INVESTMENT IN COMMUNITIES

Enagás promotes the development of long-term collaboration initiatives, which contribute to the social and economic development of local communities, giving priority to those areas in which the company operates. For this purpose, it contributes economically and with time to social welfare, economic development, education and youth, health, art and culture, and the environment.

Sustained, inclusive and sustainable economic growth, full and productive employment and decent work

The initiatives implemented in this field cover the following aspects targeted by Sustainable Development Goal 8.

- Employment
- Economic inclusion
- Non-discrimination
- Development of abilities

12/2021

Enagás promotes the employability of vulnerable groups through training. The following volunteer activities were carried out in 2021:

- **Enagás held several training workshops to promote the employability and social normalisation of women in vulnerable situations: one workshop with the Adecco Foundation and six workshops with the Randstad Foundation and the José María de Llanos Foundation. The latter collaboration involved women in vulnerable situations who had been victims of gender-based violence.**
- **Together with the Capacis Foundation, several of the company's employees participated in workshops for young people with disabilities. The objective is to help them acquire knowledge and develop skills that will allow them to continue advancing in their personal and professional growth.**

Enagás' strategic social investment priorities are aligned with the Sustainable Development Goals

PRIORITY 2: COMMERCIAL CONTRIBUTIONS TO THE COMMUNITY

Within the scope of its social actions, Enagás includes initiatives aimed at supporting research and the development of the gas sector, since natural gas is of great importance for improving competitiveness of industry, and therefore aids the creation of direct and indirect employment. For this purpose, economic contributions are made in the fields of economic development, education and youth, art and culture, and the environment.

Ensure access to affordable, reliable, sustainable and modern energy for all

Build resilient infrastructure, promote sustainable industrialisation and foster innovation

The initiatives implemented in this field cover the following aspects targeted by Sustainable Development Goals 7 and 9.

- Energy efficiency
- Investments in infrastructure
- Environmental investments

07/2021

Enagás, new sponsor of the Chair of Hydrogen Studies at the Universidad Pontificia Comillas. It consists of an interdisciplinary research group –drawing from the School of Engineering and the Faculty of Economics and Business Administration– whose objective will be to study the role of this energy vector in the decarbonisation process of the Spanish economy and to offer proposals for the development of business models and necessary regulations.

PRIORITY 3: DONATIONS TO CHARITY

Enagás engages in a number of specific collaborations as a reaction to emergencies taking place both in Spain and internationally. For this purpose, it makes contributions in cash and kind in the fields of social welfare, economic development, education and youth, health and the environment.

17 PARTNERSHIPS FOR THE GOALS

Revitalise the global partnership for sustainable development

In the international context, the initiatives are implemented in collaboration with local partners. In Spain, these initiatives are carried out in collaboration with entities and associations, for the purpose of fulfilling Sustainable Development Goal 17. In this way, and through partnerships with different stakeholders, Enagás contributes to achieving the other SDG in the following areas:

- Poverty
- Hunger
- Health
- Education
- Gender equality
- Energy
- Infrastructure
- Reducing inequality
- Climate change
- Terrestrial ecosystems

[GRI 413-1]

2021

In 2021, Enagás donated the amount earmarked for the shareholders' at the General Shareholders' Meeting to the Social Emergency, Cancer and Coronavirus fund of the Spanish Association Against Cancer.

The company also donated the proceeds from its Christmas courtesy gifts to the ANAR Foundation and SOS Children's Villages, as part of the "Euro Solidario" initiative (see the 'Corporate volunteering programme' section of this chapter). With this donation, Enagás reinforces its commitment to the Alianza País Pobreza Infantil Cero (Zero Child Poverty Country Alliance).

Sponsorships, patronage and donations [GRI 413-1]

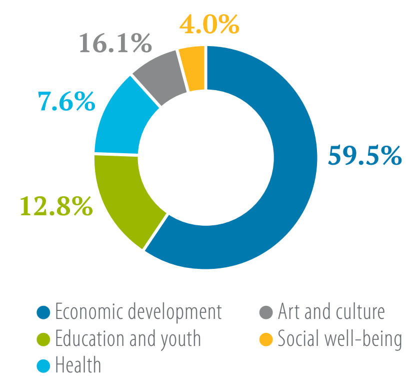
Enagás collaborates economically with social welfare projects through:

- Sponsorships: institutional and/or sporting activities.
- Patronage: social and cultural activities and initiatives.
- Donations, which may be corporate or voluntary from employees.

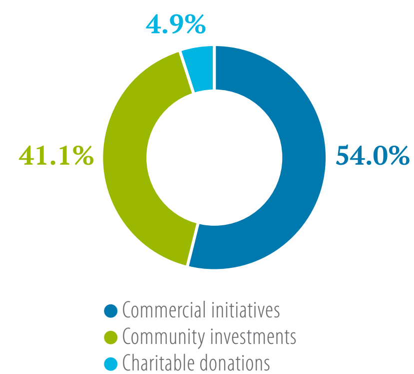
The procedure for managing sponsorships, patronage and donations establishes the criteria for the reception, approval and follow-up of collaboration requests (financial contributions).

In 2021, monetary contributions of more than 1.6 million euros were made, distributed as follows.

AREAS OF CONTRIBUTION



TYPE OF CONTRIBUTION



170 professionals took part in the Corporate Volunteering Programme

In 2021, the company has diversified its contributions, focusing its efforts on the communities in which Enagás is present and on informational actions related to renewable gases and the energy transition.

Enagás also made various donations in kind (all of which have already been amortised), including laptops and other computer equipment, furniture, work wear and glass bottles.

Corporate volunteering programme [GRI 413-1]

Enagás employees participate in the company's Corporate Volunteering programme 'En nuestras manos' ('In Our Hands'), giving up their time and bringing their skills and talent. There are two forms of cooperation:

- **Face-to-face corporate volunteering,** for which activities are carried out in collaboration with an association and overseen by the company. This type of initiative takes place during business hours. In line with corporate guidelines on diversity and equal opportunity, the company guarantees that participation in volunteering activities will not lead to work-related discrimination.
- **Virtual volunteering,** for which the company connects with volunteering opportunities through different associations 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.

In 2021, and with the aim of ensuring the safety of all participants, Enagás continued to encourage virtual volunteering activities and those carried out individually by employees. Besides, during the year, 12 face-to-face initiatives were carried out with the participation of 170 employees who volunteered a total of 403 hours.

10/2021

Through the "Euro Solidario" Project, Enagás offers its employees a new form of social collaboration in addition to the Corporate Volunteering programme. The objective is to collect voluntary micro-donations through payroll to finance a social project led by a non-governmental organisation with a non-profit social purpose. The selected projects are linked to the protection of youth and children.

4.9

Supply chain

Supply chain management is an increasingly relevant issue in the company's management, and this is reflected in the materiality analysis.

1,526
Approved suppliers

1,250
Approved suppliers assessed regarding human rights, ethics, social and environmental matters

127
Approved suppliers audited externally in financial, ethical, environmental and social aspects in the last two years

181
Approved suppliers evaluated for climate action in the last two years

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.

SUSTAINABLE MANAGEMENT PLAN

Main lines in 2021

- **Update of the criteria established in the critical supplier definition.**
- **Continue to externally audit our suppliers in financial, ethical, environmental and social aspects.**
- **Internal audit to review the correct application of the new Procurement Model.**

2022 lines

- **Update of the supplier approval procedure.**
- **Supplier reliability assessment update.**
- **Launch of a supplier satisfaction survey with Enagás.**

Our supply chain

[GRI 2-6]

In order to work with Enagás, suppliers must undergo a strict approval process. The company currently works with 1,526 approved suppliers, which are classified in families according to the products or services they offer:

- Suppliers of works and services: IT & communication suppliers, engineering, etc. In 2021, 2,942 persons belonging to 484 service providers carried out work at Enagás facilities. [GRI 2-8]
- Suppliers of supplies: electrical equipment suppliers, piping manufacturers, rotary machine manufacturers, manufacturers of instrumentation and control devices, among others.

In 2021 Enagás updated the criteria for classifying suppliers as critical. 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 236 approved critical suppliers, 15.5% of which are critical.

In 2021, work began with 79 new suppliers and work was discontinued with 3 suppliers for not meeting Enagás' approval criteria.

VOLUME OF SUPPLIER MANAGEMENT [GRI 203-2, GRI 204-1]

	Works and services	Supplies
Number of orders	3,966 (97% of which were local)	6,622 (99% of which were local)
Order value (million euros)	125.3 (97% of which were local)	120.8 (64% of which were local)

Supply chain risk management

Enagás has identified areas in supply chain management where there may be risks for the business and our stakeholders. 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: [GRI 308-2, GRI 414-2]

- 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 'Respect for Human Rights' chapter).
- Environment: emission intensity, environmental impact (resource consumption, waste generation, noise emissions, gas emissions, etc.), environmental safety (discharges, spills, pollution, etc.).

Enagás has a supplier management model that takes into account the company's goals in order to guarantee supply chain sustainability. These goals are translated into 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:
  - Have the capacity and resources to meet technical, quality, environmental and safety requirements, and upholding thereof over an extended period of time.
  - 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. 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.
  - Respect the principles of the United Nations Global Compact and the Universal Declaration of Human Rights.

See the ***Ethical Principles and Behavioural Guidelines for Suppliers*** on the corporate website

- Compliance with the quotas set out in the Spanish Rights of Persons with Disabilities Act[1].
- Implementation of a Gender Equality Plan[1].

- For suppliers of specific families of products or services:
  - Quality, environmental and/or occupational risk prevention certification requirements for suppliers (required from 62.6%, 21.3% and 28.4% of Enagás suppliers, respectively).
  - Policies or measures to promote work-life balance of employees or Family-Responsible Company certificate.

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, ESG (environmental, social and governance) risks and turnover, among others. The results of these assessments allow monitoring of the degree by which suppliers meet the targets scores, audit results and legal compliance, established for each assessment area, and to identify suppliers that pose a high risk to sustainability. For the latter, action plans are set out to mitigate such risks, which are monitored. [GRI 308-2, GRI 414-2]

1. Requisite set for companies with a workforce greater than that indicated by the applicable laws.

EVALUATIONS MADE TO SUPPLIERS

Methodology and areas of evaluation [GRI 2-29]		Number of suppliers assessed in 2021 [GRI 308-1, GRI 414-1]	Definition of high risk	Number of suppliers identified as high risk and for whom action plans have been defined
Internal assessment	Reliability assessment(1)	117	Suppliers with a score less than 50/100	20
	Human rights, ethical, social and environmental assessment	1,250	Suppliers with a score less than 30/100	172
	Climate action assessment(1)	181	Suppliers that do not measure or report their emissions	109
	Environmental audits on construction sites(1)	3	Suppliers with non-conformities	1
	Documentary and on-site safety audits of suppliers who conduct work at company facilities(1)	102	Suppliers with unfavourable audits	27
External assessment	Financial, reputational, ethical, environmental and social assessment	668	Suppliers with a score less than 50/100	126
	Cybersecurity scoring	662	Suppliers with high or very high risk of non-compliance and/or financial loss	130
	Consultation on human rights, ethics and compliance on reputational analysis platforms	1,566	Suppliers involved in legal non-compliance	67
	Audits on financial, ethical, environmental and social aspects(1)	127	Suppliers with non-conformities	64

(1). The results of the assessments are considered to have a validity of two years.

Enagás evaluates its suppliers in environmental, social, ethical and human rights matters using different methodologies

4.10 Affiliate management

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 2021

- **Development of action plans and recommendations on the basis of human rights and climate action due diligence assessment at affiliates.**
- **Internal audit to evaluate the adequacy of internal control to procurement processes and the process of managing the relationship with local communities at Transportadora de Gas del Perú.**
- **Internal audit of the procurement process for the BBG Regasification Plant.**
- **Internal audit to evaluate the adequacy of internal control in the corporate governance process at the SAGGAS Regasification Plant.**
- **Internal audit to review the operational and safety incident procedures of the GNL Quintero Regasification Plant.**

2022 lines

- **Internal audit of purchasing and treasury processes at the TLA Altamira Regasification Plant.**
- **Internal audit to evaluate the adequacy of the existing internal control in the main processes of Transportadora de Gas del Perú.**
- **Internal compliance audit of the BBG Regasification Plant.**
- **Internal audit to evaluate internal procedures and regulations in relation to wage and salary cycles and financial closing at the SAGGAS Regasification Plant.**

Management model for affiliates

[GRI 2-12, GRI 2-13]

Enagás affiliates 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; this also provides support for the corporate and business areas in their areas of expertise through specific working groups. 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 Enagás profiles to key positions in the affiliates (seconded personnel).

Critical management standards

Enagás actively manages its relations with the partners and managers of its affiliates.

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.

The company has set out critical management standards based on its material topics

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

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

Natural capital and biodiversity management
- Environmental management system
- Conducting environmental impact assessments

Good Governance
- Procedure rules
- Board of Directors remuneration policy
- Company governance (agreements, working groups, etc.)

Climate action and energy efficiency
- Energy efficiency measures and emissions reduction

Ethics and Compliance
- Code of conduct
- Crime Prevention Model
- Whistleblowing channel

Supply chain
- Contracting and reporting (procurement processes)
- Suppliers approval

People
- Remuneration policy
- Contractual relations and trade union rights
- Negotiation and representation
- Human resources policy
- Human resource development (training and recruitment)
- Workplace climate

Other management standards
- Risk Map: identification and monitoring of risks
- Internal control (general control and process control)
- Internal audit

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 defined local internal audit plans, focusing in 2022 on the most relevant topics such as compliance and cybersecurity (Compañía Operadora de Gas in Peru, Tallgrass Energy, DESFA operator, Trans Adriatic Pipeline and the GNL Quintero Regasification Plant), in order to ensure that the main risks of the affiliate are covered by internal audits.

During 2021, 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 audits of partners to evaluate the adequacy of internal controls in the approval and purchasing processes (Transportadora de Gas del Perú), in the purchasing and compliance processes (BBG Regasification Plant), corporate governance process (SAGGAS Regasification Plant), and the procurement process at the Trans Adriatic Pipeline.

Most significant actions carried out in our affiliates

The following is a list of the most significant actions carried out in our affiliates in 2021; all of them are aligned with the Enagás' strategy and sustainable management model.

It is worth highlighting that a due diligence analysis has been carried out in the areas of human rights and climate action in all affiliates, thus addressing two of the most critical areas in terms of sustainability. Following completion of the analysis and presentation of the conclusions, the affiliates have continued to make progress in these areas (see the 'Climate action and energy efficiency' and 'Respect for Human Rights' chapters).

08/2021

Enagás, Acciona Energía and the GNL Quintero Regasification Plant have partnered to develop an electrolysis plant (nominal power of 10 MW) for the generation of green hydrogen from water (H_2O) and renewable electricity in the Quintero Bay (Chile). The project entails an estimated investment of 30 million dollars and has been selected to receive financing from the Chilean Economic Development Agency (CORFO).

The operation of the "Green Hydrogen Quintero Bay" project seeks to offer a clean and sustainable energy alternative, contributing to the decarbonisation process of the country's energy matrix and the environmental recovery of the municipalities of Puchuncaví and Quintero, in the Valparaíso Region.

For further information on Enagás' affiliates, please see their corporate websites:

USA
- Tallgrass Energy

Mexico
- TLA Altamira regasification plant
- Soto La Marina compressor station
- Morelos Pipeline

Peru
- Transportadora de Gas del Perú (TgP)
- Compañía Operadora de Gas in Perú (COGA)

Chile
- GNL Quintero regasification plant

Greece, Albania and Italy
- Trans Adriatic Pipeline (TAP)

Greece
- DESFA operator
- Floating storage regasification unit of Alexandroupolis (indirect stake through DESFA)

Spain
- SAGGAS regasification plant
- BBG regasification plant

MANAGEMENT STANDARD	ACTIONS
Health and Safety	▸ Implementation of the Cybersecurity Master Plan at the GNL Quintero Regasification Plant.
Climate action and energy efficiency	▸ Climate action due diligence assessment for all affiliates. ▸ Implementation of a CO_2 emissions reduction programme and a fugitive emissions control plan that includes the establishment of a methane emissions baseline and reduction targets at the Trans Adriatic Pipeline. ▸ Development of a methodology for measuring greenhouse gas emissions and the establishment of associated reduction targets at the GNL Quintero Regasification Plant. ▸ Approval of a Strategic Carbon Plan 2021-2026 with emissions reduction targets at the SAGGAS Regasification Plant. ▸ Preparation of a Greenhouse Gas Emission Reduction Plan for Compañía Operadora de Gas de Perú. ▸ In the process of setting greenhouse gas emissions reduction targets at Transportadora de Gas del Perú and Compañía Operadora de Gas in Peru.
Operational and financial excellence	▸ Development of a comprehensive sustainability management framework with associated objectives, indicators and targets at the GNL Quintero Regasification Plant. ▸ Updating of the Crisis Management Manual and Business Continuity Plans at the GNL Quintero Regasification Plant.
People	▸ Completion of an employee survey and a study of workplace psychosocial risk factors by an accredited third party at the Soto la Marina Compressor Station.
Supply chain	▸ Supply chain Expansion of the scope of the supplier approval procedure and implementation of improvements in the control and authorisation of purchasing processes at Compañía Operadora de Gas in Peru. ▸ Update of procurement standards and procedures at Transportadora de Gas del Perú.
Ethics and Compliance	▸ Implementation of the Crime Prevention Model, the Code of Conduct and the Whistleblowing Channel at the Morelos gas pipeline and Soto La Marina Compressor Station. ▸ Update of the Code of Ethics at the GNL Quintero Regasification Plant.
Local communities	▸ Human rights due diligence analysis for all affiliates. ▸ Development of a social investment plan and a communication and community outreach strategy at the Soto La Marina Compressor Station. ▸ Development of a collaboration agreement with the Federal Electricity Commission of Mexico for the development of projects in local communities at the Morelos Gas Pipeline.

4.11
Respect for human rights

[GRI 2-23, GRI 2-25, GRI 3-3]

By acting on each material topic, Enagás ensures that human rights are upheld where applicable to the context and activities of the company.

For this purpose, the company follows the roadmap set out by United Nations through its Sustainable Development Goals.

Enagás sets out 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 employees so that they can learn the company's methods for ensuring compliance with human rights.

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-related risks and impacts on a regular basis.

The identification of these risks and impacts is carried out for different points of the company's value chain (Enagás activities with management control, affiliates without management control and supply chain and customers), taking into account international standards based on location and activity[1], communications and consultations with stakeholders, as well as consultations with external experts in human rights. The human rights identified include labour rights, safety, the environment, ethics and integrity, as well as fundamental rights.

The evaluation of the identified risks is carried out through the following assessments:

- Country-specific risk assessment (see the 'Strategy' chapter).
- Corporate Risk Map (see the 'Risk management' chapter).

1. The World Bank, UNICEF, The Economist Intelligence Unit, IPIECA, The Danish Institute for Human Rights, etc.

See the ***Human Rights Policy*** on the **web corporativa**

- Safety risk assessments in posts and facilities (see the 'Health and safety' chapter).
- Environmental impact/environmental risk assessments (see the 'Natural capital and biodiversity management' chapter).
- Supply chain assessments (see the 'Supply chain' chapter).

In the assessments carried out in 2021, Enagás considers the level of 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 'Geographies' in the 'Our business model' chapter), which include the main measures detailed below for each of the main issues named and aimed at the vulnerable groups identified[1]. 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 2021, Enagás did not find any human rights violations, so no remediation actions had to be carried out.

Human rights due diligence assessment at affiliates

[GRI 411-1, GRI S11.17.3, GRI S11.17.4]

In 2021, a human rights risk assessment was also carried out for Enagás' affiliates. It established that 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 employees.

In general, there is also an advanced level of management regarding the handling of communications and complaints. Due to the importance of this area, the companies received a recommendation to continue with the actions in which they are already involved.

One of the areas in which a higher country risk was identified in several companies is employee relations and working conditions. In this area, 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 also notes that this year has had a very positive effect on the companies, so that most of them have implemented improvement projects.
[GRI 2-23, GRI 2-25, GRI 3-3]

1. Within the framework of the risk assessments that Enagás carries out each year, vulnerable groups have been identified among the stakeholders –employees, local communities and suppliers– upon whom actions are focused.

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 employees 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 bar-gaining	Low risk of violation	Enagás has in place a collective bargaining agreement, in line with its human capital management policy (see the 'People' chapter), and enters into collective negotiations and carries out regular consultations with authorised employee representatives. [GRI 407-1]

Human rights assessed	Assessment result	Measures to reduce the level of risk
Workplace non-discrimination and diversity	Low risk of violation	The company has in place a Diversity and Inclusion Strategy, an Equality Plan and a Prevention and Action Protocol at the disposal of its employees for any situation of workplace harassment. This protocol provides a confidential channel for reporting work-place 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 2021, Enagás' minimum salary was 1.5 times the minimum inter-professional salary in Spain. [GRI 202-1]
Living wage	Low risk of violation	Enagás is committed to establishing a salary high enough for all its employees 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' 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 could be affected by the defective product. 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.

Human rights assessed	Assessment result	Measures to reduce the level of risk
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 mechanism to mitigate the environmental impacts derived from the company's activities (see the 'Natural capital management and biodiversity' 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 promoting respect for Human Rights. [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.

[GRI 2-25]

HUMAN RIGHTS ASSESSED IN THE SUPPLY CHAIN [GRI 2-25]

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' 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 IN AFFILIATE COMPANIES WITHOUT MANAGEMENT CONTROL [GRI 2-25, GRI S11.17.3, GRI S11.17.4]

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 'Affiliate Management' 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, Mexico and Chile.

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' 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 management and biodiversity' chapters).
- Procedure for compensation and indemnity for the passage of gas pipelines on private property (see the 'Local Communities' chapter).

Additionally, as mechanisms for redress, Enagás has in place an ethical channel (accessible to all stakeholders) and an Ethical Compliance Committee (see the 'Ethics and Integrity' chapter). There are also corporate mailboxes available for specific areas.

4.12 Ranking on indices and certifications

Listed below are the recognitions for the Enagás sustainable management model.

Enagás has been a member of the Dow Jones Sustainability Index World (DJSI) since 2008

POSITION

SUSTAINABILITY

Enagás has been a member of the United Nations Global Compact since 2003. The Progress Report has been at GC Advanced Level since 2011. 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 AA1000APS and the Global Reporting Initiative (GRI) Standards, including the Oil and Gas Sector 2021 Standard.

It also follows the principles of integrated reporting set out by the International Integrated Re-porting Committee (IIRC) and the SASB (Sustainability Accounting Standards Board) reporting standard for the Oil & Gas - Midstream sector.

Member of Dow Jones Sustainability Indices
Powered by the S&P Global CSA
Sustainability Award
Bronze Class 2022
S&P Global

Enagás has been a member of the Dow Jones Sustainability Index World (DJSI) in the Gas Utilities sector since 2008. It also has a Bronze Class rating in The Sustainability Yearbook at S&P Global.

Enagás has been a member of the MSCI 'Global Sustainability Indices' since 2010, with an AA rating in 2021.

FTSE4Good

Enagás has been a member of the FTSE4Good index since 2006.

Member 2019/2020 STOXX ESG LEADERS INDICES

Enagás has been a member of the STOXX Global ESG Leaders index since 2011.

Corporate ESG Performance Prime RATED BY ISS ESG

Enagás has held ISS's 'B Prime' rating since 2010.

QUALITY AND EXCELLENCE

Enagás' management model has held an EFQM international management certificate for its excellent, innovative and sustainable management since 2012. In the 2021 evaluation, the company exceeded 700 points, obtaining the 'EFQM 700 Seal'.

Enagás was also acknowledged as Ambassador of European Excellence in 2020.

Enagás holds ISO 9001 certification for its processes of Technical Management of the System, Asset Management, Infrastructure Development and Information Systems Management. The company also holds SSAE 18 certification for Security of Supply of the System/Technical Management of Underground Storage Facilities Systems.

ENVIRONMENT

Enagás has been listed in CDP's Climate Change and Water Security rankings since 2009. In 2021, it was placed on the 'A List' (highest rating) of leading companies in climate change management. It has also been recognised as one of the leading companies for its commitment to suppliers.

Enagás holds the ISO 14001 certification for its Gas Transmission and Storage Infrastructure Development processes, its Asset Management, the Enagás Central Laboratory and the corporate head office. The Huelva and Barcelona plants and Serrablo and Yela storage facilities also 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 2021, Enagás obtained Zero Waste certification in accordance with AENOR's specific regulations for Enagás, S.A. and Enagás Transporte, S.A.U. companies.

SOCIAL

Enagás has held the 'EFR Certificate of work-life balance' since 2007, having achieved level A of Excellence in 2019.

Since 2009, Enagás has been recognised as one of the Top Employers in Spain.

Enagás has been included in the 2022 Bloomberg Gender-Equality Index.

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.

Moreover, Enagás has held the healthy company certification since 2017 and has obtained the ISO 39001 road traffic safety management and the ISO 27001 information security management certification.

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 was listed among the 100 Most Talented Companies in 2021 and remains in the "Energy, Water and Gas" sector ranking.

In 2021, Enagás received AENOR's "COVID-19 Action Protocol Certification", which recognises the efforts made by the company to protect the health and safety of its employees in the face of the pandemic.

5 KEY INDICATORS

Economic

ECONOMIC PERFORMANCE AND COST EFFICIENCY

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
EBITDA (million euros)[1]	596.0	636.2	701.3	780.8	885.5	934.3	995.9	939.8	900.5	948.8	1,110.3	1,060.7	994.8	942.9	**895.3**
EBIT (million euros)[1]	408.3	433.1	484.7	530.9	585.9	618.4	649.8	589.6	602.0	651.7	732.1	691.0	657.4	614.6	**583.4**
BDI (million euros)[2]	238.3	258.9	298.0	333.5	364.6	379.5	403.2	406.5	412.7	417.2	490.8	442.6	422.6	444.0	**403.8**
Dividends (million euros)[2][3]	143.0	155.3	178.8	200.1	237.0	265.7	302.4	310.4	315.1	331.4	348.1	354.8	371.3	426.7	**441.4**
Net investment (million euros)[2][3]	508.6	776.9	901.6	796.3	781.4	761.4	531.4	625.0	530.2	912.2	328.5	-262.8	706.2	859.2	**59.7[6]**
Net debt (million euros)[2]	1,942.7	2,351.3	2,904.0	3,175.3	3,442.6	3,598.6	3,772.7	4,059.1	4,237.0	5,088.7	5,007.7	4,274.7	3,755.0	4,287.7	**4,276.8**
Shareholders equity (million euros)[2]	1,344.8	1,456.1	1,593.4	1,738.8	1,867.4	2,014.9	2,118.4	2,218.5	2,318.9	2,373.7	2,585.6	2,658.7	3,170.1	3,192.7	**3,158.4**
Assets (million euros)[2]	3,976.0	4,717.8	5,779.9	6,829.1	7,717.4	8,083.4	7,043.5	7,711.8	7,751.9	9,248.0	9,649.6	9,526.2	8,844.2	9,008.9	**9,873.8**
Net debt/EBITDA adjusted[1][4]	3.3x	3.7x	4.1x	4.1x	3.9x	3.8x	3.7x	4.2x	4.5x	5.2x	4.4x	4.0x	3.9x	4.8x	**5.1x**
Financial cost of debt[2]	4.3%	4.7%	3.3%	2.7%	2.8%	2.5%	3.0%	3.2%	2.7%	2.4%	2.2%	2.3%	2.1%	1.9%	**1.7%**
Headcount (December 31)[5]	985	1,008	1,046	1,047	1,126	1,178	1,149	1,206	1,337	1,337	1,307	1,320	1,306	1,330	**1,344**

(1). These figures are included in the Alternative Performance Measures Report, available at https://www.enagas.es/enagas/en/AccionistasEInversores/InformacionEconomicoFinanciera/Medidas_Alternativas_de_Rendimiento_(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 "number of employees" indicator for 2017 and 2018 has been recalculated excluding the GNL Quintero regasification plant (Chile).
(6). Result of 54.3 million euros of divestments and 114.0 million euros of investments.

STOCK MARKET PERFORMANCE

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Share price (31 Dec.) (€)	19.99	15.56	15.43	14.92	14.29	16.14	19.00	26.19	26.00	24.12	23.87	23.61	22.74	17.97	**20.40**
Dividend (€)	0.60	0.65	0.75	0.84	0.99	1.11	1.27	1.30	1.32	1.39	1.46	1.53	1.60	1.68	**1.70**[(1)]
Market capitalisation (million euros)	4,771.6	3,714.7	3,682.5	3,560.7	3,411.0	3,852.6	4,534.8	6,251.3	6,207.1	5,759.4	5,698.6	5,636.5	5,967.7	4,706.7	**5,344.6**
Number of shares (millions)	238.7	238.7	238.7	238.7	238.7	238.7	238.7	238.7	238.7	238.7	238.7	238.7	262.0	262.0	**262.0**

(1). Distribution of the 2021 gross dividend of 1.70 euros per share is subject to approval at the General Shareholders' Meeting.

ECONOMIC VALUE GENERATED AND DISTRIBUTED [GRI 201-1]

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Economic value generated (EVG)	901.5	1,000.80	1,154.80	1,199.30	1,261.9	1,227.2	1,221.6	1,218.3	1,384.6	1,342.2	1,182.7	1,084.0	**991.2**
Economic value distributed (EVD)	565.7	617.5	727.6	769.2	845.4	801.5	862	894.0	942.7	969.7	926.3	916.1	**975.7**
Suppliers	137.2	147.3	193.1	168.1	184.6	198.3	193.4	203.9	209.6	229.8	184.4	176.3	**167.5**
Society (tax and social action investment)	127.7	144.3	164.9	179.8	172.2	102.6	166.3	136.3	144.8	138.8	128.0	118.7	**113.3**
Investment in social action	0.8	1.3	2.2	1.6	1.6	1.6	1.9	2.2	2.0	2.0	2.0	3.9	**1.8**
Tax	126.9	143	162.6	178.2	170.6	101.0	164.4	134.1	142.8	136.8	126.0	114.8	**111.4**
Employees (personnel expenses)	60.7	67.2	67	79	82.3	84.7	96.3	108.8	128.9	131.2	125.2	126.7	**129.7**
Capital providers	240	258.7	302.6	342.4	406.3	415.9	406	445.1	459.5	469.8	488.7	494.4	**524.8**
Dividends paid to shareholders	178.8	200.1	237	265.7	302.4	310.4	315.1	331.7	348.6	365.3	371.3	426.7	**441.4**
Financial result	61.2	58.6	65.6	76.7	103.9	105.5	90.9	113.4	110.9	104.6	117.4	67.7	**83.4**
Economic value retained (EVR)	335.9	383.3	427.2	430.1	416.5	425.7	359.6	324.3	441.9	372.5	256.4	167.9	**55.8**

FINANCIAL AND NON-FINANCIAL RATINGS

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Standard & Poor's	AA-	AA-	AA-	AA-	AA-	BBB	BBB	BBB	A-	A-	A-	A-	BBB+	BBB+	**BBB+[1]**
Fitch	A2	A2	A2	A2	A2	A-	A-	A-	A-	A-	A-	A-	A-	BBB+	**BBB+**
Dow Jones Sustainability Index[2]	67	77	75	78	88	83	85	84	85	91	86	85	85	87	**85**
CDP Climate Change (transparency/ performance)	-	-	-	70/B	83/B	85/B	83/B	91/B	99/B	A	A-	B	A	A	**A**

(1). On January 26, 2022, the credit rating agency Standard & Poor's changed Enagás' rating from BBB+ negative outlook to BBB with stable outlook.
(2). Enagás has been a member of the Dow Jones Sustainability Index since 2008.

Social

CORPORATE GOVERNANCE

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Number of Directors	15	13	15	15	13	13	13	13	13	16	**15**
Independent Directors (%)	53.3%	61.5%	60%	60%	62%	62%	54%	54%	62%	69%	**73.3%**
Board gender diversity (%)	13.4%	15.4%	20%	20%	23%	23%	23%	23%	31%	25%	**33.3%**
Non-Audit Fees (%)	27%	14%	3%	3%	4%	53%	18%	36%	34%	39%	**33%**
General Shareholders' Meeting *quorum (%)*	57%	55.8%	53.1%	52.9%	54.8%	50.8%	45.6%	45.6%	51.0%	48.2%	**49.0%**

SUPPLY CHAIN

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Approved suppliers (no.)	1,989	2,010	1,875	1,745	1,781	1,800	1,356	1,382	1,458	1,483	**1,526**
Critical/approved suppliers (%)	52.1%	51.8%	54.4%	59.1%	59%	59%	69.5%	65.3%	58.3%	61.3%	**15.5%**(1)
Suppliers audited externally in financial, ethical, environmental and social aspects (no.)	-	31	51	61	33	39	55	95	129	149	**127**
Percentage of approved suppliers assessed in human rights, ethics, social and environmental aspects (%)(2)	-	-	25.05%	27.05%	26.6%	27.1%	52.4%	53.5%	65.1%	70.3%	**81.9%**

(1). In 2021, Enagás updated its criteria for classifying a supplier as critical, so the values are not comparable with previous years (see the 'Supply chain' chapter). [GRI 2-4]
(2). From 2011 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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Reports received via ethics channel (no.)	-	2	2	4	4	3	2	5	1	5	**7**
People trained in issues related to ethical compliance (cumulative figure) (no.)			128	200	1,217	1,214	1,206	1,228	1,223	1,260	**1,302**

HUMAN CAPITAL [GRI 2-7]

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Employees (no.)	1,126	1,118	1,149	1,206	1,337	1,337	1,307	1,320	1,306	1,330	**1,344**
Voluntary employee turnover (%)	0.8%	0.46%	0.45%	0.69%	0.49%	0.63%	1.40%	1.32%	1.34%	1.40%	**1.16%**
Absenteeism (%)	3.65%	2.33%	2.46%	2.50%	2.51%	2.89%	3.05%	3.26%	3.59%	3.37%	**2.70%**
Workforce gender diversity (%)	22.47%	22.45%	22.8%	23.88%	26.78%	27.45%	27.16%	27.73%	28.10%	28.57%	**28.87%**
Board gender diversity (%)	14.1%	15.9%	18.8%	20.0%	25.4%	24.8%	26.77%	27.21%	28.99%	29.93%	**30.61%**
Investment in training per employee (€)	956	898	1,192	1,041	894	920	1,071	1,162	1,091	818	**874**
Training per employee (hrs)	48.9	45.8	52.0	59.6	49.8	61.8	65.6	61.6	51.9	46.6	**45.1**

CUSTOMER SATISFACTION

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Rate of satisfaction of shippers with transmission	80%	82.5%	83%	82.2%	82.7%	84.3%	85.7%	89.4%	87.8%	88.3%	**89.9%**
Rate of satisfaction of transmission companies and distributors with transmission	76.7%	78.3%	79%	77.1%	89.2%	84.7%	85.0%	81.2%	79.5%	85.6%	**93.5%**
Rate of satisfaction of shippers with the technical management of the Spanish Gas System	76.7%	83.5%	80.5%	78.6%	78.3%	86.2%	83.9%	90.1%	84.8%	84.8%(1)	**83.0%**
Rate of satisfaction of transmission companies and distributors with the technical management of the Spanish Gas System	76.7%	78.7%	81.2%	72.6%	83.3%	79.2%	82.3%	89.4%	90.0%	90.0%(1)	**96.0%**

(1). Data from the customer satisfaction survey sent out in December 2019.

OCCUPATIONAL HEALTH AND SAFETY [GRI 403-9]

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Lost time injury frequency rate (own workforce)	7.51	9.01	5.31	4.69	3.86	1.80	7.84	2.33	5.14	3.73	**3.18**
Lost time injury frequency rate (contractors)	7.08	6.36	9.32	3.04	2.25	10.43	0.54	1.09	3.20	5.36	**2.04**
Lost time injury severity rate (own workforce)	0.07	0.37	0.25	0.53	0.14	0.08	0.38	0.05	0.10	0.05	**0.07**
Lost time injury severity rate (contractors)	0.2	0.28	0.36	0.11	0.07	0.11	0.02	0.02	0.05	0.15	**0.05**
Work-related fatalities of own workforce (no.)	0	0	0	0	0	0	0	0	0	0	**0**
Work-related fatalities of contractors (no.)	0	0	0	0	0	0	0	0	0	0	**1**[(1)]

(1). In 2021, as the vessel "Bourbon Petrel" was providing supply services to the Gaviota underground storage facility, an incident occurred on the deck of the vessel when the crew of the vessel was performing the unmooring manoeuvre, resulting in the death of one of its sailors. Enagás conducted an investigation of the incident to identify its causes; no causes associated with the management of the platform of the Gaviota underground storage facility were identified (see the 'Health and safety' chapter).

IMPACT ON LOCAL COMMUNITIES

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Social action investment/net profit (%)	0.6%	0.4%	0.4%	0.4%	0.5%	0.5%	0.4%	0.5%	0.5%	0.9%	**0.5%**
Participation of employees in corporate volunteering initiatives (% of workforce)		5%	8.5%	9%	15.1%	16.7%	26.9%	27.5%	25.0%	21.6%	**12.6%**
Time spent on volunteer work (hrs)		400	640	866	1,404	1,475	2,395	2,430	2,483	625	**403**

Environmental

ENVIRONMENTAL MANAGEMENT AND FIGHTING CLIMATE CHANGE

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Scope 1 CO_2 emissions (t CO_2e) [GRI 305-1]	264,679	387,651	479,175	537,092	272,728	263,540	266,357	274,458	275,889	208,314	**263,571**
Scope 2 CO_2 emissions (t CO_2e) [GRI 305-2]	52,752	61,377	36,079	33,941	32,444	27,010	22,979	30,300	34,273	1,654	**0**
Self-consumption of natural gas (GWh) [GRI 302-1]	1,025	1,672	1,932.1	2,338.1	963.0	919.3	1,030.4	1,055.7	1,120.2	833.5	**1,098**
Electricity consumption (GWh)(1) [GRI 302-1]	201.5	186.7	150.0	143.1	148.3	160.5	192.0	181.2	214.3	207.3	**197.3**
Electricity generation/consumption (%)	1.9%	5.4%	6.8%	4.7%	8.0%	12.5%	11.0%	12.5%	17.1%	19.2%	**16.7%**
Waste generated (t) [GRI 306-3]	3,722	3,913	3,455	2,189	3,823	3,981	2,813.8	4,136.2	2,807(2)	3,616(2)	**5,195**
Waste recovered / recycled (%) [GRI 306-4]	59%	48%	63%	15%	40%	61%	73%	83%	89%(2)	91%(2)	**96%**
Area occupied in protected natural areas (km^2)(3) [GRI 304-1]			3.7	4	4	4	4	6.7	6.7	6.7	**6.7**

(1). Includes consumption from the network and from own generation sources.
(2). Non-hazardous waste for 2019 and 2020 has been recalculated without taking into account wastewater from Barcelona, in line with 2021. [GRI 2-4]
(3). Protected Areas: Natura 2000 Network (SACs/SPAs), Ramsar wetlands and Biosphere Reserve. The last two protection figures indicated are not included in the data prior to 2018.

6 APPENDICES

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
GENERAL		
Description of the business model	GRI 2-1, GRI 2-2, GRI 2-6	3, 11-18, 144-150
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	31, 43-44, 52, 60, 68-72, 75, 84, 86, 96-97, 100, 102-105, 121, 135-136
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	31, 43-44, 52, 60, 68-72, 75, 84, 86, 96-97, 100, 102-105, 121, 135-136
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	24-28, 69-72, 106-107, 135-139
Non-financial key performance indicators	Internal framework: quantitative indicators of non-financial nature	8, 146-150, 159-177

Requirements established by Law 11/2018 and the EU Taxonomy Regulation	Reporting framework	Page numbers
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 308-2, GRI 3-3 for all material topics related to the environment	96-97, 100, 102-105, 128-129
Environmental assessment or certification procedures	Internal framework: qualitative description of environmental assessment and certification	96-97, 106-107, 110, 120, 128, 140-141
Resources dedicated to the prevention of environmental risks	Internal framework: qualitative description of the resources dedicated to the prevention of environmental risks at the company	24-39, 96-97, 106-108, 113-117
Application of the precautionary principle	GRI 2-23, GRI 3-3 for all material topics related to the environment	69, 96-97, 100, 102-105
The amount of provisions and guarantees for environmental risks	Internal framework: qualitative description of the financial guarantees for environmental risks provided by the company	96-97, 106-108
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	Management approach (GRI 3-3) to "GHG emissions", "Climate adaptation, resilience and transition" and "Atmospheric emissions", GRI 305-1, GRI 305-2, GRI 305-3, GRI 305-6, GRI 305-7	104-105, 110-113, 117-120, 150
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 306-4	99-101, 150
Actions to combat food waste	Internal framework: qualitative description of the non-materiality of food waste for Enagás	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 303-3, GRI 303-4, GRI 303-5	102-103
Consumption of raw materials and the measures adopted to improve efficiency in their use	Internal framework: qualitative description of the non-materiality of the consumption of raw materials	Enagás does not consume raw materials in its production process; only ancillary materials are used

Requirements established by Law 11/2018 and the EU Taxonomy Regulation	Reporting framework	Page numbers
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	113-116, 150
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	105, 109-120, 150
The measures adopted in order to adapt to the consequences of climate change	GRI 201-2	24-28, 31-35, 106-108, 112, 113
The voluntarily established long and short-term emission reduction targets to reduce greenhouse gas emissions and the measures implemented for this purpose	GRI 305-5	4, 8, 21, 23, 31, 109
Biodiversity protection		
Biodiversity protection: measures taken to preserve or restore biodiversity	GRI 304-3	96-98
Impacts caused by activities or operations in protected areas	GRI 304-2, GRI 304-4	96-98, 165
II. INFORMATION ON SOCIAL AND PERSONNEL-RELATED ISSUES		
Employment		
Total number and distribution of employees by gender, age, country and professional category	GRI 2-7, GRI 405-1	8, 53-58, 61, 64, 148
Total number and distribution of work contract modalities	GRI 2-7	54-55
Yearly average of permanent contracts, temporary contracts and part-time contracts by gender, age and professional category	Internal framework: quantitative description of contracts at year-end	55
Number of dismissals by gender, age and professional category	Internal framework: quantitative description of the number of dismissals and their breakdowns	55
Average remuneration and its evolution by gender, age and professional category or equivalent	Internal framework: quantitative description of average remuneration and its breakdown	63
Gender pay gap, remuneration for equal work or average for the company	Internal framework: quantitative description of the pay gap	62-63

Requirements established by Law 11/2018 and the EU Taxonomy Regulation	Reporting framework	Page numbers
The average remuneration of directors and managers, including variable remuneration, expenses, compensation, payments to long-term savings plans and any other item by gender	Internal framework: quantitative description of the average remuneration of directors and managers and their breakdowns	51, 63
Implementation of policies related to the disconnecting from work	Internal framework: qualitative description of the actions related to disconnecting from work implemented at the company	56, 86, 88
Employees with disabilities	GRI 405-1	64
Organisation of work		
Organisation of work hours	Internal framework: qualitative description of the organisation of work hours	54-55
Number of hours lost to absenteeism	Internal framework: quantitative description of the number of hours of absenteeism (including hours lost to common illness and accidents at work)	86, 90 60,999.1 hours' absenteeism in 2021 (74,848.1 in 2020 y 79,359.8 in 2019)
Measures aimed at providing work-life balance and promoting their shared use by both parents	GRI 401-2, GRI 401-3	65-66
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	86-94
Work-related accidents	Internal framework: quantitative description of the number of accidents resulting in sick leave	89
Frequency and severity, by gender	Internal framework: lost time injury frequency rate (No. accidents with sick leave x 106/No. hours worked) and lost time injury severity rate (No. working days lost x 103/No. hours worked)	89
Occupational illnesses, by gender	GRI 403-10	90 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	42, 66-67, 69-70, 77, 86-88, 122, 129
Percentage of employees covered by collective bargaining agreements by country	GRI 2-30	67
Results of collective bargaining agreements, particularly in relation to occupational health and safety	GRI 2-30, GRI 403-4	66, 87-88

Requirements established by Law 11/2018 and the EU Taxonomy Regulation	Reporting framework	Page numbers
Training		
Training policies implemented	GRI 404-2	58-59
Total number of hours of training courses by professional category	GRI 404-1	52, 58-59, 148
Universal accessibility for persons with disabilities		
Universal accessibility for persons with disabilities	Internal framework: qualitative description of the universal accessibility measures implemented at the company	63
Equality		
Measures adopted to promote equal treatment and opportunities for men and women	GRI 401-3, GRI 406-1	60-63, 69
Equality plans (Chapter III of Spanish Constitutional Act 3/2007 of March 22, for Effective Equality between Women and Men)	GRI 405-1	60-63, 69
Measures adopted to promote employment	Internal framework: qualitative description of the measures to promote employment adopted by the company	53-59
Protocol against sexual harassment and harassment on the grounds of sex	GRI 2-23	52, 60-61, 69-70, 137
Integration and universal accessibility for persons with disabilities	GRI 405-1	63
Policy against any type of discrimination and, where appropriate, for managing diversity	GRI 406-1	60-64, 170
III. INFORMATION ON RESPECT FOR HUMAN RIGHTS		
Application of due diligence procedures in relation to human rights	GRI 2-24, GRI 2-25, GRI 2-26, GRI 410-1	69, 122, 135-139
Prevention of the risks of violation of human rights and, where appropriate, measures to mitigate, manage and rectify any possible abuses committed	Internal framework: qualitative description of the measures implemented to prevent the risk of human rights violations at the company	69, 122, 135-139
Formal complaints for cases of violation of human rights	GRI 2-26	70, 136
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	69, 137
Elimination of discrimination in employment and occupation; the elimination of forced or compulsory labour and the effective elimination of child labour	GRI 409-1	69, 137

Requirements established by Law 11/2018 and the EU Taxonomy Regulation	Reporting framework	Page numbers
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	69-74, 128, 135-136
Measures to combat money laundering	GRI 205-2	69-74, 128, 135-136
Contributions to foundations and not-for-profit organisations	GRI 201-1, GRI 413-1	73-74, 121, 123-126
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 413-1, GRI 413-2	122-126
The impact of the company's activity on local communities and on the region	GRI 413-1, GRI 413-2	122-126
Relations with key figures of local communities and modalities of dialogue with them	GRI 2-26, GRI 411-1, GRI 413-1	42, 69-70, 122-126, 135-136, 172
Association and sponsorship actions	GRI 2-28, GRI 413-1	73-74, 121-126, 162
Subcontracting and suppliers		
Inclusion in the procurement policies regarding social issues, gender equality and environment	GRI 308-1, GRI 308-2, GRI 414-1, GRI 414-2	127-129
Consideration in supplier and subcontractor relations of their social and environmental responsibilities	GRI 308-1, GRI 308-2, GRI 414-1, GRI 414-2	127-129
Systems for supervision and auditing and their results	GRI 308-1, GRI 308-2, GRI 414-1, GRI 414-2	127-129
Consumers		
Measures for the health and safety of consumers	GRI 403-7	87, 92-93
Complaint systems	Internal framework: qualitative description of the complaint systems in place	42, 84
Complaints received and their resolution	Internal framework: quantitative description of complaints received and their resolution	84
Tax information		
Profits obtained by country	GRI 201-1	76, 145

Requirements established by Law 11/2018 and the EU Taxonomy Regulation	Reporting framework	Page numbers
Tax paid on profits	GRI 207-4	79-80
Public subsidies received	GRI 201-4	158 In 2021, 3,509 thousands of euros of public subsidies corresponding to gas infrastructure investments were received; 1,197 thousands of euros in 2020 and 568 thousands of euros in 2019 (in all three years, 100% were received in Spain)
European Sustainable Finance Taxonomy		
Net sales volume aligned with the Taxonomy		77-79
CAPEX aligned with the Taxonomy		77-79
OPEX aligned with the Taxonomy		77-79

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

GRI CONTENT INDEX ADVANCED SERVICE 2022

For the Content Index – Advanced Service, GRI Services reviewed that the GRI content index is clearly presented, in a manner consistent with the Standards, and that the references for all disclosures are included correctly and aligned with the appropriate sections in the body of the report.

The service was performed on the Spanish version of the report.

Statement of use	Enagás reports, in accordance with the GRI Standards, for the period from January 1, 2021 to December 31, 2021 [GRI 2-3]
GRI 1 used	GRI 1: Foundation 2021
Applicable sector standard	GRI 11: Oil and Gas Sector 2021

GENERAL CONTENT

GRI Standard	Content	Page numbers, URL and/or direct response	Omissions	Reference no. for GRI sector standard
GENERAL CONTENT				
	The organization and its reporting practices			
	2-1 Organizational details	3, 15, 189		
	2-2 Entities included in the organization's sustainability reporting	3		
	2-3 Reporting period, frequency and contact point	3, 159, 189		
GRI 2: General disclosures 2021	2-4 Restatements of information	100-101, 104, 147, 150		
	2-5 External assurance	3, 180-182		
	Activities and workers			
	2-6 Activities, value chain and other business relationships	12-13, 15, 128		
	2-7 Employees	8, 53-55, 61, 64, 148		
	2-8 Workers who are not employees	128		

GRI Standard	Content	Page numbers, URL and/or direct response	Omissions	Reference no. for GRI sector standard
GRI 2: General disclosures 2021	**Governance**			
	2-9 Governance structure and composition	46-48 Section 'C) Company Management Structure' of the 'Annual Corporate Governance Report'		
	2-10 Nomination and selection of the highest governance body	47		
	2-11 Chair of the highest governance body	46 Section D.6 of the 'Annual Corporate Governance Report'		
	2-12 Role of the highest governance body in overseeing the management of impacts	14, 25, 41, 48, 69, 106, 131		
	2-13 Delegation of responsibility for managing impacts	25, 41, 49, 69-70, 93, 106, 131		
	2-14 Role of the highest governance body in sustainability reporting	3, 7		
	2-15 Conflicts of interest	Enagás Internal Code of Conduct in Matters Relating to Securities Markets (pp. 10 to 19) Articles 13 and 26 of the Regulations of the Enagás Board of Directors Section D.6 of the 'Annual Corporate Governance Report'		
	2-16 Communication of critical concerns	49		
	2-17 Collective knowledge of the highest governance body	48		
	2-18 Evaluation of the performance of the highest governance body	48		

GRI Standard	Content	Page numbers, URL and/or direct response	Omissions	Reference no. for GRI sector standard
GRI 2: General disclosures 2021	2-19 Remuneration policies	21-23, 50-51 2021 Directors' Remuneration Report		
	2-20 Process to determine remuneration	21-23, 50		
	2-21 Annual total compensation ratio	In 2021, the Chairman's total annual remuneration was 34 times the median total annual remuneration of professionals. In 2021, the decrease in the Chairman's total annual remuneration (-2%) was 1.8 times the increase in the median total annual remuneration of employees (+1.1%).		
	Strategy, policies and practices			
	2-22 Statement on sustainable development strategy	4-7		
	2-23 Policy commitments	69, 135-136		
	2-24 Embedding policy commitments	69		
	2-25 Processes to remediate negative impacts	69, 122, 135-139		
	2-26 Mechanisms for seeking advice and raising concerns	69		
	2-27 Compliance with laws and regulations	Enagás has not received any significant fines or penalties during 2021. To be classified as significant, they must have a significant impact from a financial or reputational point of view.		

GRI Standard	Content	Page numbers, URL and/or direct response	Omissions	Reference no. for GRI sector standard
GRI 2: General disclosures 2021	2-28 Membership associations	73-74 Enagás is also involved with the governing bodies of a number of Spanish associations and organisations such as Sedigas, Enerclub and Instituto Elcano, and international bodies such as ENTSOG, GIE, IGU, GIIGNL, Marcogaz EASEE-Gas, NGVA and UNECE. It also cooperates with the regulatory authorities of the sector, both directly and through industry associations, proposing regulatory improvements, whether directly or as part of consultations by the regulators.		
	Stakeholder engagement			
	2-29 Approach to stakeholder engagement	42, 67, 83, 122, 129		
	2-30 Collective bargaining agreements	66-67		

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	42-44		
	3-2 List of material topics	43-44		

Enagás' material topics	**Material topics of the sector standard GRI 11: Oil and Gas Sector 2021**
Good Governance	
People	▸ Employment practices ▸ Non-discrimination and equal opportunity ▸ Forced labor and modern slavery ▸ Freedom of association and collective bargaining
Ethics and Compliance	▸ Anti-competitive behavior ▸ Anti-corruption ▸ Payments to governments ▸ Public policy
Financial and operational excellence	▸ Closure and rehabilitation ▸ Asset integrity and critical incident management ▸ Economic impacts
Health and safety	▸ Occupational health and safety
Natural capital and biodiversity management	▸ Air emissions ▸ Biodiversity ▸ Waste ▸ Water and effluents
Climate action and energy efficiency	▸ GHG emissions ▸ Climate adaptation, resilience, and transition
Local communities	▸ Local communities ▸ Land and resource rights ▸ Rights of indigenous peoples ▸ Conflict and security
Supply chain	
Affiliate management	

GRI Standard	Content	Page numbers, URL and/or direct response	Omissions	Reference no. for GRI sector standard
GHG emissions				
GRI 3: Material Topics 2021	3-3 Management of material topics	105		S11.1.1
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	115, 150		S11.1.2
	302-2 Energy consumption outside of the organisation	8, 17, 112		S11.1.3
	302-3 Energy intensity	116		S11.1.4
	302-4 Reduction of energy consumption	114		
	302-5 Reductions in energy requirements of products and services	114		
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	105, 110-112, 150		S11.1.5
	305-2 Energy indirect (Scope 2) GHG emissions	105, 110-112, 150		S11.1.6
	305-3 Other indirect (Scope 3) GHG emissions	105, 118-120		S11.1.7
	305-4 GHG emissions intensity	110		S11.1.8
Climate adaptation, resilience and transition				
GRI 3: Material Topics 2021	3-3 Management of material topics	105		S11.2.1
GRI 201: Economic Performance 2016	201-2 Financial implications and other risks and opportunities due to climate change	24-28, 31-34, 106-108, 113		S11.2.2
GRI 305: Emissions 2016	305-5 Reduction of GHG emissions	31, 109, 114, 116-117		S11.2.3
Additional sector disclosures	Describe the organization's approach to public policy development and lobbying on climate change	73-74, 117		S11.2.4

GRI Standard	Content	Page numbers, URL and/or direct response	Omissions	Reference no. for GRI sector standard
Atmospheric emissions				
GRI 3: Material Topics 2021	3-3 Management of material topics	104		S11.3.1
GRI 305: Emissions 2016	305-6 Emissions of ozone-depleting substances (ODS)	112		
	305-7 Nitrogen oxides (NO_x), sulphur oxides (SO_x) and other significant air emissions	104		S11.3.2
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	31-34		S11.3.3
Biodiversity				
GRI 3: Material Topics 2021	3-3 Management of material topics	96-97		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	150 Enagás' infrastructures occupy a surface area of 6.7 km2 of land located in Protected Natural Spaces: Natura 2000 Network (SACs/SPAs), Ramsar wetlands and Biosphere Reserve.		S11.4.2
	304-2 Significant impacts of activities, products and services on biodiversity	97-98		S11.4.3
	304-3 Habitats protected or restored	98		S11.4.4
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	Enagás takes into consideration special protection areas and habitats of international interest listed by the International Union for Conservation of Nature (IUCN), along with the protection of the cultural heritage associated with them, in addition to the Spanish national and regional conservation lists.		S11.4.5

GRI Standard	Content	Page numbers, URL and/or direct response	Omissions	Reference no. for GRI sector standard
Waste				
GRI 3: Material Topics 2021	3-3 Management of material topics	100		S11.5.1
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	100		S11.5.2
	306-2 Management of significant waste-related impacts	99-100		S11.5.3
	306-3 Waste generated	100-101, 150		S11.5.4
	306-4 Waste diverted from disposal	100-101, 150		S11.5.5
	306-5 Waste directed to disposal	100-101		S11.5.6
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	129		
	308-2 Negative environmental impacts in the supply chain and actions taken	128-129		
Water and effluents				
GRI 3: Material Topics 2021	3-3 Management of material topics	102-103		S11.6.1
GRI 303: Water and effluents 2018	303-1 Interactions with water as a shared resource	102-103		S11.6.2
	303-2 Management of water discharge-related impacts	103		S11.6.3
	303-3 Water withdrawal	102-103 Although all Enagás' facilities are located in Spain, a country considered to be highly water-stressed (40-80%), almost 100% of the water withdrawn is seawater[1].		S11.6.4
	303-4 Water discharge	102-103		S11.6.5
	303-5 Water consumption	103		S11.6.6

(1). World Resources Institute (WRI), Aqueduct 3.0: Country Risk. 2019.

GRI Standard	Content	Page numbers, URL and/or direct response	Omissions	Reference no. for GRI sector standard
Closure and rehabilitation				
GRI 3: Material Topics 2021	3-3 Management of material topics	85		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 programs	56, 58		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	85		S11.7.4
	List the decommissioned structures left in place and describe the rationale for leaving them in place	85		S11.7.5
	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	85		S11.7.6
Asset integrity and critical incident management				
GRI 3: Material Topics 2021	3-3 Management of material topics	84		S11.8.1
GRI 306: Effluents and waste 2016	306-3 Significant spills	102		S11.8.2

GRI Standard	Content	Page numbers, URL and/or direct response	Omissions	Reference no. for GRI sector standard
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 2021, 28 containment loss incidents were recorded according to the API-RP 754 standard (all of them classified as Tier 3).		S11.8.3
	Additional 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	86		S11.9.1
GRI 403: Occupational health and safety 2018	403-1 Health and safety management system in the workplace	86-87		S11.9.2
	403-2 Hazard identification, risk assessment and incident investigation	88, 91-92		S11.9.3
	403-3 Health services in the workplace	88, 93-94		S11.9.4
	403-4 Worker participation, consultation, and communication on health and safety in the workplace	87-88		S11.9.5
	403-5 Worker training on occupational health and safety	86, 88		S11.9.6
	403-6 Promotion of worker health	88, 93-94		S11.9.7
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	87, 93		S11.9.8
	403-8 Workers covered by a health and safety management system in the workplace	87		S11.9.9
GRI 403: Occupational health and safety 2018	403-9 Work-related injuries	86, 89-90, 149		S11.9.10
	403-10 Occupational illnesses and diseases	90		S11.9.11

GRI Standard	Content	Page numbers, URL and/or direct response	Omissions	Reference no. for GRI sector standard
Labour practices				
GRI 3: Material Topics 2021	3-3 Management of material topics	52		S11.10.1
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	60, 137		
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	54-55		S11.10.2
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	65-66		S11.10.3
	401-3 Parental leave	66		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	52, 59		S11.10.6
	404-2 Programs for upgrading employee skills and transition assistance programs	56, 58-59		S11.10.7
	404-3 Percentage of employees receiving regular performance and career development reviews	52, 57		
GRI 414: Social assessment of suppliers 2016	414-1 New suppliers that were screened using social criteria	129		S11.10.8
	414-2 Negative social impacts in the supply chain and actions taken	128-129		S11.10.9

GRI Standard	Content	Page numbers, URL and/or direct response	Omissions	Reference no. for GRI sector standard
Non-discrimination and equal opportunity				
GRI 3: Material Topics 2021	3-3 Management of material topics	60		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. There is a local general manager in both Mexico and Greece and a non-local general manager in Peru/ Chile. Employees with the nationality of the country in which they work are considered local.		S11.11.2
GRI 401: Employment 2016	401-3 Parental leave	66		S11.11.3
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	52, 59		S11.11.4
GRI 405: Diversity and equal opportunity 2016	405-1 Diversity of governance bodies and employees	45, 47, 54, 61, 64		S11.11.5
	405-2 Ratio of basic salary and remuneration of women to men	62-63		S11.11.6
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	In 2021, 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	135-136		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	137-138		S11.12.2
GRI 414: Social assessment of suppliers 2016	414-1 New suppliers that were screened using social criteria	129		S11.12.3
Economic impacts				
GRI 3: Material Topics 2021	3-3 Management of material topics	135-136		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	137		S11.13.2

GRI Standard	Content	Page numbers, URL and/or direct response	Omissions	Reference no. for GRI sector standard
Economic impacts				
GRI 3: Material Topics 2021	3-3 Management of material topics	75		S11.14.1
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	8, 145		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. There is a local general manager in both Mexico and Greece and a non-local general manager in Peru/Chile. Employees 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	32-35, 39		S11.14.4
	203-2 Significant indirect economic impacts	32-35, 52, 79-80, 128		S11.14.5
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	128		S11.14.6
Local communities				
GRI 3: Material Topics 2021	3-3 Management of material topics	121		S11.15.1
GRI 413: Local communities 2016	413-1 Operations with local community engagement, impact assessments and development programmes	123-126		S11.15.2
	413-2 Operations with significant actual and potential negative impacts on local communities	122		S11.15.3
Additional sector disclosures	Report the number and type of grievances from local communities identified	69, 122, 139		S11.15.4

GRI Standard	Content	Page numbers, URL and/or direct response	Omissions	Reference no. for GRI sector standard
Land and resource rights				
GRI 3: Material Topics 2021	3-3 Management of material topics	135-136		S11.16.1
Additional sector disclosures	List the locations of operations that caused or contributed to involuntary resettlement or where such resettlement is ongoing	138 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	135-136		S11.17.1
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	136 No incidents of violations involving rights of indigenous peoples were identified in 2021.		S11.17.2
Additional sector disclosures	List the locations of operations where indigenous peoples are present or affected by activities of the organization	136, 138 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 (FPIC) from indigenous peoples for any of the organization's activities	136, 138 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	135-136		S11.18.1
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	138		S11.18.2

GRI Standard	Content	Page numbers, URL and/or direct response	Omissions	Reference no. for GRI sector standard
Anti-competitive behaviour				
GRI 3: Material Topics 2021	3-3 Management of material topics	68		S11.19.1
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	In 2021 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	68		S11.20.1
GRI 205: Anti-Corruption 2016	205-1 Operations assessed for risks related to corruption	71		S11.20.2
	205-2 Communication and training about anti-corruption policies and procedures	68, 74		S11.20.3
	205-3 Confirmed incidents of corruption and actions taken	70, 72		S11.20.4

GRI Standard	Content	Page numbers, URL and/or direct response	Omissions	Reference no. for GRI sector standard
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, 1998, 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
	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 graph in 'Our business model', the company's activity commences with tankers offloading at any of its regasification plants or at international connections in the pipeline network. Therefore, Enagás does not participate in gas exploration or production activities.	S11.20.6

GRI Standard	Content	Page numbers, URL and/or direct response	Omissions	Reference no. for GRI sector standard
Payments to governments				
GRI 3: Material Topics 2021	3-3 Management of material topics	68		S11.21.1
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	8, 145		S11.21.2
	201-4 Financial assistance received from government	In 2021; 3,509 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: Taxation 2019	207-1 Approach to tax	72-73		S11.21.4
	207-2 Tax governance, control and risk management	28, 69, 72-73		S11.21.5
	207-3 Stakeholder engagement and management concerns related to tax	42, 72-73		S11.21.6
	207-4 Country-by-country reporting	80		S11.21.7
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 the recipient of the payment; ▸ payments made for the purchase		Not applicable. As shown in the graph in the section '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	68		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 crime prevention model. In 2021, Enagás did not make political contributions of any kind.		S11.22.2

SASB content index

MAIN CONTENT AND METRICS

Topic	Metrics	Category	Unit of measure	Code	Page numbers and/or direct response
Greenhouse gas emissions	Scope 1 emissions	Quantitative	Tonnes of CO_2e, percentage (%)	EM-MD-110a.1	110-112
	Scope 1 Emissions Reduction Strategy and Targets	Discussion and analysis	n/a	EM-MD-110a.2	8, 31, 109-116
Air quality	Air emissions of NO_x, SO_x, COVs and PM10	Quantitative	Metric tons (t)	EM-MD-120a.1	104
Ecological impacts	Environmental management policies and practices for active operations	Discussion and analysis	n/a	EM-MD-160a.1	95-104 Enagás' policies and practices are aligned with the January 2012 Performance Standards on Environmental and Social Sustainability of the International Finance Corporation (IFC).
	Land within areas with protected conservation status or endangered species habitat	Quantitative	Percentage (%) per area	EM-MD-160a.2	150 Enagás' infrastructures occupy a surface area of 6.7 km² of land located in Protected Natural Spaces (Natura 2000 Network (LIC/ZEPA), Ramsar wetlands and Biosphere Reserves), which represents approximately 14.5% of the total surface area occupied by Enagás.
	Land area disturbed and impacted area restored	Quantitative	m², percentage (%)	EM-MD-160a.3	98 In 2021, 54.2% of the disturbed area was restored, and in 2022 Enagás will continue to work on restoring the remaining area.
	Oil spills and volume of oil recovered	Quantitative	Number, litres	EM-MD-160a.4	102 Five oil spills occurred in 2021: three diesel spills (210 litres in total), one gasoline spill (0.1 litres) and one spill of liquid containing hydrocarbons (15 litres). 100% of the volume of these spills has been recovered.

Topic	Metrics	Category	Unit of measure	Code	Page numbers and/or direct response
Competitive behaviour	Monetary losses as a result of legal proceedings relating to competitive behaviour	Quantitative	Reporting currency (€)	EM-MD-520a.1	In 2021, 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	Reported pipeline incidents	Quantitative	Number, percentage (%)	EM-MD-540a.1	During 2021 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 28 containment loss incidents (all of them classified as Tier 3).
	Gas pipelines inspected	Quantitative	Percentage (%)	EM-MD-540a.2	84-85
	Rail transport accidents	Quantitative	Number	EM-MD-540a.3	Not applicable. As shown in the graph in the section 'Our business model', the company's activity does not include rail transport.
	Management systems used to embed a culture of safety and emergency preparedness	Discussion and analysis	n/a	EM-MD-540a.4	87-88, 91-92

ACTIVITY METRICS

Topic	Activity metric	Category	Unit of measure	Code	Page numbers, URL and/or direct response
Activity	Tonne-kilometres of natural gas transported by mode of transport	Quantitative	Metric tonnes (t), kilometres	EM-MD-000.A	8, 17, 112 In 2021, Enagás transported 25,048,324 tonnes of natural gas through its network of nearly 11,000 km of gas pipelines (23,884,366 tonnes in 2020).

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	106 See section 'Governance model for climate change management' in the 'Climate action and energy efficiency' chapter, where the supervisory functions of the Board of Directors are detailed.
	Describe management's role in assessing and managing climate-related risks and opportunities	106 See the 'Governance model for climate change management' section in the 'Climate action and energy efficiency' chapter, 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	24-28, 106-108 See the 'Risk management' chapter which describes Enagás' global risk management framework as well as the Corporate Risk Map which includes the "Role of natural gas in my energy future" as an emerging risk; a risk due to climate change, among other factors. In addition, the section 'Management of risks and opportunities derived from climate change' in the 'Climate action and energy efficiency' chapter, includes the specific map of Risks and Opportunities of climate change.
	Describe the impact of climate related risks and opportunities on the organisation's businesses, strategy, and financial planning	106-107 As detailed in the section 'Management of risks and opportunities arising from climate change' in the 'Climate action and energy efficiency' chapter, based on the assessment carried out, the effects of the risks of climate change would have a low economic impact on the company in 2030 (around 5% of profit). The effects of these risks would be mainly offset by the opportunities the company has identified both in the field of renewable gas development and in new natural gas logistics services.
	Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	20, 30-35, 106-107 See section 'Management of risks and opportunities arising from climate change' in the 'Climate action and energy efficiency' chapter, which sets out the different scenarios considered in the risk assessment, together with the result of the impact and probability of occurrence. The chapter 'Strategic Priorities' also 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 chapter 'Our commitment to the energy transition' details our decarbonisation strategy and the priority focus on the development of renewable gases as well as the promotion of new uses of natural gas in mobility, reinforcing the resilience of Enagás' strategy for tackling climate change.

Areas	Recommendations	Page numbers, URL and/or direct response
Risk management	Describe the organization's processes for identifying and assessing climate-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	24, 106-107 See chapter 'Risk management' for details of 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. In addition, in section 'Management of risks and opportunities arising from climate change' in the 'Climate action and energy efficiency' chapter, the process of managing risks and opportunities arising from climate change is explained in more detail.
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	106-107 See section 'Emission reduction targets' in the chapter 'Climate action and energy efficiency' for the Climate Change Risks and Opportunities map and the metrics (e.g. probability, benefit impact) 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	110-113, 118-120 See the 'Our climate change performance' and 'Scope 3 emissions' sections on the 'Climate change and energy efficiency' chapter.
	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	109-110 See the 'Emission reduction targets' section in the 'Climate action and energy efficiency' chapter, where the reduction targets and their degree of achievement are included.

External verification report [GRI 2-5]

ENAGÁS, S.A. AND SUBSIDIARIES

Independent Assurance Report on the Consolidated Non-Financial Statement and Information on Sustainability for the year ended December 31, 2021

Building a better working world

Ernst & Young, S.L.
Torre Azca
Calle de Raimundo
Fernández Villaverde, 65
28003 Madrid
España

Tel: 915 727 200
Fax: 915 727 238
ey.com

Translation of a report originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails

INDEPENDENT ASSURANCE REPORT ON THE CONSOLIDATED NON-FINANCIAL STATEMENT AND INFORMATION ON SUSTAINABILITY

To the shareholders of ENAGÁS, S.A.:

In accordance with article 49 of the Commercial Code, we have verified, with a limited scope, the Consolidated Non-Financial Statement (hereinafter NFS) for the year ended December 31, 2021 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 contains information in addition to that required by prevailing company law in respect of non-financial information that was not included in the scope of our assurance work. Consequently, our work was limited exclusively to verifying the information identified in the "Non-financial and diversity reporting requirements (Law 11/2018) and the EU Taxonomy for sustainable activities Regulation" table and in conformity with the "GRI content index" and "SASB content index" included in the accompanying Consolidated Management Report.

Responsibility of the directors

The preparation of the NFS included in the Group's Consolidated Management Report and its content is the responsibility of the 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 GRI Sustainability Reporting Standards (GRI standards), comprehensive option, as well as other criteria, including the sector supplement "GRI 11: Oil and Gas Sector 2021" and the criteria of the Sustainability Accounting Standards Board (SASB standards) in its sector supplement "Oil & Gas - Midstream 2018-10", described as explained for each subject matter in the "Non-financial and diversity reporting requirements (Law 11/2018) and the EU Taxonomy for sustainable activities Regulation" table, in conformity with the "GRI content index" and "SASB content index" of said report, and in accordance with principles stated in AA1000AP (2018) issued by AccountAbility (Institute of Social and Ethical Accountability).

This responsibility likewise includes the design, implementation, and maintenance of the internal control considered necessary to ensure that the NFS is free of material misstatement, due to fraud or error.

The directors of the Group are also responsible for defining, implementing, adapting, and maintaining the management systems from which the necessary information for preparing the NFS is obtained.

Our independence and quality control

We have complied with the independence and other Code of Ethics requirements for accounting professionals issued by the International Ethics Standards Board for Accountants (IESBA), which are based on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior.

Our firm applies International Standard on Quality Control 1 (ISQC 1), and consequently maintains a global quality control system which includes documented policies and procedures relating to compliance with ethical requirements, professional standards, and the legal and applicable regulatory provisions.

The EY team is made up of experts in non-financial information engagements and specifically, information on economic, social, and environmental performance.

Our responsibility

Our responsibility is to express our conclusions on the Independent Assurance Report with limited assurance, based on the work performed. We have carried out our work in accordance with the requirements established in the International Standard on Assurance Engagements (ISAE) 3000 (revised), "Assurance Engagements Other than Audits and Review of Historical Financial Information" issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) and the Guidelines on performing non-financial statement assurance engagements issued by Spain's Institute of Auditors and AA1000AS V3, with a moderate level of type 2 assurance.

In a limited assurance engagement, the procedures carried out vary in their nature and timing, and are less in extent than those carried out for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is also substantially lower.

Our work consisted in making inquiries of management and of the Group's various business units participating in the preparation of the NFS, reviewing the processes for compiling and validating the information presented therein, and applying certain analytical procedures and sample review tests as described in general terms below. These procedures included:

- Holding meetings with Group personnel to gain an understanding of the business model, the policies and management approaches applied, and the main risks related to these matters, as well as to gather the information needed to perform the independent assurance work.
- Analyzing the scope, relevance, *and integrity of the contents of the 2021 NFS, based on the materiality assessment* performed by the Group and described under "Materiality analysis and stakeholder management", in light of the content required under prevailing company law.
- Analyzing the processes used to compile and validate the data presented in the 2021 NFS.
- Analyzing the documents from the Non-financial internal control system.
- Reviewing the disclosures relating to the risks, policies, and management approaches applied with respect to the material matters presented in the 2021 NFS.
- Checking, via tests of a selected sample, the information underlying the contents of the 2021 NFS and the satisfactory compilation of the NFS based on data taken from information sources.
- Obtaining a representation letter from the 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.

Emphasis paragraph

Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on setting up a framework to facilitate sustainable investments establishes 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 in relation to climate change mitigation and climate change adaptation objectives the first time for the financial year 2021 provided that the non-financial information statement is published as of 1 January 2022. Consequently, the accompanying Consolidated Management Report does not include comparative information with respect to previous years on this issue. In addition, information has been included for which the directors of the Group have chosen to apply the criteria which, in their opinion, best enable compliance with the new obligation and which are defined in the section "European Taxonomy for sustainable activities" of the attached Consolidated Management Report. Our conclusion has not been modified in relation to this issue.

Conclusions

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's NFS for the year ended December 31, 2021 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, comprehensive option, as well as other criteria, including the sector supplement "GRI 11: Oil and Gas Sector 2021" and the "Oil & Gas - Midstream 2018-10" sectoral supplement to SASB standards described as explained for each subject matter in the "Non-financial and diversity reporting requirements (Law 11/2018) and the EU Taxonomy for sustainable activities Regulation" table and in conformity with the "GRI content index" and "SASB content index" of the Consolidated Management Report.

In addition, in our opinion, GRI 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), comprehensive option, described as explained for each subject matter in the "GRI Standards 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."

[GRI 2-5]

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4

Recommendations

We presented our recommendations to Enagás management regarding areas of improvement related to the application of standard AA1000AP (2018). The most significant recommendations are summarized below:

- Inclusivity: Enagás continues to make progress in identifying and diagnosing its main stakeholders, including investees, based on its specific management model for these companies. We also recommend that Enagás continue to update the stakeholders as it determines new strategic priorities, and that it likewise persist in processing data and consulting with local communities to enhance management of local stakeholders.
- Materiality: Enagás identifies and values material matters that are relevant to its stakeholders, enabling it to define its sustainability strategy focusing on strategic levers. We recommend that Enagás periodically reassess material matters to ensure that they are incorporated in its sustainability strategy.
- Responsiveness: Through its Sustainable Management Plan, Enagás monitors its achievements and challenges in parallel to the material matters identified for the organization. We recommend that Enagás continue to focus its efforts on meeting stakeholders' expectations in the future by ensuring to monitor its three-lever strategy.
- Impact: Enagás's Sustainability Strategy defines the company's three levers for tackling the energy transition process; it has also defined an indicator to assess the economic impact that climate change has on the organization. We recommend that Enagás step up its efforts to measure and analyze the Company's short, medium and long-term value, in order to assess and manage both real and potential impacts on the various areas of the organization they affect.

Use and distribution

This report was prepared in response to the requirement established by prevailing company law in Spain and may not be appropriate for other uses and jurisdictions.

ERNST & YOUNG, S.L.

(Signature on the original in Spanish)

Alberto Castilla Vida

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February 16, 2022

[GRI 2-5]

World Economic Forum 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 at (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 identify 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	128-129, 136-138
2	Companies must ensure they are not a party to Human Rights infringements	GRI 410-1	138
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	66-67, 137
4	Companies must support all steps to eradicate forced or coerced labour	GRI 409-1	137-138
5	Companies must support the eradication of child labour	GRI 409-1	137-138
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	45, 47, 54-55, 59, 61-64
Environment			
7	Companies must uphold a preventive approach that helps protect the environment	GRI 305-5, Management approach Natural Capital and Biodiversity Management	31, 109, 114, 116-117
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	31, 98-100, 109, 114, 116-117
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	31, 98-100, 109, 114, 116-117
Anti-corruption			
10	Entities must work against corruption in all its forms including extortion and bribery	GRI 205-1, GRI 205-3	70-72

Content index according to the EFQM Model

HYBRID EFQM 2020 MODEL - CONSOLIDATED MANAGEMENT REPORT

EFQM criterion	Subcriterion	References (chapters)	Pages
MANAGEMENT			
Criterion 1: Purpose, vision and strategy	1.1 Define the purpose and vision	▸ Our contribution to the SDG ▸ Our business model › Our purpose and activities › Mission, vision and values	9-10, 12, 14
	1.2 Identify and understand stakeholder needs	▸ Creation of value for our stakeholders › People (Employee satisfaction and motivation)	52-67
	1.3 Understand the ecosystem, in-house capabilities and key challenges	▸ Strategy › Operating context › Strategic priorities ▸ Our commitment to the energy transition › Renewable gases › Sustainable mobility › Corporate entrepreneurship and open innovation	17-20, 32-38
	1.4 Develop the strategy	▸ Our contribution to the SDG ▸ Strategy ▸ Our commitment to the energy transition › Sustainability Strategy	9-10, 16-28, 30
	1.5 Design and implement a management and governance system	▸ Our commitment to the energy transition › Decarbonisation and carbon neutrality ▸ Creation of value for our stakeholders › Good Governance › Climate action and energy efficiency › Affiliate management	31, 45-51, 105-120, 130-134

EFQM criterion	Subcriterion	References (chapters)	Pages
Criterion 2: Organizational culture and leadership	2.1 Lead the organisation's culture and reinforce values	▸ Targets linked to variable remuneration ▸ Creation of value for our stakeholders › People (Awareness of in-house talent, Professional development programmes, Training) › Ethics and integrity › Health and safety	21-23, 57-59, 68-74, 86-95
	2.2 Create the conditions to make change happen	▸ Our commitment to the energy transition › Corporate entrepreneurship and open innovation › Digital transformation ▸ Creation of value for our stakeholders › People (Agility and new ways of working, Professional development programmes, Training)	36-39, 56, 58-59
	2.3 Stimulate creativity and innovation	▸ Our commitment to the energy transition › Corporate entrepreneurship and open innovation › Technological innovation ▸ Creation of value for our stakeholders › People (Training)	36-39, 58-59
	2.4 Unite and commit to a purpose, vision and strategy	▸ Our business model › Our purpose and activities › Mission, vision and values ▸ Strategy › Strategic priorities ▸ Creation of value for our stakeholders › People (Employee satisfaction and motivation)	12, 14, 20, 67
EXECUTION			
Criterion 3: Stakeholder engagement	3.1 customers: Building sustainable relationships	▸ Creation of value for our stakeholders › Financial and operational excellence (Operational excellence)	81-85
	3.2 People: Attract, engage, develop and retain talent	▸ Strategy › Targets linked to variable remuneration ▸ Creation of value for our stakeholders › People › Health and safety (Healthy Company)	21-23, 52-67, 93-94

EFQM criterion	Subcriterion	References (chapters)	Pages
Criterion 3: Stakeholder engagement	3.3 Investors and regulators: Secure and maintain their ongoing support	▸ Strategy › Operating context ▸ Creation of value for our stakeholders › Financial and operational excellence › Ranking on indices and certifications	17-19, 75-85, 140-142
	3.4 Society: Contribute to its development, welfare and prosperity	▸ Our contribution to the SDG ▸ Creation of value for our stakeholders › Health and safety (Action Protocol and Contingency Plan for COVID-19) › Local communities	9-10, 88, 121-126
	3.5 Partners and suppliers: Build relationships and ensure their commitment to creating sustainable value	▸ Creation of value for our stakeholders › Supply chain › Affiliates management	127-134
Criterion 4: Creating sustainable value	4.1 Design the value proposition and how to create it	▸ Our commitment to the energy transition › Decarbonisation and carbon neutrality › Renewable gases › Sustainable mobility › Corporate entrepreneurship and open innovation ▸ Creation of value for our stakeholders › Financial and operational excellence (Operational excellence) › Climate action and energy efficiency	31-38, 81-85, 105-120
	4.2 Communicate and sell the value proposition	▸ Our commitment to the energy transition › Decarbonisation and carbon neutrality › Renewable gases › Sustainable mobility › Corporate entrepreneurship and open innovation ▸ Creation of value for our stakeholders › Financial and operational excellence (Operational excellence)	31-38, 81-85
	4.3 Produce and deliver the value proposition	▸ Creation of value for our stakeholders › Financial and operational excellence (Operational excellence) › Health and safety (Risk assessments and incident handling) › Management of natural capital and biodiversity (Circular economy)	81-85, 91-92, 99
	4.4 Design and implement a global experience model	▸ Creation of value for our stakeholders › People (Agility and new ways of working) › Financial and operational excellence (Operational excellence)	56, 81-85

EFQM criterion	Subcriterion	References (chapters)	Pages
Criterion 5: Manage operation and transformation	5.1 Manage performance and risk	▸ Strategy › Risk management ▸ Creation of value for our stakeholders › Health and Safety (Crisis and Emergency Management, Information Security) › Climate action and energy efficiency (Managing climate change risks and opportunities)	24-28, 92-93, 106-108
	5.2 Transform the organisation for the future	▸ Strategy › Operating context › Strategic priorities ▸ Creation of value for our stakeholders › People (Agility and new ways of working) › Financial and operational excellence (Operational excellence)	17-20, 56, 81-85
	5.3 Drive innovation and leverage technology	▸ Our commitment to the energy transition › Renewable gases › Corporate entrepreneurship and open innovation › Digital transformation › Technological innovation ▸ Creation of value for our stakeholders › People (Agility and new ways of working)	32-34, 36-39
	5.4 Leverage data, information and knowledge	▸ Our commitment to the energy transition › Digital transformation ▸ Creation of value for our stakeholders › People (Employee satisfaction and motivation)	39, 67
	5.5 Manage assets and resources	▸ Creation of value for our stakeholders › Financial and operational excellence ▸ Creation of value for our stakeholders › Management of natural capital and biodiversity (Circular economy, waste management)	75-85, 99-101
RESULTS			
Criterion 6: Reputation among stakeholders	6.a. Customer perception results	▸ Creation of value for our stakeholders › Financial and operational excellence (Operational excellence) ▸ Key indicators	81-85, 143-150
	6.b. People's perception results	▸ Our contribution to the SDG ▸ Creation of value for our stakeholders › People (Training, Satisfaction and motivation of professionals) › Ethics and Integrity (Code of Ethics)	9-10, 58-59, 67, 69-70

EFQM criterion	Subcriterion	References (chapters)	Pages
Criterion 6: Reputation among stakeholders	6.c. Investor and regulator perception results	▸ Enagás in 2021 ▸ Creation of value for our stakeholders › Good Governance › Ranking on indices and certifications ▸ Key indicators	8, 45-51, 140-142, 143-150
	6.d. Company perception results	▸ Enagás in 2021 ▸ Our commitment to the energy transition › Decarbonisation and carbon neutrality ▸ Creation of value for our stakeholders › Climate action and energy efficiency › Local communities › Ranking on indices and certifications ▸ Key indicators	8, 31, 35-38, 127-134, 140-150
	6.e. Partner and supplier perception results	▸ Our commitment to the energy transition › Renewable gases › Sustainable mobility › Corporate entrepreneurship and open innovation ▸ Creation of value for our stakeholders › Supply chain › Affiliates management › Ranking on indices and certifications	32-38, 127-134, 140-142
Criterion 7: Strategic and operational performance		▸ Enagás in 2021 ▸ Strategy › Targets linked to variable remuneration ▸ Our commitment to the energy transition › Technological innovation ▸ Creation of value for our stakeholders › People (Training, Diversity and inclusion) › Financial and operational excellence › Health and safety (Safety indicators) › Management of natural capital and biodiversity (Waste generation and management) › Climate action and energy efficiency ▸ Key indicators	8, 21-23, 39, 58-64, 75-85, 80-90, 100-101, 105-120, 140-142

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**
  Tlf.: 91 709 93 30 / 900 100 399
  E-mail: accionistas@enagas.es

- **Organisation and Sustainability Department**
  Tlf.: 91 709 92 62
  E-mail: sostenibilidad@enagas.es

Signed the original in Spanish.

Pursuant to Article 253 of the Corporate Enterprises Act and Article 37 of the Commercial Code, and remaining applicable standards, on February 14, 2022, 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, 2021, consisting of the accompanying documents preceding this document.

DECLARATION OF RESPONSIBILITY: For the purposes of Article 118.2 of the consolidated text of the Securities Market Act and Article 8.1.b) of Royal Decree 1362/2007, of October 19, 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 Marcelino Oreja Arburúa
DIRECTORS	
Sociedad Estatal de Participaciones Industriales - SEPI (Represented by Mr Bartolomé Lora Toro)	Mr Antonio Hernández Mancha
Ms Eva Patricia Úrbez Sanz	Ms Ana Palacio Vallelersundi
Ms Natalia Fabra Portela	Mr Santiago Ferrer Costa
Ms María Teresa Arcos Sánchez	Ms Isabel Tocino Biscarolasaga
Mr Gonzalo Solana González	Mr José Blanco Lopez
Mr Ignacio Grangel Vicente	Mr José Montilla Aguilera
Mr Cristóbal José Gallego Castillo	

DILIGENCE to record that, (i) due to the health crisis situation caused by COVID-19 and the restrictions derived from Law 2/2021, of March 29, on urgent measures of prevention, containment and coordination to face the health crisis caused by COVID-19 and from Order 1244/2021, of October 1, of the Department of Health, which establishes preventive measures to face the health crisis caused by COVID-19, the members of the Board of Directors have had the possibility of attending the Board meeting both by telematic means and physically at the registered office; (ii) the Consolidated Management Report of Enagás, S. A. for the 2021 financial year have been prepared with the agreement of all the members of the Board of Directors, as accredited by the Secretary of the Board with their signature below, and with the signature of those Directors who have physically attended the Board of Directors.

Electronic signature of the Secretary to the Board:

SECRETARY TO THE BOARD OF DIRECTORS
Mr Rafael Piqueras

2021

ANNUAL CORPORATE GOVERNANCE REPORT

enagas

ISSUER'S PARTICULARS

Financial year-end: 31/12/2021

CORPORATE TAX CODE: A-28294726

Corporate name: ENAGAS, S.A.

Registered office: PASEO DE LOS OLMOS, 19 MADRID

A. Ownership structure

A.1. **Complete the following table on the share capital and voting rights attributed, including, if applicable, those corresponding to shares with loyalty voting rights, as of the closing date of the year:**

Indicate whether the Company's articles of association contain a provision for double voting for loyalty:

[ ] Yes [√] No

Date of last change	Share capital (€)	Number of shares	Number of voting rights
20/12/2019	392,985,111.00	261,990,074	261,990,074

Indicate whether different types of shares exist with different associated rights:

[ ] Yes [√] No

A.2. **List the company's significant direct and indirect shareholders at year-end, including directors who hold a significant stake:**

	% of voting rights assigned to shares		% of voting rights through financial instruments		
Name or corporate name of shareholder	Direct	Indirect	Direct	Indirect	% of total voting rights
BLACKROCK INC	0.00	3.20	0.00	0.18	3.38
STATE STREET CORPORATION	0.00	3.00	0.00	0.00	3.00
BANK OF AMERICA CORPORATION	0.00	3.61	0.00	0.00	3.61
PARTLER PARTICIPACIONES, S.L.U.	5.00	0.00	0.00	0.00	5.00
MUBADALA INVESTMENT COMPANY PJS	0.00	3.10	0.00	0.00	3.10
SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES (SEPI)	5.00	0.00	0.00	0.00	5.00

Detail of indirect stake:

Name or corporate name of the indirect holder	Name or corporate name of the direct holder	% of voting rights assigned to shares	% of voting rights through financial instruments	% of total voting rights
BLACKROCK INC	BLACKROCK INC	3.20	0.18	3.38
STATE STREET CORPORATION	STATE STREET CORPORATION	3.00	0.00	3.00
BANK OF AMERICA CORPORATION	BANK OF AMERICA CORPORATION	3.61	0.00	3.61
MUBADALA INVESTMENT COMPANY PJS	MUBADALA INVESTMENT COMPANY PJS	3.10	0.00	3.10

Indicate the most significant movements in the shareholder structure during the year:

Most significant movements

Amancio Ortega Gaona is the direct holder of 99.99% of the voting rights of Partler 2006, S.L. Partler 2006, S.L. is in turn the direct holder of 100% of the voting rights of Partler Participaciones S.L.U.

At December 31, 2021 CREDIT AGRICOLE, S.A. does not appear as a significant shareholder in the information published on the CNMV website.

At December 31, 2021 The Bank of New York Mellon Corporation, does not appear as a significant shareholder in the information published on the CNMV website.

A.3. **List, regardless of the percentage, the shareholding at year-end of the members of the Board of Directors who hold voting rights attributed to shares of the Company or through financial instruments, excluding the Board Members identified in section A.2 above:**

	% of voting rights assigned to shares		% of voting rights through financial instruments			% of voting rights that can be transmitted through financial instruments	
Name or corporate name of director	Direct	Indirect	Direct	Indirect	% of total voting rights	Direct	Indirect
MR GONZALO SOLANA GONZÁLEZ	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MR MARCELINO OREJA ARBURÚA	0.00	0.00	0.01	0.00	0.01	0.00	0.00
MR ANTONIO LLARDÉN CARRATALÁ	0.03	0.00	0.03	0.00	0.06	0.00	0.00
MR IGNACIO GRANGEL VICENTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00
% OF TOTAL VOTING RIGHTS HELD BY THE MEMBERS OF THE BOARD OF DIRECTORS							**5.07**

Detail of indirect stake:

Name or corporate name of director	Name or corporate name of the direct holder	% of voting rights assigned to shares	% of voting rights through financial instruments	% of total voting rights	% of voting rights that can be transmitted through financial instruments
No data					

Detail the total percentage of voting rights represented on the Board:

% OF TOTAL VOTING RIGHTS REPRESENTED BY THE BOARD OF DIRECTORS	5.07

A.4. Indicate, as applicable, any family, commercial, contractual or corporate relationships between owners of significant shareholdings, insofar as these are known by the company, unless they are insignificant or arise from ordinary trading or exchange activities, except for those entered in section A.6:

Related party name or corporate name	Type of relationship	Brief description
No data		

A.5. Indicate, as applicable, any commercial, contractual or corporate relationships between owners of significant shareholdings, and the company and/or its Group, unless they are insignificant or arise from ordinary trading or exchange activities:

Related party name or corporate name	Type of relationship	Brief description
SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES (SEPI)	Corporate	Dividends and other benefits paid: 22,111.9 thousands of euros
BANK OF AMERICA CORPORATION	Corporate	Dividends and other benefits paid: 15,982.5 thousands of euros
BLACKROCK INC	Corporate	Dividends and other benefits paid: 14,960.9 thousands of euros
MUBADALA INVESTMENT COMPANY PJS	Corporate	Dividends and other benefits paid: 13,721.9 thousands of euros
PARTLER PARTICIPACIONES, S.L.U.	Corporate	Dividends and other benefits paid: 22,111.9 thousands of euros
STATE STREET CORPORATION	Corporate	Dividends and other benefits paid: 13,302.5 thousands of euros

A.6. Describe the relationships, unless they are scarcely relevant to the two parties, between the significant shareholders or those represented on the board and the directors, or their representatives, in the case of legal entity directors.

Explain, where appropriate, how significant shareholders are represented. Specifically, those directors who have been appointed on behalf of significant shareholders, those whose appointment has been put forward by significant shareholders, or who are bound to significant shareholders and / or entities of their group, with a specification of the nature of such binding relationships, will be indicated. In particular, where appropriate, the information shall mention the existence, identity and position of board members or representatives of directors, if any, of the listed company, who are, in turn, members of the governing body, or their representatives, in companies that hold significant stakes in the listed company or in entities of the group of said significant shareholders:

Name or corporate name of related director or representative	Name or corporate name of related significant shareholder	Corporate name of the group's company of the significant shareholder	Description of relationship/role
MR SANTIAGO FERRER COSTA	SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES (SEPI)	SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES (SEPI)	Proprietary director of Enagás S.A., appointed at the suggestion of Sociedad Estatal de Participaciones Industriales
MR BARTOLOMÉ LORA TORO	SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES (SEPI)	SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES (SEPI)	Vice Chairman

A.7. Indicate whether the company has been notified of any shareholders' agreements pursuant to articles 530 and 531 of the Corporate Enterprise Act ("LSC"). Provide a brief description and list the shareholders bound by the agreement, as applicable:

[ ] Yes [√] No

Indicate whether the company is aware of the existence of any concerted actions among its shareholders. Give a brief description as applicable:

[ ] Yes [√] No

Expressly indicate any amendments to or termination of such agreements or concerted actions during the year:

N/A

A.8. Indicate whether any individuals or legal entity currently exercise control or could exercise control over the company in accordance with article 5 of the Securities Market Act. If so, identify:

[ ] Yes [√] No

A.9. Complete the following tables on the company's treasury share:

At year-end:

Number of shares held directly	Number of shares held indirectly(*)	% of total share capital
501,946		0.19

(*) Through:

Name or corporate name of the direct shareholder	Number of shares held directly
No data	

Explain any significant changes during the year:

Explain the significant variations during the year

N/A

A.10. Give details of the applicable conditions and time periods governing any resolutions of the General Shareholders' Meeting to issue, buy back and/or transfer treasury shares:

The Ordinary General Shareholders' Meeting held on June 30, 2020 adopted the following resolution:

"To authorise and empower the Board of Directors, with power of substitution, for the derivative acquisition of the Company's own shares in accordance with Article 146 of the Corporate Enterprises Act, in the following terms:

1. The acquisitions may be carried directly by Enagás, S.A. or indirectly by subsidiaries under the same terms as those set out herein.
2. The acquisitions may be carried out through a purchase and sale, exchange or any other transaction permitted by law.
3. The maximum number of shares to be acquired shall be the maximum number permitted by law.
4. The acquisition price shall not be more than 15% higher or lower than the average weighted share price of the session prior the acquisition.
5. The authorisation is granted for a maximum of five years from adoption of this resolution.

In accordance with article 146 of the Corporate Enterprises Act, it is hereby expressly stated that the shares acquired pursuant to this authorisation may, in whole or in part, be directly awarded to employees or directors of the company or of companies belong to its Group, or that the purchase is the result of the exercise of employee or director options.

Likewise, the shares acquired as a result of this authorisation may be used, in full or in part, both for their disposal or redemption and for the achievement of potential corporate or business operations or decisions, as well as for any other legally possible purpose."

A.11. Estimated floating capital:

	%
Estimated floating capital	90.00

A.12. Give details of any restriction (statutory, legislative or otherwise) on the transferability of securities and/or any voting right restriction. In particular, the existence of any type of restrictions that may make it difficult to take control of the company through the acquisition of its shares in the market, as well as authorisation or prior notice arrangements that, on acquisitions or transfers of financial instruments of the company are applicable by sectoral regulations.

[√] Yes [ ] No

Description of restrictions

Restrictions under law:

Additional Provision 31 of Law 34/1998, of October 7, on the Hydrocarbons Sector, in force since the enactment of Act 12/2011, of May 27, governing civil liability for nuclear damage or damage caused by radioactive materials, specifies in section 2 that:

"No natural person or legal person may hold, directly or indirectly, an interest in the parent company (ENAGÁS, S.A.) representing more than 5% of share capital or exercise more than 3% of its voting rights. Under no circumstances may such shareholdings be syndicated. Any party operating within the gas sector, including natural or legal persons that directly or indirectly own equity holdings in the former of more than 5%, may not exercise voting rights over 1%. These restrictions do not apply to direct or indirect interests held by public sector enterprises. Under no circumstances may share capital be syndicated.

Likewise, the combined total of direct or indirect holdings owned by parties that operate within the natural gas sector may not exceed 40% [...]." (Continues in Chapter H. "OTHER INFORMATION OF INTEREST": Explanatory note on section A.12).

A.13. Indicate whether the general shareholders' meeting has agreed to take neutralisation measures to prevent a public takeover bid by virtue of the provisions of Act 6/2007.

[ ] Yes [√] No

If applicable, explain the measures adopted and the terms under which these restrictions may be lifted:

A.14. Indicate whether or not the company has issued securities not traded in a regulated market of the European Union.

[ ] Yes [√] No

If so, identify the various classes of shares and, for each class of shares, the rights and obligations they confer:

B. General Meeting

B.1. Indicate whether the quorum required for constitution of the General Shareholders' Meeting differs from the system of minimum quorums established in the Corporate Enterprises Act and specify any such:

[ ] Yes [√] No

B.2. Indicate and, as applicable, describe any differences between the company's system of adopting corporate resolutions and the framework established in the Corporate Enterprises Act:

[ ] Yes [√] No

B.3. Indicate the rules governing amendments to the company's Articles of Association. In particular, indicate the majorities required to amend the Articles of Association and, if applicable, the rules for protecting shareholders' rights when changing the Articles of Association.

Article 18 of the Consolidated Text of the Articles of Association states that:

"The shareholders, when constituted as a duly summoned General Meeting, shall by a majority of votes as determined by law decide upon the matters that fall within the powers of the General Meeting. The General Meeting is responsible for addressing and agreeing upon the following issues: [...] and states in section d) the amendments to the Articles of Association."

Likewise, article 26 states that:

"An ordinary or extraordinary General Meeting may validly resolve to increase or reduce capital, make any other alterations to the Articles of Association, issue bonds, remove or restrict the pre-emptive subscription right for new shares, and restructure, merge or split the company, transfer all the assets and liabilities thereof, or move the registered office to outside Spain, if, at the original date and time specified in the notice of meeting, there are present, in person or by proxy, shareholders representing at least fifty percent of voting subscribed capital. At second call, the attendance or representation of shareholders holding at least twenty-five percent of subscribed voting capital shall be sufficient."

Likewise, article 13.3 of the Rules and Regulations of the General Shareholders' Meeting states that:

"However, an absolute majority of shareholders holding at least fifty percent of the subscribed capital with voting rights is required to validly adopt resolutions to increase or decrease capital, make any other amendment to the Articles of Association, issue bonds, eliminate or restrict pre-emptive subscription rights for new shares, transform, merge, spin off or globally assign assets and liabilities, and transfer the registered office abroad. However, the favourable vote of shareholders representing two-thirds of the share capital present or represented is required when, on second call, shareholders holding at least twenty-five percent of the subscribed capital with voting rights are present and the aforementioned fifty percent threshold is not reached."

B.4. **Indicate the attendance figures for the General Shareholders' Meetings held during the year referred to in this report and those of the two previous years:**

ATTENDANCE DATA

			% remote voting		
Date of general meeting	**% attending in person**	**% by proxy**	**Electronic means**	**Other**	**Total**
29/03/2019	0.20	45.55	0.04	5.26	51.05
Of which floating capital	0.19	43.27	0.04	4.99	48.49
30/06/2020	0.00	42.55	0.00	5.62	48.17
Of which floating capital	0.00	38.29	0.00	5.06	43.35
27/05/2021	0.00	43.23	0.04	5.69	48.96
Of which floating capital	0.00	38.91	0.03	5.11	44.05

B.5. **Indicate whether there has been any item on the agenda of general meetings during the year that, for any reason, was not approved by the shareholders:**

[ ] Yes [√] No

B.6. **Indicate whether the articles of association impose any minimum requirement on the number of shares required to attend the General Shareholders' Meeting or for remote voting:**

[ ] Yes [√] No

B.7. **Indicate whether or not it has been established that certain decisions, other than those established by Law, involving an acquisition, disposal, contribution of essential assets to another company or other similar corporate operations, must be submitted for the approval of the general shareholders' meeting:**

[ ] Yes [√] No

B.8. **Indicate the address and mode of accessing corporate governance content on your company's website as well as other information on general meetings which must be made available to shareholders on the company's website:**

All information on Enagás, S.A.'s Corporate Governance and General Meetings is available to the public on its website (www.enagas.es).

The links to this information can be found easily through the company's web browser and are as follows:

- In Spanish:
  - i) Página principal/Accionistas e Inversores/Gobierno Corporativo:
    - › General Shareholders' Meeting.
    - › Política de Gobierno Corporativo
    - › Annual Report on Corporate Governance
  - ii) Página principal/Sostenibilidad/Gobierno Corporativo
- In English:
  - i) Home/Investors Relations/Corporate Governance:
    - › General Shareholders´ Meeting
    - › Corporate Governance Policy
    - › Annual Report on Corporate Governance
  - ii) Home/Sustainability/Corporate Governance

C. Company management structure

C.1. Board of Directors

C.1.1 **Maximum and minimum number of directors included in the articles of association and the number set by the general meeting:**

Maximum number of Directors	16
Minimum number of Directors	6
Number of directors set by the shareholders' meeting	15

C.1.2 **Complete the following table with Board members' details:**

Name or corporate name of director	Representative	Director category	Position on the board	Date first appointment	Date last appointment	Election procedure
MS ANA PALACIO VALLELERSUNDI		Independent	INDEPENDENT LEADING DIRECTOR	25/03/2014	22/03/2018	VOTE AT GENERAL SHAREHOLDERS' MEETING
MR GONZALO SOLANA GONZÁLEZ		Independent	DIRECTOR	25/03/2014	22/03/2018	VOTE AT GENERAL SHAREHOLDERS' MEETING
MR ANTONIO HERNÁNDEZ MANCHA		Independent	DIRECTOR	25/03/2014	22/03/2018	VOTE AT GENERAL SHAREHOLDERS' MEETING
MR MARCELINO OREJA ARBURÚA		Executive	CHIEF EXECUTIVE OFFICER	17/09/2012	22/03/2018	VOTE AT GENERAL SHAREHOLDERS' MEETING
MR SANTIAGO FERRER COSTA		Proprietary	DIRECTOR	15/10/2018	29/03/2019	VOTE AT GENERAL SHAREHOLDERS' MEETING
MR IGNACIO GRANGEL VICENTE		Independent	DIRECTOR	22/03/2018	22/03/2018	VOTE AT GENERAL SHAREHOLDERS' MEETING
MR CRISTÓBAL JOSÉ GALLEGO CASTILLO		Independent	DIRECTOR	30/06/2020	30/06/2020	VOTE AT GENERAL SHAREHOLDERS' MEETING
MS PATRICIA ÚRBEZ SANZ		Independent	DIRECTOR	29/03/2019	29/03/2019	VOTE AT GENERAL SHAREHOLDERS' MEETING
MR JOSÉ MONTILLA AGUILERA		Independent	DIRECTOR	30/06/2020	30/06/2020	VOTE AT GENERAL SHAREHOLDERS' MEETING
MR JOSÉ BLANCO LÓPEZ		Independent	DIRECTOR	30/06/2020	30/06/2020	VOTE AT GENERAL SHAREHOLDERS' MEETING
MS ISABEL TOCINO BISCAROLASAGA		Independent	DIRECTOR	25/03/2014	22/03/2018	VOTE AT GENERAL SHAREHOLDERS' MEETING
MR ANTONIO LLARDÉN CARRATALÁ		Executive	CHAIRMAN	22/04/2006	22/03/2018	VOTE AT GENERAL SHAREHOLDERS' MEETING
SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES (SEPI)	MR BARTOLOMÉ LORA TORO	Proprietary	DIRECTOR	25/04/2008	30/06/2020	VOTE AT GENERAL SHAREHOLDERS' MEETING
MS NATALIA FABRA PORTELA		Independent	DIRECTOR	27/05/2021	27/05/2021	VOTE AT GENERAL SHAREHOLDERS' MEETING
MS MARÍA TERESA ARCOS SÁNCHEZ		Independent	DIRECTOR	27/05/2021	27/05/2021	VOTE AT GENERAL SHAREHOLDERS' MEETING
TOTAL NUMBER OF DIRECTORS						**15**

Indicate any board members who left during the reporting period, whether due to resignation or by resolution of the general meeting:

Name or corporate name of director	Status of director upon resignation	Date of last appointment	Date of departure	Specialised commissions of which she/he was a member	Indicate if the termination occurred before the end of the mandate
MR LUIS GARCÍA DEL RÍO	Independent	31/03/2017	27/05/2021	AUDIT AND COMPLIANCE COMMITTEE	Yes
MR MARTÍ PARELLADA SABATA	Other External	31/03/2017	27/05/2021	AUDIT AND COMPLIANCE COMMITTEE	Yes
MS ROSA RODRÍGUEZ DÍAZ	Independent	31/03/2017	27/05/2021	AUDIT AND COMPLIANCE COMMITTEE	Yes

C.1.3 **Complete the following tables on board members and their respective categories:**

EXECUTIVE DIRECTORS

Name or corporate name of director	Position held in the company	Profile
MR MARCELINO OREJA ARBURÚA	Chief Executive Officer	Marcelino Oreja has been Chief Executive Officer of Enagás since September 2012. Currently, he is also a Trustee of the Transforma España Foundation. Marcelino Oreja is a Patent and Trademark Agent. He holds a degree in Industrial Engineering from the School of Engineering (ICAI) at the Pontifical University of Comillas and completed the Global CEO Programme and the Advanced Management Programme, both at the IESE Business School, as well as the Executive Programme at Singularity University and the AVIRA Program at INSEAD. He is Executive Vice Chairman of the Club Excelencia en Gestión (Management Excellence Club) and a member of the Board of the Rey Juan Carlos University. Between 1992 and 1997 he was General Secretary of the National Confederation of Young Entrepreneurs, maintaining close collaboration with the Spanish Confederation of Entrepreneurs. In his international and strategic development he has been an adviser to companies such as COMET or SERVICOM. He founded DEF-4 patents and trademarks, which he sold to Garrigues Andersen in 1997, becoming its General Manager. Among other senior positions, he was the International Director of Aldeasa, General Manager of EMTE and, following the merger with COMSA, General Manager of COMSA EMTE (the second biggest unlisted Spanish group in the infrastructure and technology sector). He was also Chairman of the FEVE railway company. In the political sphere, he was a Member of the European Parliament from 2002 to 2004. He was also a Board Member of the Basque Energy Agency. He is the author of two books: Viaje interior por África (2000) and Cultura emprendedora y la Unión Europea (2003).
MR ANTONIO LLARDÉN CARRATALÁ	Chairman	Antonio Llardén has been the Executive Chairman of Enagás since 2007. In addition, he currently holds the office of Chairman of the Foundation for Energy and Environmental Sustainability (Funseam), formed by the major companies operating in the energy market in Spain, as well as being a member of the Executive Committee and the Spanish Energy Club Management Board and of the CEOE Business Action Council and the Business Leadership Forum. He is a Trustee of the Elcano Royal Institute of International and Strategic Studies (chaired by His Majesty King Felipe VI of Spain), of the Princess of Girona Foundation (whose Honorary President is H.R.H. Princess of Asturias and Girona), of the Spain-Peru Council Foundation, of Aspen Institute Spain, of the Spain-United States Council Foundation and of the Foundation of Studies of Applied Economics (FEDEA). Antonio Llardén collaborates with different institutions related to the world of music. He is a Trustee of the Queen Sofia Royal College of Music and a member of the Teatro Real Board of Protectors and of its Monitoring Committee. He is an Industrial Engineer and studied at the Higher Technical School of Industrial Engineering of the Polytechnic University of Catalonia in Barcelona, and has wide experience in the business sector. Throughout his career he has held various senior positions in the infrastructure and energy sectors. He has been Chairman of the gas employer Sedigas, and also a member of the Board of Directors of Eurogas and of the Executive Committee of the International Gas Union (IGU). He has been a Director in several companies. In 2007 he chaired the LNG World Congress, which periodically brings together the main players in the natural gas sector every three years. He has also been Dean of the College of Engineers; member of the Social Council of the Autonomous University of Barcelona and Chairman of its Economic Commission. He is a Knight of the National Order of the Legion of Honour, the highest award granted by France for eminent merits in service to the country. He is currently a visiting professor at several universities and business schools.
TOTAL NUMBER OF EXECUTIVE DIRECTORS		**2**
% OF THE BOARD		**13.33**

EXTERNAL PROPRIETARY DIRECTORS

Name or corporate name of director	Name or corporate name of significant shareholder represented or proposing appointment	Profile
MR SANTIAGO FERRER COSTA	SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES (SEPI)	▸ Graduate in Economics and Business Administration. ▸ Director of the Economic and Social Council (CES) of the Balearic Islands. ▸ Member of the Economic Committee of the Economic and Social Council (CES) of the Balearic Islands. ▸ Sole Director of Morna Assessors, associated with Grupo Tax Economistes i Advocats; Director of Cistec Technology, S.L. ▸ Practising economist with No. 981 of the Association of Economists of the Balearic Islands.
SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES (SEPI)	SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES (SEPI)	▸ Vice Chairman of SEPI. ▸ A graduate in Economic and Business Sciences through CUNEF, specialising in Finance and Executive MBA through the Business Institute. ▸ He started his professional career at Bankinter and held positions in the financial area at Enfersa and Ferrovial. ▸ He joined the National Institute of Industry (INI) in 1990. ▸ He was appointed Director of Planning in 2000 and Director of Subsidiaries in 2002, joining SEPI's Management Committee. ▸ He has been a member of the Boards of Directors of NAVANTIA, ALESTIS, ITP and TRAGSA.
TOTAL NUMBER OF PROPRIETARY DIRECTORS		**2**
% OF THE BOARD		**13.33**

INDEPENDENT EXTERNAL DIRECTORS

Name or corporate name of director	Profile
MS ANA PALACIO VALLELERSUNDI	▸ Lawyer, founder of Palacio & Asociados law firm. ▸ Independent Leading Director of Enagás, Director of Pharmamar and of Ecoener. ▸ Member of Investcorp's International Advisory Committee. ▸ Member of the External Advisory Council of Energy Future Initiative (EFI). ▸ Member of the Executive Board of the Atlantic Council of the United States. ▸ Member of the governing bodies of a number of research centres and public institutions: the MD Anderson Cancer Center, the Science Board of Real Instituto Elcano and the Global Leadership Foundation. ▸ Guest lecturer at Edmund A. Walsh School of Foreign Service at Georgetown University and at the Mohamed VI Polytechnic University. ▸ She writes regularly for "Project Syndicate" and El Mundo among other media. ▸ Regular participant as panellist in international conferences and forums; in the energy sector, among others, the Istanbul G-20 International Energy Forum; the Atlantic Council Energy & Economic Summit, Atlantic Council Energy Forum and the Schlessinger Awards Energy Security Conference. She was invited as a speaker by the International Energy Agency (IEA) (2017). Holder of equivalent master's degrees in law, political science and sociology. ▸ Honorary doctorate in humanities from Georgetown University and winner of the 2016 Sandra Day O'Connor Justice Prize granted the title of Officier de la Légion d'Honneur by the Republic of France (2016). ▸ Elective member of the Spanish Council of State (2012-2018). ▸ Member of the European advisory council of The European House - Ambrosetti (2015-2016). ▸ Coordinator of the Trans-European Transport Network (2014). ▸ Member of the Advisory Council of Foreign Affairs and Security (2010-2014) and of the Committee for the Appointment of Judges and Advocates-General of the European Union Court of Justice and the General Court (2010-2013). ▸ Advisor to the European Commission on justice, fundamental rights and citizenship (2010-2012). ▸ Vice President and member of the Executive Committee of AREVA (2008-2009). ▸ Senior Vice President and General Counsel of the World Bank (2006-2008). ▸ Secretary General of the International Center for the Settlement of Investment Disputes (2006-2008). ▸ Member of the Spanish Parliament, Chairwoman of the Joint Committee of the Two Houses for EU affairs (2004-2006). ▸ Spain's first woman Minister of Foreign Affairs (2002-2004). ▸ Member of the Presidium of the Convention for the Future of Europe: She participated in the debate and the drafting of the European Constitution project (2001-2003). ▸ Member of the European Parliament, Chairwoman of the Legal Affairs and Internal Market, Citizen Rights, Justice and Internal Affairs Committees, and Conference of Committee Chairmen (1994-2002).

INDEPENDENT EXTERNAL DIRECTORS

Name or corporate name of director	Profile
MR GONZALO SOLANA GONZÁLEZ	▸ Director of the Nebrija Santander Chair in International Business Management. ▸ Professor of international economics at a number of universities. ▸ Founding partner of the law firm Huerta & Solana specialising in competition law and regulations. ▸ Independent Director of OMIClear, Chairman of the Audit Committee and Vice Chairman of the Risk Committee. ▸ Coordinator of the mobility Think Tank. ▸ President of the Tribunal for the Defence of Competition (2000-2005). ▸ Vice President and Director of Analysis and Strategy of the High Council of Chambers of Commerce (2006-2011) and Director of Study Services at the High Council of Chambers of Commerce (1986-2000). ▸ Former member of the Spanish National Institute of Statistics (INE)(1986-2000 and 2006-2011) and Chairman of the Regional Statistics Committee of the INE. ▸ Economist at the Institute for Economic Studies (1981-1986).
MR ANTONIO HERNÁNDEZ MANCHA	▸ Public prosecutor. ▸ Member of the Court of Arbitration of Madrid's Chamber of Commerce and Industry of Madrid. ▸ Founding President and Sole Director of Apple Energy Group Iberia, S.L. ▸ Member of the Board of Directors of LandCompany 2020 S.L. ▸ Member of CIMA (Civil and Mercantile Arbitration Court). ▸ Former Vice President of NAP de las Américas Madrid, S.A. ▸ Former Chief Executive Officer of NAP de África Occidental e Islas Canarias, S.A.
MR IGNACIO GRANGEL VICENTE	▸ Ex-Chairman of OMEL (Electricity Market Operator). ▸ Ex-Director of MIBGAS and MIBGAS Derivatives. ▸ Member of the Expert Commission on energy transition scenarios. ▸ Managing Partner of the Department of Public Law and Regulated Sectors of CMS- Albiñana- Suárez de Lezo. ▸ Ex-Director of the Legal Advisory and Ex-Vice-secretary General of REE (2015-2017). ▸ Former Director of the Cabinet of the Secretary of State for Energy. Ministry of Industry, Energy and Tourism (2012-2015). ▸ Ex-Member of the Board of Directors of the Strategic Petroleum Products Reserves Corporation (2012-2015). ▸ Ex-Director of the National Radioactive Waste Company. Ex-Chairman of the Audit and Control Committee. (March 2012- 2015). ▸ Lawyer of the State (2004), having completed the Higher Programme in Energy Law of the Institute of Business (2011).
MR CRISTÓBAL JOSÉ GALLEGO CASTILLO	▸ He holds a degree in Aeronautical Engineering from the Polytechnic University of Madrid. International Doctorate, with the qualification cum laude, by the same University. ▸ During his doctoral studies he was part of the research team at the Department of Energy - Wind Energy Division - of CIEMAT (Centre for Energy, Environmental and Technological Research). ▸ He is currently an Associate Professor and Doctorate at the Universidad Politécnica de Madrid, Department of Aircraft and Space Vehicles. ▸ During his professional career he has actively participated in numerous projects related to energy transition and renewable energies: ▸ Journal referee (IEEE Transactions on Power Systems, Wind Energy, Journal of Renewable and Sustainable Energy, Applied Energy, Sustainable Energy, Grids and Networks. ▸ Member of the Scientific Committee that prepared the tenth Seminar on Wind Energy in Europe. (Orleans, France 2014). ▸ Member in AENOR of the National Committee (AEN/CTN) 206 "ELECTRICAL ENERGY PRODUCTION" and of the Sub-committee (SC) 88 "WINDTURBINES" (2014). ▸ Member of the National Association of Wind Engineering (ANIV). 2014. ▸ It is worth highlighting his participation as a member of the "National Commission of Experts on Energy Transition" created by the Council of Ministers by means of an Agreement of July 7, 2017, with the task of preparing a report analysing the possible proposals that could contribute to the definition of the Spanish strategy for Energy Transition. ▸ He has participated in numerous seminars and conferences in his technical speciality and in others related to renewable energies and energy transition. Author of numerous scientific articles on the same subjects.
MS PATRICIA ÚRBEZ SANZ	▸ Head of Public Sector at Fujitsu Spain. ▸ Member of the Executive Committee of Fujitsu Iberia. ▸ She holds a degree in Telecommunications Engineering from the University of Zaragoza, complemented by several exclusive management programmes: Transformational Leadership Program, ICLD, Fundación CEDE, Spain (2016); Atos Executive GOLD (Talent Development Programme), HEC Paris, France (2014); Masters in Logistics (APICS) - CEL (Spanish Logistics Centre), Spain (2000) and the ESADE Programme for Directors. ▸ With more than 24 years of professional experience in the world of Information and Communication Technologies (ICT), she has developed her professional career in multinational companies: ▸ Accenture (Spain), as Manager (different areas - Banking, Telecommunications, Utilities, Public Sector - and responsibilities). ▸ Mercedes Benz (Germany and the Netherlands), as Director of the SAP Logistics Consulting Department in the Daimler Chrysler Solution Center. ▸ Atos Origin (Spain) as Consulting Director and Market Director-Public Sector Spain. ▸ Atos Corporation (France) as Vice President Head of Public Sector, Health and Transport Vertical Portfolio - Worldwide. ▸ Fujitsu Technology Solutions (Spain) where she holds her current position. ▸ She is a member of the AED (Spanish Association of Directors) and collaborator of the ILCD alumni group. ▸ She actively participates in media outreach activities, being co-founder of the think-tank #somosmujerestech and author of numerous articles in business communication. ▸ She contributes to business associations on a voluntary basis in the area of sustainability.

INDEPENDENT EXTERNAL DIRECTORS

Name or corporate name of director	Profile
MR JOSÉ MONTILLA AGUILERA	▸ Mayor of Cornellá de Llobregat (1985-2004). He held various posts in the Barcelona Provincial Council, of which he was Chairman (2003-2004). ▸ Member of Parliament (2004-2006). ▸ Minister for Industry, Trade and Tourism with full powers in the field of Energy (2004-2006). ▸ During his time as Minister he launched the Renewable Energy Plan 2005-2010, the Energy Saving and Efficiency Strategy 2005-2007, and the 2006-2012 National Coal Restructuring Plan. He also stood out for promoting the adoption of legislative reforms to strengthen the powers of the National Energy Commission and to liberalise the energy sector, as well as reforms of the internal gas and electricity markets. ▸ President of the Catalan Government and Member of the Catalonia Parliament (2006- 2010). ▸ Senator representing the Catalonia Parliament (2011-2019). As Senator, he has been Chairman of the Budget Committee and Spokesman for the Economy and Competitiveness, Finance and Public Administration, and Industry, Energy and Tourism Committees. ▸ He has been behind the following Bills: Audit of Accounts; Independent Authority for Fiscal Responsibility; Corporate Tax; Urgent Measures in Bankruptcy Matters; Fiscal Measures for Energy Sustainability; Guarantee of Supply and Increase of Competition in the Insular and Extrapeninsular Electrical Systems; Fiscal Measures for Energy Sustainability.
MR JOSÉ BLANCO LÓPEZ	▸ Senator (1989-1996) and a Member of the Spanish Parliament (1996-2015). ▸ Minister of Development of the Government of Spain (2009-2011), he was also at that time Chairman of the Transport Council of the European Union and President of the World International Transport Forum. ▸ Spokesperson for the Spanish Government (2011). ▸ (Member of the European Parliament (2015-2019) taking part in the follow-up and participation in various legislative dossiers and reports on parliamentary initiatives. He has been a member of the Committee on Industry, Research and Energy; Member of the Committee of Inquiry into the Measurement of Emissions from the Automobile Sector; Vice-Chairman of the delegation to the EU-Mexico Joint Parliamentary Committee and Rapporteur on the Renewable Energy Directive (REDII 2020-2030). ▸ As head of the European Parliament for the renewable energy directive, he has participated as a speaker in more than 100 conferences, forums and congresses in recent years. Among the most recent: "Energy Transition, between all of us. Self-consumption as a key to change"; "Participation in the GASNAM Congress as a conference speaker: European Renewable Energy Directive" and the "Transition to a new energy model in Europe." He has been a speaker in the European capital at various conferences: the Solar Power Summit, the III Energy Summit, the European Sustainable Energy Week, the Annual High-Level Experts Conference and the European Commission's Clean Energy Financing, at the presentation of the REMAP study by the International Renewable Energy Agency, the Global Sustainability Conference, the IV Energy Summit and at the conferences organised in Sofia by the Bulgarian Presidency of the European Union. In Spain, he has participated as a speaker at the 3rd Spanish Wind Energy Congress, the National Renewable Energy Congress, the 4th Solar Forum, the 1st Canary Islands Wind Energy Congress, the Conference on renewable energies organised by the Murcia Association of Engineers, the Spanish Energy Club, the OCU Self-Consumption Conference, the UNEF Conference on Power Purchase Agreements and the Renewable Energy Directive. He led the convening of two round tables on biofuels and on bioenergy organised by the S&D Group at Parliament's HQ in Brussels and has sponsored the organisation of several round tables at the Parliament with various EU associations from the sectors concerned, including EREF, Euroelectric, Ecofys and RE100. ▸ Author of articles on energy issues in different media. Author of the chapter "Paris Agreement, Winter Package, Energy and Climate Strategy 2030 and 2050. Historical Vision of the European Union's Climate and Energy Policies" published in the Workbook on Energy Transition in Spain. "A proposal from social democracy." ▸ He is currently CEO and Founder of ACENTO PUBLIC AFFAIRS.
MS ISABEL TOCINO BISCAROLASAGA	▸ Vice President of Santander Spain. ▸ Former President of Banco Pastor. ▸ Independent Director of ENCE. ▸ Former Spanish Minister for the Environment (1996-2000). ▸ Former President for Spain and Portugal and former Vice President of Siebel (subsequently acquired by Oracle). ▸ Former legal adviser to the Nuclear Energy Board (currently CIEMAT). ▸ Member of the Spanish Royal Academy of Doctors.

INDEPENDENT EXTERNAL DIRECTORS

Name or corporate name of director	Profile
MS NATALIA FABRA PORTELA	Academic positions. ▸ 2018 Professor of Fundamentals of Economic Analysis, Universidad Carlos III de Madrid. ▸ 2018 Director of EnergyEcoLab, Universidad Carlos III. ▸ 2018 Associate Member, Toulouse School of Economics (TSE). ▸ 2020 Research Fellow, Center for Monetary and Financial Studies (CEMFI). ▸ 2016 Research Fellow, University of Cambridge Energy Policy Group. ▸ 2013 Research Fellow, Center for Economic Policy Research (CEPR). ▸ 2020 Member, Economic Affairs Advisory Council, Ministry of Economic Affairs and Digital Transformation. ▸ 2020 Member, Forum for Just and Inclusive Energy Transition, Ministry for the Ecological Transition and the Demographic Challenge. ▸ 2013 Member, Economic Advisory Group, DG-COMP, European Commission. ▸ 2021 Vice President, Spanish Economic Association. ▸ 2019-2020 Member, Committee of Experts, Basque Energy Pact, Basque Parliament. ▸ 2017-2018 Member, Advisory Council for the Ecological Transition (CAPTE), Education. ▸ 2001 PhD in Economics, European University Institute, Florence. ▸ 1993-1997 Degree in Economics, Universidad Carlos III. Academic awards. 2018 European Association of Environmental and Resource Economics Award. 2014 Sabadell Herrero Award (best Spanish economist under 40). ▸ 2014 Julián Marías Award, Community of Madrid. Ms Fabra is the author of numerous publications, gives seminars, lectures and teaches in the fields of Energy Economics, Energy Transition, Competition Policy and Regulation, among others.
MS MARÍA TERESA ARCOS SÁNCHEZ	▸ Degree in Economics and Business Studies, Monetary Policy and Public Sector. ▸ In 1995 she joined the Corps of Spanish State Economists and Trade Experts. ▸ She has completed her training in the field of Governance and Public Agenda (ESADE), in Compliance, Corporate Governance and Transparency (Transparency International) and Good Corporate Governance (KPMG). ▸ 2020-2021 Managing Director of Telecommunications and Audiovisual Services Organisation (Ministry of Economic Affairs and Digital Transformation). In this position, she was responsible for the design of the regulation and promotion of the telecommunications and audiovisual sector, as part of the development of the Digital Spain 2025 Strategy. ▸ 2020-2021 Member of the Boards of Directors of Red.es, ICEX, Hisdesat, Aucals, SEGIPSA. ▸ 2014-2020 Director of International Relations and Public Policy Manager of Orange, at that time the second largest company in the Spanish telecommunications sector. ▸ 2007-2013 Secretary General of REDTEL, the first sectoral association in defence of investments in new generation networks. ▸ 2004-2007 Director of International Affairs of the Telecommunications Market Commission (now part of the National Commission on Markets and Competition). ▸ 2001-2004 Director of the Office of the Secretary of State for Telecommunications (Ministry of Industry).
TOTAL NUMBER OF INDEPENDENT DIRECTORS	**11**
% OF THE BOARD	**73.33**

List any independent director who receives from the company or group any amount or payment other than standard director remuneration or who maintains or has maintained during the period in question a business relationship with the company or any group company, either in their own name or as a significant shareholder, director or senior manager of an entity which maintains or has maintained the said relationship.

If applicable, include a statement from the board detailing the reasons why the said director may carry on his duties as an independent director.

Name or corporate name of director	Description of the relationship	Motivated statement
MS ANA PALACIO VALLELERSUNDI	Not applicable	Not applicable
MR GONZALO SOLANA GONZÁLEZ	Not applicable	Not applicable
MR ANTONIO HERNÁNDEZ MANCHA	Not applicable	Not applicable
MR IGNACIO GRANGEL VICENTE	Not applicable	Not applicable
MR CRISTÓBAL JOSÉ GALLEGO CASTILLO	Not applicable	Not applicable
MS PATRICIA ÚRBEZ SANZ	Not applicable	Not applicable
MR JOSÉ MONTILLA AGUILERA	Not applicable	Not applicable
MR JOSÉ BLANCO LÓPEZ	Not applicable	Not applicable
MS ISABEL TOCINO BISCAROLASAGA	Not applicable	Not applicable
MS NATALIA FABRA PORTELA	Not applicable	Not applicable
MS MARÍA TERESA ARCOS SÁNCHEZ	Not applicable	Not applicable

OTHER EXTERNAL DIRECTORS

Identify all other external directors and explain why these cannot be considered proprietary or independent directors and detail their relationships with the company, its senior managers or shareholders:

Name or corporate name of director	Reasons	Company, executive or shareholder with whom the relationship is maintained	Profile
No data			
TOTAL NUMBER OF OTHER EXTERNAL DIRECTORS			**N.A.**
% OF THE BOARD			**N.A.**

List any changes in the category of each director which have occurred during the year:

Name or corporate name of director	Date of the change	Former category	Actual category
No data			

C.1.4 Complete the following table with information regarding the number of female directors over the last four financial years, and their category:

	Number of female Directors				% of total directors of each category			
	2021	2020	2019	2018	2021	2020	2019	2018
Executive					0.00	0.00	0.00	0.00
Proprietary					0.00	0.00	0.00	0.00
Independent	5	4	4	3	45.45	36.36	50.00	37.50
Otras External					0.00	0.00	0.00	0.00
TOTAL	**5**	**4**	**4**	**3**	**33.33**	**25.00**	**30.77**	**23.08**

C.1.5 Indicate whether or not the company has diversity policies in relation to the board of directors of the company with regard to issues such as age, gender, disability, or professional training and experience. Small and medium-sized entities, in accordance with the definition contained in the Accounts Auditing Law, must provide information, at least, on the policy they have established in relation to gender diversity.

[√] Yes [ ] No [ ] Partial policies

If the answer is yes, describe these diversity policies, their objectives, the measures and the way in which they have been applied and their results in the financial year. The specific measures adopted by the board of directors and the appointments and remuneration committee to achieve a balanced and diverse mix of directors must also be indicated.

If the company does not apply a diversity policy, explain the reasons why it does not do so.

Description of the policies, objectives, measures and manner in which they have been applied, as well as the results obtained

The Board Diversity and Director Selection Policy, approved by the Board of Directors on December 21, 2020, establishes that in the procedure for the selection of new Directors it should be ensured that the proposals for appointment or re-election promote diversity in the Board, so they should be oriented to a preferential incorporation of women into the Board and of persons who, because of their nationality or experience, have an international professional projection, in accordance with the strategy of the Company. The Director appointment or re-election proposals should pursue the goal of having at least 40% of total Board places occupied by female directors by the year 2022.

In addition, the Rules and Regulations of the Organisation and Functioning of the Board of Directors of Enagás, S.A. establishes that the Board is responsible for evaluating the report submitted by the Sustainability, Appointments and Remuneration Committee, the quality and efficiency of the Board's operation, in addition to the diversity in its composition and competences.

In turn, in relation to the appointment of the Director, the rules establish that the Board of Directors must ensure that the procedures for selecting its members promote diversity of age, gender, disability, experience and knowledge, that do not suffer from implicit biases that entail any discrimination and, in particular, that facilitate the selection of female directors on the board to guarantee an even balance between men and women.

The number of directors on the Board decreased to 15 after the resolutions agreed at Enagás' General Shareholders' Meeting on May 27, 2021 reaching a percentage of 33.33% of the less-represented gender.

Enagás maintains a solid corporate governance policy that has been endorsed by its shareholders at successive General Meetings to which it submits its proposals.

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

Against this background, as of the date of this report, the Chairman of the Board has pledged that the Board of Directors will align itself with the recommendation regarding gender diversity set out in the CNMV's Corporate Governance Code at the General Shareholders' Meeting to be held in 2022.

Therefore, the renewals planned for the Enagás Board of Directors for 2022 will be carried out taking into account this objective of reaching a proportion.

C.1.6 Explain the measures taken, if applicable, by the appointments committee to ensure that the selection processes are not subject to implicit bias that would make it difficult to select female directors, and whether the company makes a conscious effort to search for female candidates who have the required profile to guarantee an even balance between men and women. Also state whether these measures include calling on the company to have a significant number of female senior managers:

Explanation of measures

in order to select Directors, the Sustainability, Appointments and Remuneration Committee adheres to the provisions of the Board Diversity and Director Selection Policy, approved by the Board of Directors at the request of this Committee on December 21, 2020. In application of this policy, the selection of a new Director takes into account at least the following criteria:

Suitable professional knowledge and experience; appointments are limited to persons of recognised prestige and who possess knowledge and experience suited to the exercise of their functions.

Requirements derived from the Hydrocarbons Sector Law: candidates must be able to satisfy the independence requirements demanded by Enagás' appointment as independent manager of the gas transmission network .

Requirements for Independent Directors: in addition to the previous criteria, which shall be applied to all Directors, regardless of their category, the persons selected in the category of Independent Directors must meet the requirements for independence under the provisions of the applicable law at all times, and the additional conditions for independence, as the case may be, stipulated in the company's internal regulations.

Commitment to fulfilling the duties and obligations of Directors: proposals for re-election of current members of the Board of Directors shall take into account the commitment demonstrated by the Directors during the year in which they held office, in fulfilling the duty of diligence and the duty of loyalty, and all the regulations to which, in their condition of Directors and, where applicable, as shareholders or high-ranking member of the company, they are subject under the Internal Code of Conduct in Matters Relating to Securities Markets, the Enagás Group Code of Ethics, the Code of Conduct of the Technical Manager of the Spanish Gas System and other laws or procedures derived from their application. Likewise, it will be judged whether their actions in the exercising of their office has been in good faith and in the best company's interest.

The Board of Directors shall ensure that the appointments encourage diversity within the Board, whereby they must focus on preferably incorporating women and people who due to their nationality or experience have an international professional profile, in accordance with the company's strategy. The Director appointment or re-election proposals shall promote the achievement of the goal of having at least 40% of total Board places occupied by female directors in 2022. Enagás' Directors selection processes shall at all times take into account any other conditions, where applicable, determined by the company's Sustainability, Appointments and Remuneration Committee and the applicable laws.

Under the Board Diversity and Director Selection Policy, it is stipulated that efforts will be made to adopt measures that encourage the company to have a significant number of female senior managers.

In addition, for the presentation of the proposed candidates, the Sustainability, Appointments and Remuneration Committee receives support from executive recruitment and development firms of recognised renown.

When, despite the measures taken, there are few or no female senior managers or directors, explain the reasons:

Explanation of reasons

Enagás is aware that it must continue to encourage and facilitate the presence of women in the event of any vacancy arising on the Board, particularly for Independent Directors, as well as in senior management positions. In this regard, Enagás complies with article 8 of the Regulations of the Organisation and Functioning of the Board of Directors, which prescribes that selection procedures must be free of any implied bias against women candidates, and that the company shall seek out and include women with the target profile among the candidates for Board places.

At present, five (5) of the fifteen (15) members of the Board of Directors of Enagás are women:

MS ANA PALACIO VALLELERSUNDI, MS ISABEL TOCINO BISCAROLASAGA, MS PATRICIA ÚRBEZ SANZ, MS MARÍA TERESA ARCOS SÁNCHEZ AND MS NATALIA FABRA PORTELA. Also, MS ISABEL TOCINO BISCAROLASAGA, MS MARÍA TERESA ARCOS SÁNCHEZ Y MS NATALIA FABRA PORTELA are members of the Audit and Compliance Committee, MS PATRICIA ÚRBEZ SANZ is a member of the Sustainability, Appointments and Remuneration Committee, and MS ANA PALACIO VALLELERSUNDI is Independent Leading Director and chairs the Sustainability, Appointments and Remuneration Committee.

Enagás follows the guidelines set out in the Board Diversity and Director Selection Policy, which the Board of Directors approved on December 21, 2020, and which stipulates that efforts will be made to adopt measures that encourage the company to have a significant number of female senior managers. There are currently two (2) female members of Enagás' senior management: MS FELISA MARTÍN VILLÁN, Communication and Public Affairs General Manager, and MS MARÍA SICILIA SALVADORES, Strategy Director.

C.1.7 Explain the conclusions of the Appointments Committee on the verification of compliance with the policy aimed at encouraging an appropriate composition of the Board of Directors.

The Board Diversity and Director Selection Policy approved by the Board of Directors on December 21, 2020, established that the Board of Directors should ensure that the proposals for appointment or re-election of Directors promote diversity in the Board, so they should be oriented to a preferential incorporation of women into the Board and of persons who, because of their nationality or experience, have an international professional projection, in accordance with the strategy of the Company. The Director's appointment or re-election proposals have been focused on achieving the goal of having at least 33.33% of total Board places occupied by female directors in 2021.

Enagás' Directors selection processes shall at all times take into account any other conditions, where applicable, determined by the company's Sustainability, Appointments and Remuneration Committee and the applicable laws.

In addition, for the presentation of the proposed candidates, the Sustainability, Appointments and Remuneration Committee receives support from executive recruitment and development firms of recognised renown.

The report by the Sustainability, Appointments and Remuneration Committee of April 16, 2021, justifying the proposed appointment and re-election of Directors for the 2020 General Shareholders' Meeting included the following:

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

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

C.1.8 Explain, if applicable, the reasons why proprietary directors have been appointed upon the request of shareholders who hold less than 3% of the share capital:

Name or corporate name of shareholder	Justification
No data	

Provide details of any rejections of formal requests for board representation from shareholders whose equity interest is equal to or greater than that of other shareholders who have successfully requested the appointment of Proprietary Directors. If so, explain why these requests have not been entertained:

[ ] Yes [√] No

C.1.9 Indicate the powers, if any, delegated by the Board of Directors, including those relating to the option of issuing or re-purchasing shares, to directors or board committees:

Name or corporate name of director or committee	Brief description
MARCELINO OREJA ARBURÚA	Pursuant to the resolution passed by the Board of Directors of Enagás, S.A. on March 22, 2018, MR MARCELINO OREJA ARBURÚA was delegated 34 joint and several powers and 13 joint powers. These powers are those which the Board of Directors considered had to be delegated to the Chief Executive Officer within statutory limits, in accordance with article 43 of the company's Articles of Association and article 19 of the Board Regulations. These powers delegated to the Chief Executive Officer, MR MARCELINO OREJA ARBURÚA, by the Enagás' Board of Directors, were granted in the public deed dated April 20, 2018 and executed before the Notary Public of Madrid Mr Francisco Calderón Alvarez as a replacement for his colleague, the Notary Mr Pedro de la Herrán Matorras, and for his files, with number 863 in his notarial archive and is recorded in Volume 33579, Book 0, File 69, Section 8; Sheet M-6113; Entry 827 of the Madrid Companies Registry. Further details on the powers delegated by the Board of Directors are provided in section H) "OTHER INFORMATION OF INTEREST." (Explanatory note on section C.1.9 of this Report).

C.1.10 List the board members, if any, who hold office as directors, representatives of directors or senior managers in other companies belonging to the listed company's group:

Name or corporate name of director	Corporate name of the group company	Position	Do they have executive duties?
MR MARCELINO OREJA ARBURÚA	ENAGÁS EMPRENDE, S.L.U.	JOINT DIRECTOR	Yes
MR MARCELINO OREJA ARBURÚA	ENAGÁS SERVICES SOLUTIONS, S.L.U.	JOINT DIRECTOR	Yes
MR MARCELINO OREJA ARBURÚA	ENAGÁS RENOVABLE, S.L.U.	JOINT DIRECTOR	Yes
MR MARCELINO OREJA ARBURÚA	ENAGÁS TRANSPORTE DEL NORTE, S.L.	CHAIRMAN	Yes
MR ANTONIO LLARDÉN CARRATALÁ	ENAGÁS GTS, S.A.U.	REPRESENTATIVE OF SOLE DIRECTOR	Yes
MR ANTONIO LLARDÉN CARRATALÁ	ENAGÁS TRANSPORTE, S.A.U.	REPRESENTATIVE OF SOLE DIRECTOR	Yes

C.1.11 **List any directorships held by directors or representatives of directors who are members of the board of directors of the company in other entities, whether or not they are listed companies:**

Identity of the director or representative	Company name of the listed or non-listed entity	Position
MS ANA PALACIO VALLELERSUNDI	PHARMAMAR, S.A	DIRECTOR
MS ISABEL TOCINO BISCAROLASAGA	ENCE ENERGIA CELULOSA, S.A.	DIRECTOR
MS ANA PALACIO VALLELERSUNDI	GRUPO ECOENER, S.A.	DIRECTOR
MS ISABEL TOCINO BISCAROLASAGA	BANCO SANTANDER ESPAÑA	VICE CHAIRWOMAN
MR MARCELINO OREJA ARBURÚA	CLUB EXCELENCIA DE GESTIÓN	VICE CHAIRWOMAN
MR MARCELINO OREJA ARBURÚA	UNIVERSIDAD REY JUAN CARLOS	DIRECTOR
MR SANTIAGO FERRER COSTA	MORNA ASSESSORS, S.L	SOLE DIRECTOR
MR SANTIAGO FERRER COSTA	CISTEC TECHNOLOGY, S.L.	DIRECTOR
MR JOSÉ BLANCO LÓPEZ	ACENTO PUBLIC AFFAIRS	CHIEF EXECUTIVE OFFICER
MR GONZALO SOLANA GONZÁLEZ	OMICLEAR	DIRECTOR
MR ANTONIO HERNÁNDEZ MANCHA	APPLE ENERGY GROUP IBERIA, S.L.	SOLE DIRECTOR
MR ANTONIO HERNÁNDEZ MANCHA	LANDCOMPANY, S.L.	DIRECTOR

Indicate, if applicable, any other remunerated activities of the directors or representatives of the directors, whatever their nature, other than those indicated in the table above.

Identity of the director or representative	Other remunerated activities
MS ANA PALACIO VALLELERSUNDI	Lawyer, founder of Palacio & Asociados law firm; Independent Leading Director of Enagás, Director of Pharmamar and of Ecoener; Member of Investcorp's International Advisory Committee; Member of the External Advisory Council of Energy Future Initiative (EFI); Member of the Executive Board of the Atlantic Council of the United States; Member of the governing bodies of a number of research centres and public institutions: the MD Anderson Cancer Center, the Science Board of Real Instituto Elcano and the Global Leadership Foundation; Guest lecturer at Edmund A. Walsh School of Foreign Service at Georgetown University and at the Mohamed VI Polytechnic University; She writes regularly for "Project Syndicate" and El Mundo among other media. Regular participant as panellist in international conferences and forums; in the energy sector, among others, the G-20 International Energy Forum; the Atlantic Council Energy & Economic Summit, Atlantic Council Energy Forum and the Schlessinger Awards.
MR GONZALO SOLANA GONZÁLEZ	Director of the Nebrija Santander Chair in International Business Management; Professor of international economics at a number of universities; Founding partner of the law firm Huerta & Solana specialising in competition law and regulations; Independent Director of OMIClear, Chairman of the Audit Committee and Vice Chairman of the Risk Committee; Coordinator of the mobility Think Tank.
MR ANTONIO HERNÁNDEZ MANCHA	Member of the Court of Arbitration of Madrid's Chamber of Commerce and Industry of Madrid; Founding President and Sole Director of Apple Energy Group Iberia, S.L.; Member of the Board of Directors of LandCompany 2020 S.L.; Member of CIMA (Civil and Mercantile Arbitration Court).
MR MARCELINO OREJA ARBURÚA	He is Executive Vice Chairman of the Club Excelencia en Gestión (Management Excellence Club) and a member of the Board of the Rey Juan Carlos University.
MR SANTIAGO FERRER COSTA	Director of the Economic and Social Council (CES) of the Balearic Islands; Member of the Economic Committee of the Economic and Social Council (CES) of the Balearic Islands; Director of Cistec Technology, S.L.
MR IGNACIO GRANGEL VICENTE	Managing Partner of the Department of Public Law and Regulated Sectors of CMS Albiñana & Suárez de Lezo.
MR CRISTÓBAL JOSÉ GALLEGO CASTILLO	Associate Professor and Doctorate at the Universidad Politécnica de Madrid, Department of Aircraft and Space Vehicles.
MS PATRICIA ÚRBEZ SANZ	Head of Public Sector at Fujitsu Spain; Member of the Executive Committee of Fujitsu Iberia.
MR JOSÉ BLANCO LÓPEZ	CEO and Founder of ACENTO PUBLIC AFFAIRS.
MS ISABEL TOCINO BISCAROLASAGA	Vice President of Santander Spain; Independent Director of ENCE.
MS NATALIA FABRA PORTELA	Gives seminars, lectures and teaches in the fields of Energy Economics, the Energy Transition, Competition Policy and Regulation, among others.

C.1.12 **Indicate and, where appropriate, explain whether the company has established rules about the maximum number of company boards on which its directors may sit and indicate where this is regulated, if applicable:**

[√] Yes [ ] No

Explanation of the rules and identification of the document where it is

Under article 35 of the Articles of Association the following cannot be Directors or, if applicable, natural person representatives of a legal person Director:

a) Natural or legal persons who hold the post of Director in more than five (5) companies whose shares are admitted to trading on national or foreign markets.

b) Natural or legal persons whose circumstances render them incompatible or prohibited from serving on the board under any of the general provisions in law, including those persons who in any manner have interests that run contrary to those of the Company or its Group.

C.1.13 Indicate the amounts of the following items relating to the overall remuneration of the board of directors:

Remuneration accrued in the year by the board of directors (thousands of euros)	5,446
Amount of funds accumulated by current directors for long-term savings systems with vested economic rights (thousands of euros)	4,422
Amount of funds accumulated by current directors for long-term savings systems with non- vested economic rights (thousands of euros)	
Cumulative amount of rights of former directors in pension scheme (thousands of euros)	

C.1.14 List any members of senior management who are not Executive Directors and indicate total remuneration paid to them during the year.

Name or corporate name	Position/s
MR DIEGO ANTONIO VELA LLANES	Technical System General Manager
MS ROSA SÁNCHEZ BRAVO	Director of Internal Audit
MR CLAUDIO PEDRO RODRÍGUEZ SUÁREZ	Gas Assets General Manager
MR JESÚS LUIS SALDAÑA FERNÁNDEZ	General Manager of Enagás Internacional
MR JUAN ANDRÉS DÍEZ DE ULZURRUN MORENO	CEO Deputy General Manager
MR FRANCISCO BORJA GARCÍA-ALARCÓN ALTAMIRANO	Financial General Manager
MS FELISA MARTÍN VILLÁN	Communication and Public Affairs General Manager
MR RAFAEL PIQUERAS BAUTISTA	General Secretary
MR JAVIER PERERA DE GREGORIO	Human & Corporate Resources General Manager
MS MARÍA SICILIA SALVADORES	Strategy Director
MR ANTONIO MARTÍNEZ RODRÍGUEZ	Enagás Renewables and Services General Manager
NUMBER OF FEMALE SENIOR MANAGERS	**2**
PERCENTAGE OF TOTAL MEMBERS OF SENIOR MANAGEMENT	**20.00**
TOTAL REMUNERATION RECEIVED BY SENIOR MANAGEMENT (THOUSANDS OF EUROS)	**5,576**

C.1.15 Indicate whether any changes have been made to the board regulations during the year:

[√] Yes [ ] No

Description of amendments

Law 5/2021, of April 12, on the promotion of the long-term involvement of shareholders in listed companies, which transposes into Spanish law Directive (EU) 2017/828 of the European Parliament and of the Council of May 17, 2017, ("Law 5/2021"), has amended, among other regulations, the consolidated text of the Corporate Enterprises Act, approved by Royal Legislative Decree 1/2010, of July 2 ("LSC").

Among other matters, the aforementioned Law 5/2021 has modified the regime of related-party transactions of listed companies provided for in the LSC, incorporating a new Chapter VII BIS to Title XIV (which includes Articles 529 vicies to 529 tervicies), as well as a new Article 231 bis LSC relating to intragroup transactions, in addition to partially modifying the concept of persons related to the directors contained in Article 231 LSC. It has also modified the remuneration system for Board Members, the powers of the Audit Committee with regard to the reporting of non-financial information and has established the obligation for Board Members of listed companies to be, in general, natural persons.

Based on this legal amendment, the Board of Directors proposed to the General Shareholders' Meeting of Enagás, S.A. (the "Company") held on May 27, 2021, to amend the Company's Articles of Association and the Regulations of the General Shareholders' Meeting.

In coordination with the foregoing, at its meeting held on December 20, 2021, the Board of Directors approved the amendment of the Rules and Regulations of the Organisation and Functioning of the Board of Directors, in order to adapt them to the new provisions of the LSC, without prejudice to the incorporation of certain technical or drafting clarifications.

The amendments are as follows:

Amendment to Article 5 ("Functions of the Board of Directors")

Section B.2) is completed with the power of the Board of Directors to approve "management goals", in accordance with the provisions of Article 529 ter.1.a) LSC and in coordination with the current Article 43.m) of the Company's Articles of Association.

Amendment of Article 7 ("Meeting Proceedings")

Section 3 is amended with respect to the means by which the Directors may confer their representation on another Director, specifying that it may be by "e-mail or by any other means that allows proof of receipt", avoiding the exemplary reference to fax, telegram... and with a more general wording that would also encompass the platforms for documentation and communication with the Directors that may be established internally.

C.1.16 Indicate the procedures for selection, appointment, re-election and removal of directors. List the competent bodies and the processes and criteria to be followed for each of these procedures.

Pursuant to article 8 of the Rules and Regulations of the Organisation and Functioning of the Board of Directors of Enagás:

1.- Directors shall be appointed at the General Shareholders' Meeting or by the Board of Directors in conformity with the provisions of the Corporate Enterprises Act and the company's Articles of Association.

2.- Candidates must be persons who, in addition to satisfying the legal and statutory requirements of the post, have recognised prestige and appropriate professional knowledge and experience to perform their dutiesw. The Sustainability, Appointments and Remuneration Committee is responsible for proposing the appointment of Independent Directors. The proposals for the appointment or re-election of Non-independent Directors which the Board of Directors submits to the General Shareholders' Meeting, as well as appointments adopted by the Board by virtue of its powers of co-option, must be made subject to a report from the Sustainability, Appointments and Remuneration Committee. When the Board of Directors does not agree with the Committee's recommendations, it must explain its reasons and duly record them in the minutes. Proposed appointments shall always be accompanied by a report from the Board justifying the skills, experience and merits of the proposed candidate. This report shall be attached to the minutes of the General Meeting or of the Board. The foregoing will also be applicable to natural persons appointed as representatives of a legal person Director. The proposal for a natural person representative must be submitted to the Sustainability, Appointments and Remuneration Committee. Only legal entities belonging to the public sector may be appointed to the Board of Directors, and they may be appointed to the Board in representation of a portion of the share capital.

3.- The Board of Directors must ensure that the procedures for the selection of its members favour diversity in aspects relating to training and professional experience, age, gender or disability, and that they are not implicitly biased in such a way as to imply any kind of discrimination and, in particular, that they facilitate the selection of female directors in a number that makes it possible to achieve a balanced presence of women and men.

(Continues in section H) OTHER INFORMATION OF INTEREST.- Explanatory note on section C.1.16).

C.1.17 Explain, if applicable, to what extent the annual evaluation of the board has prompted significant changes in its internal organisation and the procedures applicable to its activities:

Description of amendments

Every year, the Company carries out the annual assessment of the Board through a self-assessment process. The format and content are adapted each year to the needs and situation of the Company and to the best practices of good governance. The results obtained from these board assessment processes are taken into account by the Company to improve the internal functioning, deliberation and decision-making of both the Board of Directors as a whole and its Committees.

Describe the evaluation process and the areas evaluated by the board of directors assisted, where applicable, by an external consultant, regarding the operation and membership of the board and its committees and any other area or aspect that has been subject to evaluation.

Description of the evaluation process and areas evaluated

The annual assessment of the Board consisted of a self-evaluation process in which, with the assistance of the advisory firm KPMG, the directors completed a written questionnaire and have held an interview with KPMG. The questionnaire includes two sections. Section I on overall assessment and comparison with the last external self-assessment exercise, and section II on assessment of the functioning of the Board of Directors, which in turn is subdivided into five sections on i) the Board of Directors, ii) the Audit and Compliance Committee, iii) the Sustainability, Appointments and Remuneration Committee, iv) Chairman of the Board of Directors, v) Chief Executive Officer and vi) Secretary to the Board.

The key areas analysed in the assessment process were as follows: i) competencies, skills and structure, ii) strategic reflection, iii) risk monitoring, iv) ESG questionnaire, v) information, vi) climate of debate, vii) agenda and presentations viii) relationship with senior management, ix) key positions and x) Board priorities.

The assessment resulted in a series of aspects with higher and lower scores. The directors considered very positively, among other issues, the satisfactory performance of their responsibilities, the confidence in the management model, policies, processes and controls implemented by the company, the open dialogue and working environment that allows directors to freely state their position.

The corporate departments have adequately performed their assigned responsibilities and have suitably informed the board of their work and deliberations. As aspects with lower ratings, the following were noted, among others: the number of board members, active participation during the sessions in a way that contributes value, and the structured agenda of the meetings.

C.1.18 Explain, for those financial years in which the evaluation has been assisted by an external adviser, the business relationship that the adviser or any group company maintains with the company or any group company.

For the 2021 assessment of the Board, the Company has contracted the same external advisory firm that assisted the Board in this area in 2020.

2021 has been the second year in which the advisory firm KPMG has assisted the Company in assessing the Board. The Company's (and its group's) contracts with KPMG amounted to 644 million euros in 2021 for consulting and advisory services.

C.1.19 Indicate the cases in which Directors must resign.

In accordance with the Good Governance recommendations, articles 12.2 and 12.4 of the Rules and Regulations of the Organisation and Functioning of the Board of Directors of Enagás stipulate that:

12.2.- Directors must place their offices at the Board of Directors' disposal, and tender their resignation, if the Board deems fit, in the following cases:

a) When they are affected by instances of incompatibility or prohibitions laid down in Law, the Articles of Association, and in these Regulations.

b) When they are in serious breach of their obligations as Directors.

c) When they may put the interests of the company at risk or damage its credibility and reputation. In particular, a Director must inform the Board of Directors of any criminal case in which he or she appears as being under investigation, along with any procedural developments.

d) When the reason for which they were appointed as Directors no longer exists.

e) When Independent Directors cease to meet the conditions required under Article 9.

f) When the shareholder represented by a Proprietary Director sells its entire interest. They shall also do so, in the appropriate number, when that shareholder reduces its stake to a level requiring a reduction in the number of its Proprietary Directors.

Should the Board of Directors not deem it advisable to have a Director tender their resignation in the cases specified under d), e) and f), the Director must be included in the category that, in accordance with these Rules and Regulations, is most appropriate based on their new circumstances.

When, either through resignation or by resolution of the General Meeting, a Director leaves their position before the end of their mandate, they shall properly explain the reasons for their resignation. Non-executive directors shall write down their opinion on the reasons why, if applicable, the General Shareholders' Meeting relieves them of their duties, in a letter to be sent to all members of the Board of Directors. Aside from reporting such facts in the Annual Corporate Governance Report, insofar as it is relevant for investors, the Company shall announce the Director's departure as soon as possible, including sufficient reference to the reasons or circumstances provided by the Director.

12.4.- After a Director has been removed from their post, they may not work for a competitor company for a period of two years, unless the Board of Directors exempts them from this obligation or shortens its duration.

C.1.20 Are qualified majorities other than those prescribed by law required for any type of decision?:

[ ] Yes [√] No

If applicable, describe the differences

C.1.21 Indicate whether there are any specific requirements other than those relating to the Directors, to be appointed chairman of the board of directors:

[ ] Yes [√] No

C.1.22 Indicate whether the articles of association or the board regulations set any age limit for directors.

[ ] Yes [√] No

C.1.23 Indicate whether the articles of association or the board regulations set a limited term of office or other stricter requirements for independent directors different to the one established in the regulations:

[√] Yes [ ] No

Additional requirements and / or maximum number of years in office

12

C.1.24 Indicate whether the articles of association or board regulations stipulate specific rules on appointing a proxy to the board of directors, the procedures thereof and, in particular, the maximum number of proxy appointments a director may hold. Also indicate whether there are any restrictions as to what categories may be appointed as a proxy other than those stipulated by law. If so, give brief details.

According to article 39 of the Consolidated Text of the Articles of Association, the Board of Directors shall be validly constituted when the majority of its members are in attendance or represented at it. The Directors must attend the meetings of the Board in person. Without prejudice to the foregoing, Directors may grant a proxy to another Director. Non-Executive Directors may only grant a proxy to other Non-Executive Director.

In addition, according to Article 7.3 of the Rules and Regulations of the Organisation and Functioning of the Board of Directors, Directors must attend the meetings in person. Without prejudice to the foregoing, Directors must grant a proxy to another Director. Non-Executive Directors may only grant a proxy to other Non-Executive Director. Proxies for the representation of absent Directors may be granted by e-mail or by any other means that provides proof of receipt addressed to the Chairperson or Secretary of the Board.

C.1.25 Indicate the number of board of directors meetings held during the year. Indicate, where appropriate, how many times the board has met without the chairman's attendance. Attendance will also include proxies appointed with specific instructions.

Number of Board meetings	11
Number of board meetings held without the chairman's attendance	0

Indicate the number of meetings held by the leading director with the rest of the directors, without the assistance or representation of any executive director:

Number of meetings	1

Indicate the number of meetings of the various board committees held during the year:

Number of meetings of the AUDIT AND COMPLIANCE COMMITTEE	8
Number of meetings of the SUSTAINABILITY, APPOINTMENTS AND REMUNERATION COMMITTEE	13

C.1.26 Indicate the number of board meetings held during the year and details of members in attendance:

Number of meetings with physical attendance of at least 80% of board members	11
% of physical attendance as a total of the votes cast during the year	100.00
Number of meetings with physical attendance or proxies appointed with specific instructions from all the directors	11
% of votes cast with physical attendance and representations with specific instructions out of total votes during the year	100.00

C.1.27 Indicate whether the consolidated and individual annual accounts submitted for authorisation for issue by the board are certified previously:

[√] Yes [ ] No

Identify, where applicable, the person(s) who certified the company's individual and consolidated annual accounts prior for their authorisation for issue by the board:

Name	Position
MR FRANCISCO BORJA GARCÍA-ALARCÓN ALTAMIRANO	FINANCIAL GENERAL MANAGER
MR ANTONIO LLARDÉN CARRATALÁ	CHAIRMAN

C.1.28 Explain the mechanisms, if any, established by the Board of Directors to ensure that the annual accounts presented by the Board of Directors to the General Shareholders' Meeting are prepared in accordance with accounting regulations.

The Board of Directors ensures that the Annual Accounts and the Management Report provide a true and fair view of the Company's equity, financial position and results of operations, in accordance with the law, as stipulated in article 5) of its Regulations.

The Board of Directors endeavours to present the Annual Accounts in such a way that there are no grounds for qualifications by the company's Accounts Auditor, by taking into account all comments or recommendations that the Audit and Compliance Committee may have made previously in its report. However, if the Board of Directors determines that it must stand by a contrary view, it shall publicly explain the content and extent of the discrepancy.

As a committee delegated by the Board, the Audit and Compliance Committee is assigned certain competences that are effective mechanisms to ensure that the Annual Accounts prepared by the Board are drawn up in accordance with accounting standards, as set out in Article 8 of its Regulations, the details of which can be consulted on section 2 of the Annual Activity Report of the Audit and Compliance Committee.

During the financial year, the Audit and Compliance Committee shall meet at least quarterly with the accounts auditor in order to obtain their conclusions regarding the quarterly revision prior to the publication of results. Likewise, the Interim Condensed Consolidated Financial Statements are subject to a limited revision by the Accounts Auditor with the issuance of the corresponding report.

These competences of the Audit and Compliance Committee are designed to minimise the impact of any accounting aspect that becomes evident throughout the financial year, introducing, if necessary, the appropriate measures to avoid them, and enabling the Board members to be kept informed of the most relevant aspects of the audit throughout the year. In fact, the audit reports on the annual accounts have historically been issued without qualifications, as reflected in the information submitted to the National Securities Market Commission and published on its website.

During 2021, the Audit and Compliance Committee presented to the Board, together with the Accounts Auditor:

- On February 22, 2021, the report on the conclusions of the audit of the annual accounts at December 31, 2020 of Enagás, S.A. and its consolidated group.
- On July 26, 2021, the report with the results of the limited review performed on the interim condensed consolidated financial statements of Enagás and its subsidiaries as of June 30, 2021.
- On February 14, 2022, the report on the conclusions of the audit of the annual accounts at December 31, 2021 of Enagás, S.A. and its consolidated group.

The Audit and Compliance Committee also informed the Board of Directors of the reports presented by the auditor to the Audit and Compliance Committee, corresponding to the interim financial statements of March 31, 2021, September 30, 2021, as well as the planning report on the closure at December 31, 2021.

C.1.29 Is the secretary of the board also a director?

[ ] Yes [√] No

Complete if the Secretary is not also a Director:

Name or corporate name of the secretary	Representative
MR RAFAEL PIQUERAS BAUTISTA	

C.1.30 Indicate the specific mechanisms established by the company to safeguard the independence of the external auditor, as well as any mechanisms to safeguard the independence of financial analysts, investment banks and rating agencies, including how the legal provisions have been implemented in practice.

As a general rule, the Enagás Code of Ethics serves as a code of conduct for all employees in their professional activities and in relation to all the company's stakeholders. Enagás has the necessary procedures to ensure due diligence in the issues related to this area, as well as an Ethical Compliance Committee, which is a collegiate body to which the Audit and Control Committee delegates management of the notifications and consultations concerning this matter.

Compliance with the Code of Ethics is mandatory for all employees, managers and directors of Enagás, as well as its suppliers, contractors and collaborators or business partners in their respective areas of relationship with the Company. Affiliates have an ethics and compliance model that is appropriate for the environment they operate in.

In relation to the mechanisms established to preserve the independence of the external auditors, the Enagás Audit and Compliance Committee oversees the independence of the External Auditor, based on the development of the functions established in Article 8 iv) of its Regulations, the details of which are included in section 2 of the Annual Activity Report of the Audit and Compliance Committee.

In accordance with the provisions of the Internal procedure for engagement and relationship with the auditor (section 8.3.1.):

"The Audit and Compliance Committee shall assure the independence of Enagás' accounts auditor. In this regard, it must authorise, prior to its formalisation, any contract it intends to enter into with the auditor or with any member of its network for the provision of services other than auditing services to the Company or to any of the companies in its Group, in order to be able to analyse individually and globally any points which could undermine its independence arising from such contracts, before formalising them."

In turn, the Internal Audit Department, in accordance with the functions entrusted to it by the Audit and Compliance Committee and as specified in the General Internal Audit Regulations, oversees compliance with the Accounts Auditing Law 22/2015 and European Regulation 2014/537 and Directive 2006/43/EC, carrying out the following supervisory activities to guarantee the auditor's independence:

- Before issuing the accounts audit report, assisting the Audit and Compliance Committee in preparing the report, expressing an opinion on the independence of the accounts auditors, which will include a review of the declaration of independence issued by the auditors.
- Coordinating with the various business areas of Enagás and its subsidiaries, as well as with the relevant affiliates (through the Audit Committees), the process of contracting non-audit services required of the accounts auditor at Enagás, in order to analyse whether such engagements could undermine the independence of the accounts auditor.
- Analysing any question that could jeopardise the independence of the accounts auditor and its company, calling upon it to provide Enagás with information on any such issues that could undermine its independence, as well as the possible safeguards to be adopted.
- Examining, for subsequent approval by the Audit and Compliance Committee, the services requested from the auditor other than those prohibited.

(Continues in section H) OTHER INFORMATION OF INTEREST.- Explanatory note on section C.1.30).

C.1.31 Indicate whether the company has changed its external audit firm during the year. If so, identify the incoming audit firm and the outgoing auditor:

[ ] Yes [√] No

Explain any disagreements with the outgoing auditor and the reasons for the same:

[ ] Yes [√] No

C.1.32 Indicate whether the audit firm performs non-audit work for the company and/or its group. If so, state the amount of fees paid for such work and the percentage that the above amount represents of the fees invoiced for audit work to the company and/or its group.

[√] Yes [ ] No

	Company	Group companies	Total
Amount of non-audit work (thousands of euros)	345	0	345
Amount of non-audit work / Amount of audit work (%)	33,00	0,00	26,00

C.1.33 Indicate whether the audit report on the previous year's annual accounts is qualified. If applicable, indicate the reasons given to the shareholders in the General Meeting by the Chairman of the Audit Committee to explain the content and scope of those qualifications.

[ ] Yes [√] No

C.1.34 Indicate the number of financial years during which the current audit firm has been auditing the individual and/or consolidated annual accounts of the company and/or its group without interruption. Likewise, indicate for how many years the current firm has been auditing the annual accounts as a percentage of the total number of years over which the annual accounts have been audited:

	Individual	Consolidated
Number of consecutive years	6	6
No. of years audited by current audit firm / No. of years the company or its group have been audited (%)	12.00	12.00

C.1.35 Indicate and, where appropriate, give details of whether there are procedures for directors to receive the information they need in sufficient time to prepare for meetings of the governing bodies:

[√] Yes [ ] No

Details of procedure

Article 6 of the Rules and Regulations of the Organisation and Functioning of the Board of Directors establishes that:

1.- The Board of Directors shall meet at least once every two months and, in any case eight times a year, and on the motion of the Chairman, whenever the Chairman deems it fit for the proper running of the Company. A call must be issued when so requested by a majority of the Directors, as set forth in Article 39 of the Articles of Association.

Directors who represent at least one third of the members of the Board of Directors may call the meeting, stating its agenda, to be held in the locality where the registered office is located, if they have requested the Chairman to convene the meeting, and the meeting has not been called within one month without reasonable cause.

Except in cases where the Board has been constituted or has been convened exceptionally on account of urgent circumstances, the Directors must have the requisite information at their disposal sufficiently in advance to be able to deliberate and adopt resolutions on the business to be transacted. To this end, the Agenda of the meetings shall clearly indicate those points on which the Board of Directors must take a decision or resolution. The Chairman of the Board of Directors, in collaboration with the Secretary, must ensure that this obligation to provide information is fulfilled.

In those cases in which, exceptionally, for reasons of urgency, the Chairman wishes to submit to the approval of the Board decisions or resolutions not appearing in the Agenda, this shall require the express prior consent of the majority of the Directors present at the meeting, which will be duly recorded in the minutes.

Ordinary meetings of the Board shall transact general business relating to the Group's performance, earnings, balance sheet, investments, the company's cash position and how it compares to the adopted budget, the business referred to in Article 5, if applicable, and the business listed on the Agenda, to be drawn up pursuant to these Regulations.

At these regular meetings the Board shall receive timely information on the movements of the shareholders and of the opinion that significant shareholders, investors and rating agencies hold regarding the Company and its Group. Similarly, the Board of Directors shall receive timely information on the main operational achievements and difficulties and any foreseeable circumstances which may prove critical for the company's affairs, and shall consider the course of action proposed by company management in response.

2.- Notices convening ordinary sessions shall be issued by the Chairman or the Secretary, or by the Vice Chairman on order of the Chairman, may be effected by any channel, and shall specify the meeting venue and agenda. The Chairman shall call the Board to meet when so requested by the Independent Leading Director in accordance with Article 18 of these Board Regulations.

The notice of meeting, which other than in exceptional circumstances shall be issued at least three days in advance of the intended date of the meeting, shall contain all information and documents thought appropriate or relevant for Directors to be properly informed. Directors shall further be furnished with the minutes of the previous meeting, whether or not such minutes have been adopted. The power to set the agenda of a meeting rests with the Chairman, but any Director may request in advance of the calling of such meeting that there be added to the agenda any items which in their view ought to be addressed by the Board.

The Board shall be properly constituted without need of prior notice if, all Directors being present in person or by proxy, the Directors unanimously consent to the holding of the meeting.

3.- The meetings of the Board of Directors shall normally be held at the registered office, but may also be held in any other place determined by the Chairman and indicated in the notice of meeting, and by any means determined by the Chairman in accordance with the provisions of article 39 of the Company's Articles of Association.

C.1.36 Indicate and, where appropriate, give details of whether the company has established rules obliging directors to report and, where appropriate, resign when situations arise that affect them, whether or not related to their actions at the company itself, which could damage the credit and reputation of the company:

[√] Yes [ ] No

Detail the rules

Pursuant to Good Governance Recommendations, article 12 of the Rules and Regulations of the Organisation and Functioning of the Board of Directors establishes that Directors must place their offices at the Board of Directors' disposal, and tender their resignation, if the Board deems fit, when, inter alia, they may put the interests of the Company at risk or damage its credibility and reputation. In particular, a Director must inform the Board of Directors of any criminal case in which he or she appears as being under investigation, along with any procedural developments.

When, either through resignation or by resolution of the General Meeting, a Director leaves their position before the end of their mandate, they shall properly explain the reasons for their resignation. Non-executive directors shall write down their opinion on the reasons why, if applicable, the General Shareholders' Meeting relieves them of their duties, in a letter to be sent to all members of the Board of Directors. Aside from reporting such facts in the Annual Corporate Governance Report, insofar as it is relevant for investors, the Company shall announce the Director's departure as soon as possible, including sufficient reference to the reasons or circumstances provided by the Director.

C.1.37 Indicate, unless there are special circumstances that have been set down in the minutes, whether the Board has been informed of or has otherwise learned of any situation that affects a director, whether or not it is related to their actions in the company itself, and which could damage the company's good name and reputation:

[ ] Yes [√] No

C.1.38 List the significant agreements entered into by the company which come into force, are amended or terminate in the event of a change of control of the Company due to a takeover bid, and their effects.

There are no such significant agreements.

C.1.39 Identify, individually when referring to directors, and in aggregate form in other cases and provide detailed information on agreements between the company and its officers, senior managers and employees that provide indemnities for the event of resignation, unfair dismissal or termination as a result of a takeover bid or other type of operations.

Number of beneficiaries	11
Type of beneficiary	**Description of the agreement**
EXECUTIVE CHAIRMAN, CHIEF EXECUTIVE OFFICER AND SENIOR MANAGEMENT	The company has an agreement with the Executive Chairman, the Chief Executive Officer and TEN (10) of its senior managers that include express severance pay clauses. The clauses in each case are applicable in cases of company termination of the contract, unfair disciplinary dismissal, dismissal for the reasons outlined under article 52 of the Workers' Statute or as decided by the manager citing one of the reasons outlined under article 50 of the Workers' Statute provided the resolution is certified by means of conciliation between the parties, court judgement, arbitration award, or resolution by a competent administrative body. They are not applicable if the resolution is the result of a unilateral decision made by the Director without just cause. The termination benefits to which the Executive Chairman and Chief Executive Officer are entitled are equivalent to two years of their fixed and variable remuneration. The termination benefits to which the TEN (10) Directors are entitled depend on their length of service at the company and their age. All such contracts have been approved by the Board of Directors.

Indicate whether, other than in the cases provided for in law, these agreements must be reported to and/or authorised by the governing bodies of the company or its group. If they must, specify the procedures, assumptions provided and the nature of the bodies responsible for their approval or making the communication:

	Board of Directors	General Meeting
Body authorising clauses	√	

	Yes	No
Is the General Shareholders' Meeting informed of such clauses?	√	

C.2. Board committees

C.2.1 Give details of all the board committees, their members and the proportion of proprietary directors, independent directors and other external:

AUDIT AND COMPLIANCE COMMITTEE

Name	Position	Categoría
MR JOSÉ MONTILLA AGUILERA	CHAIRMAN	Independent
MR JOSÉ BLANCO LÓPEZ	MEMBER	Independent
MS ISABEL TOCINO BISCAROLASAGA	MEMBER	Independent
SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES (SEPI)	MEMBER	Proprietary
MS MARÍA TERESA ARCOS SÁNCHEZ	MEMBER	Independent
MS NATALIA FABRA PORTELA	MEMBER	Independent

% OF EXECUTIVE DIRECTORS	0.00
% OF PROPRIETARY DIRECTORS	16.67
% OF INDEPENDENT DIRECTORS	83.33
% OF OTHER EXTERNAL DIRECTORS	0.00

Explain the functions, including, where appropriate, those additional to those legally provided, assigned to this body, and describe the procedures and rules of organisation and operation thereof. For each of these roles, indicate the most important actions during the year and how they have exercised in practice each of the functions attributed to them, whether in the law or in the articles of association or other corporate agreements.

The Audit and Compliance Committee is governed by applicable legislation, the Consolidated Text of the Articles of Association and the Rules and Regulations of the Organisation and Functioning of the Board of Directors, the latest amendment of which was approved by the Board of Directors on December 20, 2021, and the Regulations of the Audit and Compliance Committee, the latest amendment of which was approved by the Board of Directors on December 20, 2021.

This Committee comprises six (6) members, which is within the limits established in article 44 of the Consolidated Text of the articles of Association, article 26 of the Board Regulations, and article 3 of the Audit and Compliance Committee Regulations, which set a minimum of three (3) and maximum of seven (7) members, appointed by the Board of Directors based, in particular, on their knowledge and experience on accounting, auditing, and financial and non-financial risk management. Overall, the members of the Audit and Compliance Committee shall have the pertinent technical knowledge of the gas industry.

No Executive Director may sit on the Audit and Compliance Committee and the majority of its members must be independent. Five (5) of its members are Independent, and we highlight that the Chairman of the Committee, MR JOSÉ MONTILLA AGUILERA is independent; one (1) of the committee members, SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES (SEPI) is Proprietary Director. MS ISABEL TOCINO BISCAROLASAGA, SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES (SEPI), MS MARÍA TERESA ARCOS SÁNCHEZ AND MS NATALIA FABRA PORTELA were appointed by the Board of Directors of Enagás based on their knowledge and experience on accounting, auditing or both, as provided for in articles 44 of the Consolidated Text of the Articles of Association and 26 of the Rules and Regulations of the Organisation and Functioning of the Board of Directors.

According to Article 4 of the Audit and Compliance Committee Regulations, the Committee Chairperson shall be selected from among the Independent Directors by the Board of Directors, and shall not have a casting vote.

As established in Article 5 of the Committee Regulations, the term of a Committee member shall be the same as the term of office for a Director. A member of the Audit and Compliance Committee shall vacate that office if he loses his status as Director of the Company or if so decided by the Board of Directors. The foregoing notwithstanding the Committee Chairman shall be replaced every four (4) years. A former Chairman may be re-elected after the lapse of one year from his vacating office. The foregoing shall be without prejudice to an outgoing Chairman remaining on the Committee if so resolved by the Board of Directors on adequately reasoned grounds.

The remuneration of Committee members, as provided for in Article 6 of the Committee Regulations, will be approved as established in the Articles of Association and the Board Regulations for the setting of remuneration to Directors, subject to the same requirements of public disclosure.

In the exercise of his office, a member of this Committee shall, according to Article 7 of the Committee regulations, be under the same duties and subject to the same principles of action as those prescribed for Directors in the Articles of Association, the Board Regulations and current legislation.

In keeping with Article 9 of the Committee Regulations, this Committee must meet at least four (4) times a year and the Chairperson shall call as many further meetings as they believe are required for the Committee to discharge its duties. In 2021, this Committee met eight (8) times. Each Committee meeting shall be reported at the first subsequent meeting of the Board in full. Any company employee or executive of the Company deemed relevant may be called to attend the Committee meetings, even ordering their appearance without the presence of another executive. In addition, according to Article 13, a copy of the minutes of Committee proceedings shall be sent to every Director.

The chief purposes of the Committee, according to article 8, is to see to the proper operation of internal control, internal audit, risk management systems and the process of preparing and presenting the mandatory financial information, to formulate proposals for selecting, appointing, re-electing and replacing the external auditor, as well as to ensure their independence, to safeguard the transparency of information and to ensure compliance with the internal Code of Conduct and the legislation in force, and to report to the General Meeting in the area of their competence.

To achieve these objectives, the Audit and Compliance Committee, in addition to the functions established by law for this Committee, shall carry out those detailed in Appendix I (Explanatory notes) to this Report.

Identify the directors who are members of the audit committee who have been appointed on the basis of their knowledge and experience of accounting or auditing, or both and state the date of the appointment of the chairperson of this committee to that role.

Names of directors with experience	MS ISABEL TOCINO BISCAROLASAGA / SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES (SEPI) / MS MARÍA TERESA ARCOS SÁNCHEZ / MS NATALIA FABRA PORTELA
Date of the appointment of the chairperson to that role	21/06/2021

SUSTAINABILITY, APPOINTMENTS AND REMUNERATION COMMITTEE

Name	Position	Category
MS ANA PALACIO VALLELERSUNDI	CHAIRWOMAN	Independent
MR GONZALO SOLANA GONZÁLEZ	MEMBER	Independent
MR ANTONIO HERNÁNDEZ MANCHA	MEMBER	Independent
MR SANTIAGO FERRER COSTA	MEMBER	Proprietary
MR IGNACIO GRANGEL VICENTE	MEMBER	Independent
MR CRISTÓBAL JOSÉ GALLEGO CASTILLO	MEMBER	Independent
MS PATRICIA ÚRBEZ SANZ	MEMBER	Independent
% OF EXECUTIVE DIRECTORS		**0.00**
% OF PROPRIETARY DIRECTORS		**14.29**
% OF INDEPENDENT DIRECTORS		**85.71**
% OF OTHER EXTERNAL DIRECTORS		**0.00**

Explain the functions, including, where appropriate, those additional to those legally provided, assigned to this body, and describe the procedures and rules of organisation and operation thereof. For each of these roles, indicate the most important actions during the year and how they have exercised in practice each of the functions attributed to them, whether in the law or in the articles of association or other corporate agreements.

The Sustainability, Appointments and Remuneration Committee, is governed by applicable legislation, the Consolidated Text of the Articles of Association and the Rules and Regulations of the Organisation and Functioning of the Board of Directors, the latest amendment of which was approved by the Board of Directors on December 20, 2021, and the Regulations of the Sustainability, Appointments and Remuneration Committee, which was approved by the Board of Directors on December 20, 2021.

The Sustainability, Appointments, and Remuneration Committee is composed of seven (7) Directors, appointed by the Board of Directors, which is within the limits established in article 45 of the Consolidated Text of the Articles of Associations, article 25 of the Rules and Regulations of the Organisation and Functioning of the Board of Directors and article 3 of the Regulations of the Sustainability, Appointments, and Remuneration Committee, which set a minimum of three (3) and a maximum of seven (7) Directors. It consists of seven (7) Directors, of which six (6) are Independent Directors, including the Chairwoman, and one (1) is a Proprietary Director.

Article 3 of the Regulations of the Sustainability, Appointments, and Remuneration Committee sets out that Directors who are members of this Committee shall be appointed by the Board of Directors, ensuring that they have knowledge and experience in areas such as human resources, selection of Directors and Senior Managers, design of remuneration policies and plans, corporate governance and corporate social responsibility and sustainability.

The Sustainability, Appointments, and Remuneration Committee must comprise a majority of Independent Directors and Executive Directors cannot sit on this committee. In addition, gender diversity and other diversity criteria of its members must be encouraged.

As set out in article 4 of the Regulations of the Sustainability, Appointments, and Remuneration Committee, the Board of Directors shall elect the Chairman of the Committee from among the Independent Directors of the Committee. The Chairman shall not have a casting vote.

As established in article 5 of the Regulations of the Sustainability, Appointments, and Remuneration Committee, the term of a Committee member shall be the same as the term of office for a Director. A member of the Sustainability, Appointments, and Remuneration Committee shall vacate that office if they lose their status as Director of the Company or if so decided by the Board of Directors.

The remuneration of Committee members, as provided for in Article 6 of the Committee Regulations, will be approved as established in the Articles of Association and the Board Regulations for the setting of remuneration to Directors, subject to the same requirements of public disclosure.

In the exercise of their office, a member of this Committee shall, according to Article 7 of the Committee regulations, be under the same duties and subject to the same principles of action as those prescribed for Directors in the Articles of Association, the Board Regulations and current legislation.

Pursuant to article 9 of the Regulations of the Sustainability, Appointments and Remuneration Committee, said committee must meet at least four (4) times a year. In 2021, the Enagás Committee met thirteen (13) times.

In addition, meetings shall be called by its Chairperson. The Committee may seek advice both internally and externally and request the attendance of senior management personnel of the Company and its Group, as deemed necessary in the execution of its duties. Each Committee meeting shall be reported at the first subsequent meeting of the full Board, and a copy of the minutes of the Committee proceedings shall be sent to every Director.

Pursuant to Article 8 of its Regulations, the basic objectives of the Committee are to select Directors, Senior Management and positions on the Board of Directors, to ensure the appropriate composition of the Board, to examine and organise the succession of the Chairman of the Board and the Chief Executive Officer, to evaluate the Board and its Committees, to propose and monitor the remuneration policy, the contractual conditions of the Directors and senior management and to ensure the application of good practices in the area of corporate social responsibility and good corporate governance.

The duties of the Sustainability, Appointments and Remuneration Committee are set out in article 45 of the Consolidated Text of the Articles of Association and expanded in article 25 of the Rules and Regulations of the Organisation and Functioning of the Board of Directors and article 8 of the Regulations of the Sustainability, Appointments and Remuneration Committee. For more information see Appendix I ("Explanatory notes") to this Report.

C.2.2 Complete the following table on the number of female directors on the various board committees at the closure of the past four years:

	Number of female Directors							
	2021		**2020**		**2019**		**2018**	
	Number	**%**	**Number**	**%**	**Number**	**%**	**Number**	**%**
AUDIT AND COMPLIANCE COMMITTEE	3	50.00	2	28.57	2	40.00	2	40.00
SUSTAINABILITY, APPOINTMENTS AND REMUNERATION COMMITTEE	2	28.57	2	28.57	2	33.33	1	16.67

C.2.3 Indicate, as appropriate, whether there are any regulations governing the board committees. If so, indicate where they can be consulted, and whether any amendments have been made during the year. In addition, indicate whether on a voluntary basis any of the board committees has produced an activity report.

The Regulations of the Audit and Compliance Committee are available for consultation at the registered office of Enagás and on its website at www.enagas.es or www.enagas.com. The Board of Directors of Enagás, S.A. at its meeting held on December 20, 2021 approved the amendment of the aforementioned regulations in order to adapt them to the provisions of the Corporate Enterprises Act following its amendment by Law 5/2021, of April 12, on the promotion of the long-term involvement of shareholders in listed companies, which transposes into Spanish law Directive (EU) 2017/828 of the European Parliament and of the Council of May 17, 2017 ("Law 5/2021").

The Audit and Compliance Committee prepared a report on its activities in 2021, which will be published on the website sufficiently in advance of the General Shareholders' Meeting and is included in this Report in Appendix II.

The Regulations of the Sustainability, Appointments and Remuneration Committee are available for consultation at the registered office of Enagás and on its website at www.enagas.es or www.enagas.com. At its meeting on December 20, 2021, the Board of Directors of Enagás, S.A. approved the amendment of the regulations to adapt them to the Corporate Enterprises Act following its amendment by Law 5/2021.

The Sustainability, Appointments and Remuneration Committee prepared a report on its activities in 2021, which will be published on the website sufficiently in advance of the General Shareholders' Meeting.

D. Related-party and intragroup transactions

D.1. Explain, if applicable, the procedure and competent bodies for the approval of related-party and intragroup transactions, indicating the criteria and general internal rules of the entity that regulate the abstention obligations of the affected directors or shareholders and detailing the internal reporting and periodic control procedures established by the company in relation to those related-party transactions whose approval has been delegated by the board of directors.

Pursuant to article 14 bis of the Rules and Regulations of the Organisation and Functioning of the Board of Directors of Enagás S.A.:

1. The Board of Directors shall be responsible for the knowledge and approval, following a report from the Audit and Compliance Committee, of the transactions that the Company or its subsidiaries carry out with Directors, or with shareholders holding 10% or more of the voting rights, or represented on the Board of Directors of the Company, or with any other persons who are considered related parties under the terms set out in the Law ("Related-Party Transactions"), unless their approval corresponds to the General Shareholders' Meeting. The affected Directors or those who represent or are related to the affected shareholders must refrain from participating in deliberating and voting on the resolution in question in accordance with the provisions of the law. The provisions of this section shall be understood to be without prejudice to the limitations on the ownership interest in the Company's share capital set out in the special sectorial regulations applicable to Enagás, S.A.

   The transactions carried out by the Company with its subsidiaries or affiliates shall not be considered as Related-Party Transactions, provided that no other party related to the Company has an interest in such subsidiaries or affiliates.

2. The Audit and Compliance Committee shall issue a report prior to the approval of a Related-Party Transaction by the General Shareholders' Meeting or by the Board of Directors. In this report, the Committee must assess whether the transaction is fair and reasonable from the point of view of the Company and, if applicable, of the shareholders other than the related party, and give an account of the assumptions on which the assessment is based and the methods used.

   The members of the Audit and Compliance Committee affected by the Related-Party Transaction cannot participate in the preparation of the report.

   This report shall not be mandatory in connection with the execution of Related-Party Transactions whose approval has been delegated by the Board of Directors in the cases legally permitted and provided for in these Regulations.

3. In those cases in which, in accordance with the provisions of section 3 of this article, the Board of Directors delegates the approval of Related-Party Transactions, the Board of Directors itself shall establish an internal reporting and periodic control procedure to verify the fairness and transparency of these transactions and, if applicable, compliance with the applicable legal criteria.

4. In relation to Related-Party Transactions whose approval corresponds to the General Shareholders' Meeting, the proposed approval resolution adopted by the Board of Directors shall be submitted to the General Shareholders' Meeting with the indication of whether it has been approved by the Board of Directors with or without the vote against of the majority of the Independent Directors.

5. The Board of Directors shall ensure public disclosure of the performance of Related-Party Transactions entered into by the Company or companies of its Group, the amount of which reaches or exceeds 5% of total assets or 2.5% of the annual amount of the Company's turnover.

   To this end, an announcement, with the legally stipulated content, must be published in an easily accessible place on the Company's website and, in turn, it must be communicated to the National Securities Market Commission. The announcement shall be published and notified, at the latest, at the time the Related- Party Transaction is entered into and shall be accompanied by the issued report, if applicable, by the Audit and Compliance Committee.

   Likewise, Related-Party Transactions shall be reported in the Annual Corporate Governance Report and in the periodic public information under the terms set forth in the applicable regulations.

6. To determine the amount of a Related-Party Transaction, the transactions entered into with the same counterpart in the last twelve months shall be taken into account in aggregate.

D.2. List individually those transactions that are significant due to their amount or relevant due to their subject matter carried out between the company or its subsidiaries and shareholders holding 10% or more of the voting rights or represented on the board of directors of the company, indicating the competent body for their approval and whether any shareholder or director affected abstained. In the event that the meeting was responsible, indicate whether the proposed resolution has been approved by the board without the vote against of the majority of the independent directors:

Name or corporate name of the shareholder or of any of its subsidiaries	% Stake	Name or corporate name of the company or subsidiary	Amount (in thousands of euros)	Approving body	Identification of the significant shareholder or director who abstained from voting	The proposal to the board, if any, has been approved by the board without a majority of independent directors voting against it
No data						

Name or corporate name of the shareholder or of any of its subsidiaries	Nature of the relationship	Type of transaction and other information necessary for its evaluation
No data		

D.3. List individually the significant transactions, due to their amount or relevant due to their subject matter, carried out by the company or its subsidiaries with the directors or senior management of the company, including those transactions carried out with entities that the director or executive controls or jointly controls, and indicating the competent body for their approval and whether any shareholder or director affected abstained. In the event that the meeting was responsible, indicate whether the proposed resolution has been approved by the board without the vote against of the majority of the independent directors:

Name or corporate name of the directors or officers or of their controlled or jointly controlled entities	Name or corporate name of the company or subsidiary	Relationship	Amount (in thousands of euros)	Approving body	Identification of the significant shareholder or director who abstained from voting	The proposal to the board, if any, has been approved by the board without a majority of independent directors voting against it
No data						

Name or corporate name of the directors or officers or of their controlled or jointly controlled entities	Nature of the transaction and other information necessary for its evaluation
No data	

D.4. **Report on an individual basis on significant intragroup transactions due to their amount or relevant due to their subject matter carried out by the company with its parent company or with other entities belonging to the parent company's group, including the listed company's own subsidiaries, unless no other related party of the listed company has an interest in such subsidiaries or such subsidiaries are wholly owned, directly or indirectly, by the listed company.**

In any case, list any intragroup transactions carried out with entities in countries or territories considered to be tax havens:

Corporate name of the group entity	Brief description of the transaction and other information necessary for its evaluation	Amount (in thousands of euros)
No data		

D.5. **List individually any transactions that are significant due to their amount or relevant due to their subject matter carried out by the company or its subsidiaries with other related parties in accordance with the International Accounting Standards adopted by the EU, which have not been reported under the previous headings.**

Corporate name of the group entity	Brief description of the transaction and other information necessary for its evaluation	Amount (in thousands of euros)
TRANS ADRIATIC PIPELINE AG	Guarantees and sureties extended	609,205
PLANTA DE REGASIFICACIÓN DE SAGUNTO, S.A. (SAGGAS)	Financial revenue on the loan	146
ENAGÁS TRANSPORTE DEL NORTE, S.L.	Financial revenue on the loan	2,119
ENAGÁS TRANSPORTE DEL NORTE, S.L.	Rendering of services	3,167
Gasoducto de Morelos, S.A.P.I de C.V.	Financial revenue on the loan	689
Gasoducto de Morelos, S.A.P.I de C.V.	Guarantees and sureties extended	8,791

D.6. **List the mechanisms established to detect, determine and resolve any possible conflicts of interest between the company and/or its group, and its directors, senior managers, significant shareholders or other related parties.**

Article 13 of the Regulations of the Organisation and Functioning of the Board of Directors establishes that Directors shall perform their positions with the loyalty of a reliable representative, acting in good faith and in the best interest of the company. In particular, the duty of loyalty requires that Directors:

[...]

c) Refrain from participating in deliberating and voting on resolutions or decisions in which they or a related person have a direct or indirect conflict of interests. Resolutions or decisions that affect them in their capacity as Director, such as their appointment to or removal from posts on the governing body or others of a similar nature, will be excluded from the preceding obligation.

d) Perform their functions according to the principle of personal responsibility with freedom of judgement or judgement and independence relating to instructions from and links with third parties.

e) Adopt the measures required to avoid becoming involved in situations in which their interests, either for their own personal reasons or those of another party, may conflict with the Company's interest or with their duties with the Company.

In particular, the obligation to avoid conflicts of interest referred to in the preceding paragraph requires that Directors refrain from:

a) Conducting transactions with the Company, except for those that are subject to waiver in accordance with the provisions of Article 14 of these Regulations, or approved in accordance with the provisions of the Law and Article 14 bis of these Regulations in relation to Related-Party Transactions.

b) Using the name of the Company or invoking their position as director to improperly influence the conducting of private transactions.

c) Using the corporate assets, including the Company's confidential information, for private purposes.

d) Taking advantage of the Company's business opportunities.

e) Obtaining benefits and remunerations from third parties other than the Company and its Group associated with the performance of their duties, except for acts of mere courtesy.

f) Conducting activities for themselves or for another party that, actually or potentially, entail effective competition with the company or that, in any other manner, place them in permanent conflict with the Company's interests.

The above provisions will also be applicable if the beneficiary of prohibited acts or activities is a person related to the Director.

In any event, Directors must inform the other Directors and the Board of Directors of any direct or indirect situation of conflict that they or persons related to them may have with the company's interests.

Direct and indirect conflicts of interest affecting Directors shall be disclosed in the Annual Report. (Continues in section H) OTHER INFORMATION OF INTEREST.- Explanatory notes on section D.6).

D.7. **Indicate whether the company is controlled by another entity according to the definition set forth in article 42 of the Commercial Code, whether listed or not, and has, directly or through its subsidiaries, business relationships with that entity or any of its subsidiaries (other than those of the listed company) or carries out activities related to those of any of them.**

[ ] Yes [√] No

E. Risk control and management systems

E.1. **Describe the scope of the Company's Risk Control and Management system for financial and non-financial risks, including fiscal.**

The Enagás Group has established a risk control and management model aimed at ensuring the continuity of the business and the achievement of the objectives of the company in a predictable manner and with a medium-low profile for all of its risks.

This model allows you to adapt to the complexity of your business activity in a competitive environment globalised, in a complex economic context, where the materialisation of risks is faster and with a contagious effect evident.

The model is based on the following aspects:

- the consideration of standard risk typologies to which the company is exposed (see details in section E.3);

- the existence of governance bodies with responsibilities for overseeing the company's level of risk (see section E.2);
- the segregation and independence of the functions of risk control and management at the company, in three lines of 'defence';
- the transparency of information supplied to third parties, to guarantee its reliability and accuracy;
- the establishment of a risk appetite framework, which defines the risk levels considered acceptable, that is consistent with the stated business targets and the market context within which the company carries out its activities (see details in section E.4).

The risk control and management function is articulated around three lines of defence, with differentiated roles and responsibilities, as follows.

These lines are the following:

- First line of defence: made up from the organisational units which assume the risks in the ordinary course of their activities. They are the owners of the risks and are responsible for identifying them.
- Second line of defence: the Sustainability and Risk Department, in charge mainly of ensuring that the risk control and management system works correctly, defining the regulatory framework and approach, and performing periodic monitoring and overall control of the company's risks.
- Third line of defence: constituted by the Internal Audit Department, responsible for supervising the efficiency of the risk controls established.

The integral analysis of all risks permits the appropriate control and management thereof, an understanding of the relationships between them and facilitates their joint assessment. This is accomplished by taking into account, inter alia, the differences of each type of risk in terms of its nature, handling capacity and risk measurement tools.

Enagás has established a regulatory framework for risk through the "Risk Control and Management Policy" and the "General Regulations for Risk Control and Management" setting out the basic principles governing the risk function and identifying the roles of the various decision-making bodies and the constituent parts of the risk management system.

According to the nature of the events and the triggers, monitored risks are classified as: strategic and business risks, operational and technological risks, financial and fiscal risks, credit and counterparty risks, compliance and model risks, reputational risks and criminal liability risks.

E.2. Identify the governing bodies of the company responsible for preparing and implementing the Risk Control and Management system for financial and non-financial risks, including fiscal.

The main bodies responsible for the Risk Management System and their main functions are:

Board of Directors

The Enagás Group 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 mission of this Committee is to assist the Board of Directors in all matters related to the company's risks. Its functions related to risk control and management are:

- Overseeing the effectiveness of risk control and management systems in order to adequately mitigate risks within the framework of the Company's internal policy.
- Assessing the company's risks and examining the analyses of risks that affect the business, the types of which are set out in the internal risk policies. This periodic information is prepared in accordance with internal rules, including the identification, measurement and establishment of management measures for the key risks affecting the company.
- Reporting to the Board of Directors on any risks uncovered, with an assessment thereof, and any key issues concerning risks.

Risk Committee

The Enagás Group's Risk Committee is an executive governing body that assists the Management Committee on all matters related to the company's risks. It coordinates the set of strategic and operational activities to maximise the profitability of the business with certain degrees of uncertainty. Part of the duties of this committee are:

- Oversee compliance with risk regulations, proposing the actions it considers necessary in the event of any breach.
- Establishing the risk principles and overall strategy, promoting the integration of the risk management function at all levels and areas of Enagás' business through a common risk culture aligned with the company's objectives.
- Approving risk-measurement approaches, ensuring consistent metrics in order to consolidate the overall risk level.
- Approving the company's overall risk limits and/or thresholds, and, where appropriate, those of the business units and/or corporate departments.
- Supervising that risk remains within levels that the company is willing to accept and that are aligned with its strategy and objectives.
- Regularly reviewing the level of exposure to risk: i) analyse overall risk exposure and exposure of the various businesses and departments, and verify, by risk typology, that the level of risk exposure is below the level of acceptable risk; ii) review the corrective actions proposed by the business units and/or corporate departments to address potential breaches of the established limits.
- Reporting to and advising the Management Committee on matters related to the company's risks.

Sustainability and Risk Department

The corporate Sustainability and Risk Department is in charge of the overall management of all regulations related to risk, supervising that risk management is applied correctly, disclosed, monitored and improved continuously so that it is aligned with the business needs at all times. Part of their duties are:

- Ensuring that the risk control and management systems are functioning correctly.
- Defining the framework of rules and methodologies for the identification, measurement and management of the main risks affecting the company.
- Participating actively in the preparation of risk strategies and in key decisions about their management.
- Analysing, from a risk perspective, the main risks and participating in the decisions that affect them.
- Supervising that the risk control and management actions proposed by the business units are mitigating risks effectively in the frame of the policy and strategy drawn up.
- Proposing to the Risk Committee the company's risk appetite and tolerance, and the structure of the related limits.
- Monitoring and controlling all the company's risks, validating the measurements made by the business units and/or departments.
- Advising the company's departments in risk assessment.
- Proposing a global and consistent view of the company's risk through an internal information and control system.
- Disclosing the Group's risks and reporting on the key matters relating to risks to the Senior Management and Governing Bodies.

Business and corporate units

These are the various business and corporate units that assume risk in the ordinary course of their activities.

Part of their duties are:

- Identify risks in their activity on a regular and systematic basis through the year.
- Assess and measure risks following the established identification and assessment methodologies.
- Define risk-management and risk-mitigation and impact control actions in accordance with the defined strategy and the nature of the risks.
- Passing down risk limits and thresholds to lower levels.

E.3. Indicate the main financial and non-financial risks, including fiscal risks and, to the extent that they are significant, those derived from corruption (the latter being interpreted under the scope of Royal Decree- Law 18/2017), which may affect the achievement of business objectives.

The main risks affecting the Enagás Group in the development of its business can be classified as follows:

Strategic and Business Risks

These are risks which are inherent to the gas sector and are linked to potential losses of value or results derived from external factors, strategic uncertainties, economic cycles, changes to the environment, changes to patterns of demand, competition and market structure or changes to the regulatory framework, as well as those derived from taking the incorrect decisions in relation to business plans and company strategies. The activities carried out by the Enagás Group are mainly affected by risks associated with variations in the regulatory framework, changes in demand, obtaining licences and administrative authorisations, delays and cost overruns in the development of infrastructure projects and commercial risk.

Operational and Technological Risks

During the operation of the infrastructures of the Enagás Group, losses of value or deterioration of results can occur due to the inadequacy, failures of physical equipment and computer systems, errors of human resources or derived from certain external factors. The main operational and technological risks to which the Group is exposed are: industrial risks (conditioned by the nature of the fluid being handled), those related to incidents during the operation of transmission infrastructures, regasification plants and underground storage facilities, which may involve large-scale damage, internal and/or external fraud and cybersecurity.

Financial and Fiscal Risks

The Enagás Group is subject to risks deriving from the volatility of interest and exchange rates, as well as movements in other financial variables that could negatively affect the company's liquidity. Interest rate fluctuations affect the fair value of assets and liabilities that accrue interest at fixed rates, and the future cash flows from assets and liabilities that accrue interest at floating rates. 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, 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. This risk arises from the Group's international presence, as well as for intragroup loans in currencies other than the euro, mainly the US dollar. The Enagás Group maintains a liquidity policy that is consistent in terms of contracting credit facilities that are unconditionally available and temporary financial investments in an amount sufficient to cover the projected needs over a given period of time. As regards the execution of large projects, the Group is exposed to uncertainties owing to the effective procurement of finance in conditions similar to those forecast in its business plans. This risk may be associated sometimes to other risks derived from the agreement terms that set out the conditions of service. It is also exposed to potential changes in legal frameworks for taxation and uncertainty arising from the possible different interpretations of prevailing tax laws, which could have a negative impact on results.

Credit and Counterparty Risks

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. The counterparty risk includes the potential breach of obligations acquired by a counterparty in commercial agreements that are generally established in the long-term.

Reputational Risks

Refers to any action, event or circumstance that could have a harmful effect on the Group's reputation among its stakeholders.

Compliance and Model Risks

The Company is exposed to compliance risks, which include the cost associated with potential penalties for breaches of laws and legislation, or penalties resulting from the materialisation of operational events, the use of improper business practices or the breach of internal company policies and procedures. Also, the Company may be affected by risks associated with the improper use of assessment models and/or risk measurement, and hypotheses that are outdated or do not have the necessary precisions to be able to correctly evaluate their results.

Criminal Liability Risks

Organic Law 5/2010 reformed the Criminal Code, introducing the criminal liability of legal persons in Spain. In 2015 and 2019 the Criminal Code was updated by developing and technically improving this regulation. In this context, Enagás could be held criminally liable in Spain for certain offences that may be committed within the company. To prevent this risk from materialising, the Group has approved a Crime Prevention Model, which includes the Criminal Code's requirements, and has implemented the measures needed to prevent corporate crime and to avoid liability for the company. In addition, Enagás has specific Crime Prevention Models for Mexico and Peru, adapted to local regulations governing the criminal liability of legal persons.

(Continues in section H) OTHER INFORMATION OF INTEREST.- Explanatory notes on section E.3).

E.4. Identify if the company has a risk tolerance level, including fiscal:

The Enagás Group Risk Control and Management Model defines the risk appetite framework, which corresponds to the maximum level of risk the company is willing to take on in order to meet its objectives, and which is expressed by means of risk limits. The level of risk tolerance is the result of the deviation in the level of risk the company takes on at a specific moment in relation to the Company's risk appetite.

The Enagás Group has defined a set of limits for the main types of risk that the company may present (strategic risks and business, operational, technological, financial and fiscal and compliance and model risks), with the establishment of the maximum acceptable level of risk, which is updated yearly by the Risk Committee. These limits are specified by a set of indicators that are regularly monitored throughout the year.

E.5. Identify any financial and non-financial risks, including fiscal, which have occurred during the year.

The company had a low-medium risk profile over the course of 2021, partly due to the existence of corporate risk control and management systems. This has made it possible to eliminate some of the company's inventory risks, without having a negative impact on the company (the most representative one being the long-term contracting of the capacity of the TLA regasification plant, eliminating the commercial risk for that period).

It should be noted that during the course of the year no significant risk materialised for the company. Although, at international level, with respect to the recovery of the investment in GSP, a delay in the ICSID's decision is expected, the new estimated date of the award is mid-2023. In addition, it has been decided to file an ICSID arbitration in order to repatriate the dividends of the Peruvian company TGP.

E.6. Explain the response and supervision plans for the main risks of the entity, including fiscal risks, as well as the procedures followed by the company to ensure that the board of directors responds to the new challenges that arise.

A series of control activities defined by each of the business units and corporate departments are associated with the main risks identified by the company to ensure that it can respond adequately and in a timely manner. The Audit and Compliance Committee and the Risk Committee oversee the implementation of these control activities and monitor the action plans.

The type of controls in place vary considerably depending on the nature of the risk. For instance:

- Regarding strategic and business risks related to international asset management, controls include monthly monitoring of planning for international assets and returns on investments, among others. In particular, regulatory risks, controls and mitigating actions include, inter alia, active participation in regulatory development through the elaboration of proposals, ongoing cooperation with (domestic and European) regulators and public administrations.
- Regarding infrastructure operation (e.g. damage, incidents), risks are mitigated through the design of maintenance and continuous improvement plans, the definition and monitoring of quality indicators, and control systems and alerts, which ensure service continuity and quality. Likewise, there is an insurance schedule in place for transferring these risks to a third party.
- Credit and counterparty risks are mitigated via establishment of guarantee mechanisms, in accordance with specific regulatory requirements, such as continuous monitoring of the main counterparties' credit profiles.
- Financial and tax risks have associated controls and mitigating measures, among others, such as contracting hedging instruments such as derivatives to mitigate interest rate risks, natural hedges consisting of contracting financial instruments in the same currency in which the investment is made to mitigate exchange rate risks, conservative tax strategy and hiring expert advisors to control tax risks.
- To prevent the materialisation of compliance risk, the Group has a Code of Ethics, an ethics channel and an Ethics Committee, among other measures.
- To prevent criminal liability risk from materialising, the Enagás Group approved the Crime Prevention Model and has implemented the measures needed to prevent corporate crime and to avoid liability for the Company.
- To prevent and control reputational risks, among other actions, there are different communication and action measures with stakeholders (media, investors, regulator, etc.).

F. Internal Risk Control and Management Systems in relation to the Process of Issuing Financial Information (ICFR)

Describe the mechanisms which comprise the internal control over financial reporting (ICFR) risk control and management systems at the company.

F.1. The entity's control environment

Specify at least the following components with a description of their main characteristics:

F.1.1 The bodies and/or functions responsible for: (i) the existence and regular updating of a suitable, effective ICFR; (ii) its implementation; and (iii) its monitoring.

As part of the ICFR responsibilities at Enagás, S.A. and Subsidiaries (hereinafter the "Group"), the following bodies and/or functions develop, maintain and oversee the preparation of the Group financial information:

Board of Directors

Pursuant to Article 5 b) of the Rules and Regulations of the Organisation and Functioning of the Board of Directors, the Board is responsible for "the determination of the company's tax strategy and of its risk control and management policy, including tax risks, and the oversight of its internal information and control systems", and is ultimately responsible for guaranteeing an internal control environment conducive to complete, reliable and timely, financial reporting.

Pursuant to Article 26 of the said regulations, the Audit and Compliance Committee has been delegated the duty of overseeing the internal information and control systems.

Audit and Compliance Committee

The Audit and Compliance Committee is responsible for "overseeing and assessing the preparation and presentation of financial and non-financial information on the Company and the Group, checking compliance with regulatory requirements, the due definition of the consolidation scope and the correct application of accounting principles and in particular to know, understand and monitor the efficiency of the internal control over financial reporting system (ICFR)." It must also "report to the Board of Directors on recommendations or comments it deems necessary on the application of accounting criteria, internal control systems and any other relevant matter, and in particular, to present recommendations or proposals to the Board of Directors to safeguard the integrity of such financial information", according to article 8, sections 2 i) a) and 2 i) c), of the Regulations of the Audit and Compliance Committee of Enagás, S.A.

Likewise, article 44 of the Consolidated Articles of Association states that the Audit and Compliance Committee is responsible for seeing to the proper operation of the company's, and its Group's, internal control, internal audit function, if applicable, and risk management systems. In addition to discussing any significant weaknesses in the internal control system detected in the course of audit with the auditors without impinging on its independence.

To carry out its duty of oversight of the effectiveness of internal control, the Audit and Compliance Committee has the support of an Internal Audit Department, as established in the General Internal Audit Regulations.

Finance Department

The Finance Department is responsible for designing, implementing and ensuring there is a suitable and efficient ICFR system. The Internal Control over Financial Reporting Unit assists it in these duties. This function is key to managing ICFR and has the following tasks:

- Guaranteeing the integrity and internal coherence of the ICFR.
- Monitoring of the updating and documentation of the sub-cycles/processes that have an impact on the financial information (this is performed by the owners of each sub-cycle/process), closing the quarterly ICFR report in systems and publishing it on the corporate Intranet.
- Overseeing the updating and maintenance of the ICFR management tools.
- Managing the self-assessment of the ICFR system and monitoring the results.
- Coordinating the assessment of financial reporting risks and their periodic review by updating the ICFR Risk Matrix.
- Carrying out an annual evaluation of the requirements to update the document attributing the accounts to ICFR areas, in order to maintain the required standard of financial information.
- Drawing up and updating the Enagás Group Internal Control over Financial Reporting System Manual ("Enagás Group ICFR Manual").
- Updating and disseminating applicable ICFR system regulations, both internal and external.
- Identifying the training needs and organisational/execution needs for courses relating to ICFR or other related issues (these are channelled via the Training School programme included in the Training Plan and Training Procedure).
- Annual update of the "ICFR Scope Definition Model", defining the materiality threshold according to the Enagás Group's main figures.
- Collaborating with the Internal Audit Department, ensuring independence at all times.
- Collaborating in classifying any deficiencies detected during reviews of the ICFR system (material weaknesses, significant deficiencies, insignificant deficiencies).
- Collaborating in implementing corrective measures detected in the reviews of the ICFR.

Internal Audit Department

The Internal Audit Department reports to the Audit and Compliance Committee as per the General Internal Audit Regulation. It is responsible for "assessing and improving the efficiency of risk management processes, internal control and corporate governance."

Its main ICFR duties, which are coordinated by, overseen and supervised by the Audit and Compliance Committee, include:

- Performing tests and assessments of the design, implementation and operational effectiveness of the ICFR system.
- Conducting a series of limited checks on the documentation of cycles and sub-cycles to achieve a preliminary understanding of whether the documentation prepared by Enagás is up to date and to detect which potential control activities should be designed.
- Conducting a series of limited checks to gain a preliminary understanding of the degree of compliance and formalisation of the (manual and automated) controls established by Enagás.
- Collaborating with the Audit and Compliance Committee in fulfilling its duties, particularly with regard to the supervision of the internal control system and the risk control and management process, to relations with the external auditor and to supervision of the financial information preparation process.
- Participating in the review of the Internal Control over Financial Reporting (ICFR) system established by the company for its subsequent certification.

Departments and Business Units involved in preparing financial information

Owners of the sub-cycles/processes involved in the preparation of financial information and whose main duties are:

- Assist in the identification, design, documentation and implementation of the ICFR sub-cycles/processes within its remit, making sure that the established targets are achieved. Once the subcycle/process is defined, communicate changes in its procedure that have an impact on financial information.
- Establish, monitor and evaluate the continuous operation of the control activities of the sub-cycles/processes under its remit, primarily with regard to the assigning of responsibilities, separation of functions (including the management of access to information and other critical resources) and the correct operation of support systems.
- Keep the ICFR team informed of updates to standards, procedures, instructions, manuals or any other type of document for which they are responsible (either because it is published for the first time or because a new version has been created) as long as they have an impact on the financial information, working alongside the Organisation and Sustainability Department.
- Ensuring that all documentation concerning the process is kept up to date (who, what, how, rules, proof, etc.) as well as that concerning the ICFR system control and risk objectives.
- Reporting, formally and periodically on the outcome of the self-assessments carried out.
- Assist with the ICFR Audit Plan carried out by Internal Audit to test the continuous operation and effectiveness of the controls established (walkthrough and review of control activities). Implement and see to it that ICFR corrective actions are deployed.

The allocation of ICFR responsibilities is reflected in the positions within the Group's organisational structure, and included in the job analysis and description sheets containing the description of the assigned tasks. Any changes in the allocation of responsibilities are made to the organisational structure and these sheets, as set forth in the company's "Organisational Development and Processes" procedure.

F.1.2 The existence or otherwise of the following components, especially in connection with the financial reporting process:

- **Departments and/or mechanisms in charge of: (i) the design and review of the organisational structure; (ii) defining clear lines of responsibility and authority, with an appropriate distribution of tasks and functions; and (iii) deploying procedures so this structure is communicated effectively throughout the company:**

The design and review of the organisational structure, as well as the definition of the lines of responsibility, falls to the Board of Directors, through the Sustainability, Appointments and Remuneration Committee. As stipulated in the Regulations of the Sustainability, Appointments and Remuneration Committee of Enagás S.A., article 8 2 (ii) f): "to submit proposals regarding the organisational structure of the Company and the creation of Senior Management positions that it considers necessary for a better and more efficient management of the Company to the Board of Directors, as well as guidelines regarding the appointment, selection, career, promotion and dismissal of Senior Managers, in order to ensure that the Company has, at all times, highly qualified personnel suitable for the management of its activities."

Likewise, the Corporate Resources and People Department is responsible for designing, implementing and updating the organisational structure within the Group. The internal mechanisms used by this department, to clearly define the lines of responsibility, are enumerated in:

- "Job Analysis and Description Sheets."
- The "Human Resources Development Procedure."
- The "Organisational Development and Processes Procedure" which, among other matters, establishes and develops the overall management model for processes and job descriptions, in accordance with the company's strategy and business and operating needs, the organisational structure of the Departments/Units.

The particular features of the ICFR lines of responsibility and authority are regulated by the "Enagás Group ICFR Manual" as well as various rules and regulations concerning the key governing bodies and Senior Management. The specific ICFR-related responsibilities are also considered in the design of the model, and are aligned with those defined in the "Job Analysis and Description Sheets." Versions of the ICFR model are generated periodically to reflect the changes over time in job responsibility.

Also worth noting is the "Powers of Attorney and Electronic Signature Certificates Management" procedure, which sets out the actions to ensure that responsibilities are given appropriately.

The organisational structure is available to all employees on the Intranet in the form of an organisational chart and is regularly updated. In addition, the specific rules and procedures detailing the related responsibilities are published on the Intranet, as stipulated in the "General Regulations for Rules and Process Management."

- **Code of conduct, approving body, dissemination and instruction, principles and values covered (stating whether it makes specific reference to record keeping and financial reporting), body in charge of investigating breaches and proposing corrective or disciplinary actions:**

The following documents are available to all employees as part of the Group's Sustainability and Good Governance Policy and other corporate policies:

Enagás Internal Code of Conduct in matters relating to Securities Markets

As stipulated in article 5 of the Rules and Regulations of the Organisation and Functioning of the Board of Directors of Enagás, S.A., the company has an Internal Code of Conduct in matters relating to Securities Markets which was drawn up and approved by the Board. These regulations aim to protect the interests of investors in the company's securities and its Group and to prevent and avoid any situation of abuse by establishing the rules for:

- The management and control of Privileged Information and the handling of such information;
- the trading of Affected Securities of Enagás or companies in its business Group;
- the performance of treasury share transactions;
- the obligations of publication and dissemination of privileged information to the market;
- generally, compliance with securities market regulations.

Persons subject to the obligations established in the Internal Code of Conduct will receive a copy of the regulations and must sign a statement acknowledging receipt and declaring that they are aware of their obligations. The Audit and Compliance Committee is responsible for ensuring compliance with the regulations and for making suggestions, as necessary, to improve them (article 8 of the Regulations of the Audit and Compliance Committee of Enagás, S.A.). The Head of Compliance, in coordination with the General Secretariat, will ensure precise and true compliance with the obligations contained therein, with the requirement to regularly report to the Audit and Compliance Committee on the degree of compliance and any incidents detected in relation to its application for evaluation by the Committee, as stipulated by article 19.2 of the regulations.

Enagás Group Code of Ethics

The "Enagás Group Code of Ethics" approved in 2008 and reviewed in 2012 and 2014, this review being approved by the Board of Directors at its meeting on December 16, 2019. It is available on the external website and Intranet, and aims to formalise "[…] the Enagás' ethics and compliance model and is developed through policies, standards, processes and controls […]". "The Code of Ethics reflects Enagás' ethical culture and sets out the guidelines that determine the behaviour of its employees, managers and directors and of third parties that have connections with the group.

"[…] The Code will be reviewed as often as necessary to ensure that its content is aligned with applicable law and best practices, and to guarantee the effectiveness of the ethics and compliance model.

All Enagás professionals must understand and comply with the Code of Ethics and the rules that develop it. When so required by Enagás, they must accept knowledge of the Code and confirm compliance with it […]."

Its values address issues related to financial reporting:

- Transparency and reliability of information: "With regard to the recording, elaboration and review of financial and non-financial information, we ensure its reliability and rigour, and apply the accounting policies, control systems and supervisory mechanisms defined by Enagás."
- Fight against fraud, corruption and bribery "[…] We must not offer or accept, either directly or indirectly, gifts or hospitality from third parties, including public representatives, which go beyond the purely symbolic or which could be interpreted as an attempt to influence our will or to obtain undue advantage […]."

In this regard, in 2013 the "Procedures for Managing the Offering and Acceptance of Gifts" was approved and it was reviewed in 2020; in 2015 the "Anti-Fraud, Corruption and Bribery Policy" was approved and it was reviewed in 2019.

- Information confidentiality: "[…] The information that we handle in our professional activity, except when its disclosure is expressly authorised, must be considered confidential and treated as such. We are all responsible for protecting the confidentiality of information, whether it relates to Enagás or to third parties, such as customers, suppliers or business partners, potential job applicants or any third party with whom we have a relationship in the course of our business. […]."

The Code states that "[…] the Board of Directors is the body with ultimate responsibility for ensuring Enagás' ethical culture and the effectiveness of the ethics and compliance model. The Ethical Compliance Committee, which reports to the Audit and Compliance Committee, assumes the competences related to the ethics and compliance model. For its part, the Audit and Compliance Committee is responsible for supervising the implementation of the ethics and compliance model and for ensuring that the Ethical Compliance Committee has sufficient resources, autonomy and independence […]."

In addition, there is also a Compliance Policy to oversee the commitment to: "[…] uphold conduct that complies with both regulations and ethical standards. […]" and "[…] promote a culture of integrity and respect for the law and ethical standards that takes into consideration not only the interests of Enagás but also the needs and expectations of its stakeholders […]." This policy is reinforced by the General Compliance Standard.

Code of Conduct for the Technical Manager of the Spanish Gas System

The Code of Conduct for the Technical Manager of the Spanish Gas System approved by the Board of Directors at its meeting on December 15, 2014, and reviewed at its meeting on March 22, 2021, available on the external website and Intranet, aims to "[...] ensure that the functions of the Technical Management of the Spanish Gas System are carried out independently from the rest of the Enagás Group's activities, in compliance with the criteria legally established in Law 34/1998, of October 7, on the Hydrocarbons Sector [...]."

As set out in the Code: "It is the obligation of Enagás GTS to keep the list of the individuals subject to this Code of Conduct updated at all times and to send each of these a copy of the Code, requiring them to furnish a letter in which they confirm they have received the Code and declare that they know and accept compliance with the obligations they are subject to."

It also provides that: "[…] The Ethical Compliance Committee is entrusted with ensuring compliance with this Code of Conduct and the effectiveness hereof. It will therefore report periodically to the Audit and Compliance Committee of the Board of Directors of Enagás, S.A. on the results of its assessment and on any deficiencies detected. However, the Managing Director of the Technical Manager of the System will address any queries that may be raised by the employees of Enagás GTS and any other signatory in relation to the Code of Conduct […]."

The Ethical Compliance Committee, pursuant to Article 63.4 d) of the Hydrocarbons Sector Law, shall prepare a report containing the following information:

- The measures adopted to guarantee the segregation of activities.
- The conflicts of interest reported and the measures adopted to resolve them […]."

Internal Audit Code of Ethics

The Internal Audit Code of Ethics, available on the corporate Intranet, approved in 2017 and updated in 2021, establishing the ethical culture in the function of Internal Audit as an independent activity. It includes:

1. Principles relevant for the profession and practice of the internal audit:
   - Integrity
   - Objectivity and independence
   - Confidentiality
   - Competition
2. The Rules of Conduct which describe the behaviour expected from all internal auditors. These rules serve to assist with the interpretation of the Principles in their practical application. Their aim is to guide the ethical conduct of internal auditors. Once a year all internal auditors must sign a declaration stating that they are cognisant of, understand and uphold these rules. In turn, professionals who work with the Internal Audit Department must also sign this declaration, when they start to provide their services.

• Whistleblowing channel, for reporting any irregularities of a financial or accounting nature to the audit committee, as well as breaches of the code of conduct and malpractice within the organisation, stating, if applicable, whether reports made through this channel are confidential and whether it is possible to make anonymous reports, respecting the rights of the whistleblower and the accused.

The company has a whistleblowing channel, the "Ethics Channel", for consultation and reporting of irregularities or breaches of the Enagás Group Code of Ethics and the Code of Conduct of the Technical Manager of the Spanish Gas System.

The processing of such queries and notifications is the responsibility of the Ethical Compliance Committee, which functionally reports and is accountable for its performance to the Audit and Compliance Committee. This Committee shall respond to all reports and periodically prepare a report to be submitted to the Audit and Compliance Committee. However, according to the "Procedure for the management of consultations and reporting regarding irregularities or breaches of the Code of Ethics", if the consultation or notification is of a financial or accounting nature or concerns internal control or fraud, it shall be forwarded directly to the Audit and Compliance Committee.

• Training and refresher courses for personnel involved in preparing and reviewing financial information or evaluating ICFR, which address, at least, accounting rules, auditing, internal control and risk management:

The Talent Management Department, which reports to the Human & Corporate Resources Department, has a "Training School" which manages and plans all the training programmes and other instruction initiatives for all employees included in the Training Plan and in the Training Procedure.

In coordination with the Finance Department and the Internal Audit Department, the Talent Management Department identifies and analyses the specific training needs of all personnel involved in preparing and reviewing financial reporting, including issues concerning accounting, internal control and risk management.

In 2021, the Finance Department and the Internal Audit Department took part in various training programmes, including: Tax Accounting: Corporate Income Tax and VAT, Reform of the Spanish National Chart of Accounts, Internal Quality Assessments of the Internal Audit Department, Digital Transformation, Internal audit, among others.

In addition, since 2019 the Enagás Group, together with other relevant companies, participates in a collaborative space on the ICFR to share experiences, knowledge and best practices in this area.

F.2. Risk assessment in financial reporting

Report at least:

F.2.1 The main characteristics of the risk identification process, including risks of error or fraud, stating whether:

• The process exists and is documented:

Identifying risk is one of the core fundamentals in risk analysis with regards to the preparation of financial information. The process follows the COSO 2013 (Committee of Sponsoring Organisations of the Treadway Commission) framework. One of the objects is to help ensure that transactions are recorded faithfully in accordance with the related accounting framework so it can provide reasonable assurance regarding the prevention or detection of errors that could have a material impact on the information contained in the consolidated annual accounts.

The "Enagás Risk Control and Management Policy" provides a reference in the area of risk identification, as it states the company's policies on how to deal effectively with uncertainty, risks and the associated opportunities, thereby improving its capacity to generate value in order to achieve the aims of the Group, such as reliable financial reporting.

The principles and criteria included in the policy were issued by the Enagás Risk Committee. This Committee is charged with defining, approving and updating the basic criteria and principles guiding actions in relation to risk, as set out in "Functioning of the Enagás Risk Committee" procedure.

The principles set out in the "Enagás Risk Control and Management Policy" are articulated in the "General Regulations for Risk Control and Management", providing an organisational and methodological framework that ensures the risk control and management process is implemented appropriately and effectively.

Specific risks related to the company's Internal Control over Financial Reporting System are classified in this framework under the Group's operational risk category. The identification and measurement of these risks are performed as set out in the Internal Control over Financial Reporting System Manual.

• The process covers all financial reporting objectives, (existence and occurrence; completeness; valuation; presentation, disclosure and comparability; and rights and obligations), is updated and with what frequency:

Pursuant to the "Enagás Group ICFR Manual", the risk identification process covers all financial reporting objectives to ensure the accuracy and completeness of the same. The manual describes the risks related to the financial reporting process as follows:

- Completeness: the risk that not all transactions, and other circumstances and events are recorded.
- Rights and obligations: the risk that not all financial information at any given date does reflect the rights and obligations through the corresponding assets and liabilities in accordance with applicable standards.
- Existence and occurrence: the risk that not all transactions, circumstances and events exist or not all are recorded at the appropriate time.
- Valuation: the risk that not all transactions, circumstances and events are recorded and valued in conformity with applicable standards.
- Presentation, disclosure and comparability: the risk that not all transactions, circumstances and events are classified, presented and disclosed in the financial information in accordance with applicable standards.
- Internal fraud risk: includes the risk of manipulation of files, software and information, and the risk of unauthorised activities (involving employees) leading to intentional financial statement misstatements and misappropriation of funds and assets due to inappropriate use of corporate assets.

Periodically, the ICFR Unit fully evaluates all control processes and corresponding specific risks mitigation measures in place, and at the same time, assesses whether new risks need to be added.

• A specific process is in place to define the consolidation scope, with reference to the possible existence of complex corporate structures, special purpose vehicles or holding companies:

The Finance Department operates a management and updating process to identify those companies which should be included in the consolidation scope. This process is detailed in the "Period-End Procedures for Consolidated Financial Statements and Annual Accounts."

In compliance with article 8 of the Regulations of the Audit and Compliance Committee, and with regards to the Financial Statements, the Committee's duties and competencies include "overseeing and assessing the preparation and presentation of financial and non-financial information on the Company and the Group, checking compliance with regulatory requirements, the due definition of the consolidation scope and the correct application of accounting principles and, in particular, to know, understand and monitor the efficiency of the internal control over financial reporting system (ICFR)."

In determining the companies covered by the ICFR scope, the Group considers those in which it has direct or indirect control, and so for all other consolidated companies, the Group includes controls to ensure consistency, validity and reliability of the financial information provided for inclusion in the consolidated financial statements.

- **Whether the process addresses other types of risk (operational, technological, financial, legal, reputational, environmental, etc.) insofar as they may affect the financial statements:**

The process of identifying risks associated with achieving the financial reporting objectives takes into account the possible effects derived from the materialisation of other types of risks contained in the risk control and management model described in section e) of this document. These effects would arise, as the case may be, through strategic and business risks, operational and technological risks, credit and counterparty risks, financial and fiscal risks, criminal liability risks, reputational risks and compliance and model risks.

- **Which of the entity's governing body oversees the process:**

The Audit and Compliance Committee is responsible for "[…] Overseeing and evaluating the effectiveness of the control and management systems for financial and non-financial risks relating to the Company and its Group, including operational, technological, legal, social, environmental, political and reputational risks or corruption and anti-bribery risks, so that any such risks are adequately mitigated within the framework of the Company's internal policy […]." Also, and according to Article 8.2, section (v) a) of the Regulations of the Audit and Compliance Committee of Enagás S.A., it is responsible for submitting "[…] recommendations or proposals to the Board of Directors to improve these systems along with the corresponding deadline to dealing with them […]."

F.3. Control activities

Indicate the existence of at least the following components, and specify their main characteristics:

F.3.1 Procedures for reviewing and authorising the financial information and description of ICFR to be disclosed to the securities markets, stating who is responsible in each case and documentation and flow charts of activities and controls (including those addressing the risk of fraud) for each type of transaction that may materially affect the financial statements, including procedures for the closing of accounts and for the separate review of critical judgements, estimates, evaluations and projections.

Procedures for reviewing and authorising financial information to be disclosed to the markets.

The Group has the following documents to ensure the reliability of the financial information to be disclosed to the securities markets:

- The "Manual of Accounting Policies (PGC)" and the "Manual of Accounting Policies (IFRS)", which establish and provide clear information on the accounting policies required for performing accounting estimates and preparing the Company's Individual and Consolidated Financial Statements and Annual Accounts, to ensure that these provide a true and fair view of its equity, financial position, results of operations, changes in net equity and changes in cash flows.
- "Period-end procedures for the Individual Financial Statements and Annual Accounts" and "Period-end procedures for the Consolidated Financial Statements and Annual Accounts" approved by the Financial General Manager establishing the process of preparing, processing, reviewing and authorising the financial information at the closing of accounts by the persons in charge. These also establish the controls of judgements, estimates and evaluations which may materially affect the financial statements.
- "Procedure on the provision of Regular Reports to Securities Market Regulators" which establishes the process to be followed when preparing periodic financial information to be disclosed to the regulated markets regarding interim financial reports, interim management reports and, if applicable, quarterly financial reports, and defines the persons responsible of approval of said financial information.

With regard to the preparation and subsequent disclosure of financial reporting, the Investor Relations Department, the Finance Department, the General Secretariat, the Board of Directors and the Chairman of the Board all play a key role at the various levels within the Organisation in the validation and approval of all financial information.

Description of ICFR: Control and Activities

The Group's ICFR control structure is based on the five components of the COSO Model included in the Internal Control-Integrated Framework report (2013):

1. Control environment
2. Risk assessment
3. Control activities
4. Information and communication
5. Monitoring of the system

Likewise, the recommendations of the report on "Internal Control over Financial Reporting at Listed Companies" prepared by the CNMV's Internal Control Working Group (ICWG) (2010) are taken into consideration.

In this regard, the ICFR model states a number of key control objectives which, if fully implemented, allow reliability and transparency in preparing financial reporting. The implementation of these objectives is intrinsically tied to the effectiveness of "Control activities" at each stage of their execution.

In this context, the control structure defined is based on two classes of control:

- General controls
- Process controls

General Controls

The General Controls form the basis of the ICFR model. These are interlinked controls that directly affect the organisational structure and procedures. These are known as the "control environment" in the CNMV and COSO recommendations.

At the end of 2021, there were 46 ICFR general controls in operation. Senior Management is responsible for overseeing these controls, which are split between the following departments:

- Secretary to the Board of Directors
- General Secretariat
- Gas System Technical Management Department
- Finance Department
- Human & Corporate Resources Department
- Investor Relations Department
- Communication and Public Affairs Office

These controls are assessed once a year to incorporate any updates and to identify new control components.

Process Controls

Process Controls (control activities) are controls over an organisation's operating processes that are more specific than general controls. These are part of each of the main cycles and sub-cycles comprising the ICFR procedures, guaranteeing the reliability and transparency of Enagás financial reporting. These are factors which mitigate the risks inherent in the financial reporting procedure mentioned above to ensure the established control objectives are met.

These control activities are used throughout all the ICFR model and the eight Areas which affect financial reporting:

- Acquisitions
- Fixed assets
- Inventories
- Revenue
- Payroll and personnel
- Financial management
- Support services
- Financial reporting

These Areas in turn affect a further 28 cycles and 61 subcycles and are formally documented in a corporate IT tool. These process controls can be classified with the following different characteristic attributes:

- According to their nature:
  - Preventive: Preventing errors or any irregularities which may affect the information, i.e. preventing the impact of financial risks.
  - Detective: Identifying errors or irregularities which may affect the financial information, i.e. identifying errors when they arise.
  - Corrective: Correcting errors or irregularities which may affect the financial information, i.e. rectifying errors when they arise.
- According to level of automation:
  - Manual: control mechanisms directly executed by people.
  - Semi-automated: control mechanisms executed by people and validated by "IT support" or vice-versa.
  - Automated: control mechanisms with "IT support."

The quarterly self-assessment process carried out by the ICFR unit allows to confirm the validity of the description of these controls by the people responsible, identifying any updates (new process controls, elimination, automation, etc.).

At year-end 2021, there were 215 ICFR process controls, approximately 27% of which were automated.

Operating activities

In addition to the controls we have mentioned above, when designing the ICFR subcycles a series of operating activities are defined to establish a flow chart showing how these impact financial reporting. Likewise, these activities are included in a corporate IT tool which establishes the models for the ICFR subcycles.

At year-end 2021, there were 721 operating activities, approximately 17% of which were automated.

F.3.2 Internal control policies and procedures for Information Technology (IT) systems (including secure access, control of changes, system operation, continuity and segregation of duties) giving support to key company processes regarding the preparation and publication of financial information.

IT systems play an important role and are configured to support the preparation, processing and extraction of the financial information to be disclosed. This is why they are included in the ICFR actions and configuration.

All actions concerning information systems are regulated in the Cybersecurity Policy which defines the principles to effectively manage information security in the IT systems, as well as the assets involved in the processes.

Based on the principles of this policy, Enagás has designed the "General Rules for Management of IT Systems" establishing the responsibilities and the relationship between the requesting units and the Information Systems Department.

We also have General Computer Controls ("GCCs"). These provide a control framework designed to offer a reasonable level of security in IT systems used for financial reports, guaranteeing, to the greatest degree possible, that the information is confidential, available and complete. At year-end there were 46 General Computer Controls included in the "IT INFORMATION TECHNOLOGY" area, broken down into the following cycles:

- Logical and physical security cycle
- Application development and maintenance cycle
- Operating and support of networks, databases and operating systems cycle
- Management and planning of information systems cycle
- Fraud prevention and detection cycle

Here we would note that within the operation and support of networks, databases and operating systems cycle is the GCC relating to the Business Continuity and Disaster Recovery Plan.

The objectives established within the framework of General Computer Controls help achieve control objectives related to the processing of computer generated information, through the defining, development, implementation and reviewing of control activities such as user and authorisation management, administrator management, access control, incident management, change management, business continuity, information storage and recovery, operations monitoring, etc.

Integral to the objectives of control of IT systems is the need to establish an appropriate segregation of duties, which is a prerequisite for an ICFR system to function efficiently and effectively. It is therefore of vital importance that there is a clear distinction between who has to execute actions related to the treatment of financial information, and who has to review and/ or approve them. For this reason, correctly allocating profiles, both in IT systems and in terms of positions and functions, is critical to the success of the process.

F.3.3 Internal control policies and procedures for overseeing the management of outsourced activities, and of the appraisal, calculation or valuation services commissioned from independent experts, when these may materially affect the financial statements.

Enagás is particularly vigilant about any activities carried out by third parties which may significantly impact the financial statements to ensure maximum control over key procedures that may be outsourced, and that the activities are carried out to a standard that the Group demands.

The internal rules regulating this can be found in the Identification and Treatment for Service Organisations Procedure.

The Group also has the following regulations and internal procedures regulating the contracting process and ensuring quality control of third parties:

- The "General Regulations for Management of Awarding and Contracting"
- The "Purchase Management Procedure"
- The "Supplier Approval Procedure"
- The "Procedure for Ensuring Supplier Reliability"

When the Group engages the services of independent experts for appraisal, calculation or valuation services, we request that they certify they are reputable firms in their field and are independent. This helps ensure that the Group's management is able to supervise and take the ultimate decisions on the estimate processes which may impact accounting records.

F.4. Information and communication

Indicate the existence of at least the following components, and specify their main characteristics:

F.4.1 A specific function in charge of defining and maintaining accounting policies (accounting policies area or department) and settling doubts or disputes over their interpretation, which is in regular communication with the team in charge of operations, and a manual of accounting policies regularly updated and communicated to all the company's operating units.

The Accounting Policies Department is responsible for keeping all accounting policies regularly updated and communicating these to all personnel involved in the financial reporting process.

It has therefore drawn up the "Accounting Policies Manual (PGC)" and the "Accounting Policies Manual (IFRS)", internal documents which outline all procedures and the accounting policies required for performing accounting estimates and preparing the Company's Individual and Consolidated Financial Statements and Annual Accounts, to ensure that these provide a true and fair view of its equity, financial position, results of operations, changes in net equity and changes in cash flows. Those employees involved in the process are informed of any updates to the policies via the Intranet.

F.4.2 Mechanisms in standard format for the capture and preparation of financial information, which are applied and used in all units within the Entity or Group, and support its main financial statements and accompanying notes as well as disclosures concerning ICFR.

The preparation, review and approval of all financial information in standard format is regulated by the "Period-end procedures for the Individual Financial Statements and Annual Accounts" and the "Period-end procedures for the Consolidated Financial Statements and Annual Accounts", as well as the "Accounting Policies Manual (PGC)" and the "Accounting Policies Manual (IFRS)", which serve as guides to carrying out these tasks.

Furthermore there is a specific mechanism for the process of preparing the Annual Accounts, where the Audit and Compliance Committee, as a Board Committee, takes on a special relevance, overseeing this process (e.g. monitoring the supervision work of the Internal Audit unit, being cognisant of the internal control over financial reporting system (ICFR) as well monitoring the work performed by the external auditor) before the annual accounts are certified by the Board of Directors. The functions of the Audit and Compliance Committee in this regard are detailed in article 8 of the "Regulations of the Audit and Compliance Committee of Enagás, S.A.."

The Group has an IT tool to record and treat all financial information which satisfies the needs of both individual and consolidated reporting.

Additionally, since 2020, the European Single Electronic Format (ESMA) has been applied for the preparation of the individual and consolidated Annual Accounts in accordance with Directive 2013/50/EU of October 22, 2013 (Transparency Directive).

F.5. Monitoring of the system

Indicate the existence of at least the following components, describing their main characteristics:

F.5.1 The ICFR monitoring activities undertaken by the audit committee and an internal audit function whose competencies include supporting the audit committee in its role of monitoring the internal control system, including ICFR. Describe the scope of the ICFR assessment conducted in the year and the procedure for the person in charge to communicate its findings. State also whether the company has an action plan specifying corrective measures for any flaws detected, and whether it has taken stock of their potential impact on its financial information.

In this context, one of Enagás' top priorities is to take a proactive, and thereby preventative role during a phase of constantly overseeing the model, to ensure that the model is updated and aligned with both the business and the best regulatory practices.

Constant analysis of and follow up of ICFR, detecting possible flaws and making sure the corresponding improvements and adjustments are achieved by taking the following measures:

- A regular evaluation of the design and effectiveness of current anti-fraud programmes and controls. Its scope and frequency depends on the importance of the associated risk and the demonstrated effectiveness of the controls in place.
- The participation of the Internal Audit Department, through the supervision functions attributed by the ICFR model through the

"General Internal Audit Regulations", the "Enagás Group ICFR Manual" and the "Regulations of the Audit and Compliance Committee of Enagás, S.A."

- Effective supervision by the Audit and Compliance Committee, relative to overall control of the ICFR model, delegated by the Board of Directors, and instrumented by Internal Audit.
- Reporting on weaknesses found, taking corrective measures to solve them, establishing mechanisms to track them and assigning the necessary resources to achieve them, according to the instructions in the "Enagás Group ICFR Manual."
- The Internal Audit Department will support the ICFR area in the implementation of the improvements detected in each Annual Certification, incorporating certain auditing work to promote and ensure the implementation of such improvements before the end of the following financial year.
- Finally, once finalised, and subsequent to the implementation of the proposed measures, a design and final validation process will be undertaken, which will eventually be incorporated into the ICFR model.

Key throughout this oversight process is the function of Internal Audit which, as set out in the "General Internal Audit Regulations", is responsible for:

- Collaborating with the Audit and Compliance Committee in fulfilling its duties, particularly with regard to the supervision of the effectiveness of the internal control system and the risk control and management process, to relations with the accounts auditor and to supervision of the financial and non-financial information preparation and publication process. Regarding relations with the external auditor, there is an Accounts Auditor Contracting and Relationship Procedure, which will be monitored for the maintenance of an objective, professional and continuous relationship with the auditor of the Company, respecting at all times its independence.
- Participating in the review of the Internal Control over Financial Reporting (ICFR) system established by the company for its subsequent certification.

In order to ensure that these objectives are met, there is an "Internal Audit Annual Plan", which is overseen and approved by the Audit and Compliance Committee, and includes a review of the ICFR system.

In this regard, the Group's management conducted an internal assessment of the ICFR system and concluded that the system in place for Enagás, S.A. and Subsidiaries at December 31, 2021 is effective and contains no significant deficiencies.

F.5.2 If a discussion procedure is in place, whereby the auditor (pursuant to TAS), the internal audit function and other experts can report any significant internal control weaknesses encountered during their review of the annual accounts or other assignments, to the company's senior management and its audit committee or board of directors. State also whether the entity has an action plan to correct or mitigate the weaknesses found.

Article 8 of the Regulations of the Audit and Compliance Committee of Enagás, S.A. details the objectives and functions of the Committee, including "[…] liaise with the external auditor to obtain information on any issues that could compromise the latter's independence. Specifically, the discrepancies that may arise between the auditor of accounts and the Company's management, for review by the Committee, and any other discrepancies relating to the audit process, as well as the possible safeguard measures to be adopted, discussing the significant weaknesses detected in internal control with the auditor of accounts, and never jeopardising the independence of the audit, concluding on the level of confidence and reliability of the system […]."

The Committee is also in charge of supervising compliance with the "Internal Code of Conduct in matters relating to Enagás' Securities Markets." The reports on the activities of the Audit and Compliance Committee contain important information about communication procedures and the conclusions reached at the end of each year.

F.6. Other relevant information

There is no other relevant information regarding ICFR at the Group to add to that which we have provided above.

F.7. External auditor report

State whether:

F.7.1 The ICFR information supplied to the market has been reviewed by the external auditor, in which case the corresponding report should be attached. Otherwise, explain the reasons for the absence of this review.

The Group has voluntarily subjected its ICFR to review since 2008. All reviews have been carried out by the accounts auditor of Enagás, S.A. and Subsidiaries.

The report for 2021 is attached.

G. Degree of implementation of corporate governance recommendations

Indicate the degree of the company's compliance with the recommendations of the good governance code of listed companies.

In the case where a recommendation is not implemented or only partially implemented, a detailed explanation of the reasons for this is to be included so that shareholders, investors and the market in general have sufficient information in order to evaluate the company's course of action. General explanations are not acceptable.

1. The Articles of Association of publicly listed companies should not place an upper limit on the votes that can be cast by a single shareholder, or impose other obstacles to the takeover of the company by means of share purchases on the market.

Compliant [ ] **Explain [X]**

Additional Provision 31 of Law 34/1998, of October 7, on the Hydrocarbons Sector, in force since the enactment of Act 12/2011, of May 27, governing civil liability for nuclear damage or damage caused by radioactive materials, specifies in section 2 that:

"No natural or legal person may hold, directly or indirectly, an interest in the parent company (ENAGÁS, S.A.) representing more than 5% of share capital or exercise more than 3% of its voting rights. Under no circumstances may such shareholdings be syndicated. Any party operating within the gas sector, including natural or legal persons that directly or indirectly own equity holdings in the former of more than 5%, may not exercise voting rights over 1%. These restrictions do not apply to direct or indirect interests held by public sector enterprises. Under no circumstances may share capital be syndicated.

Likewise, the combined total of direct or indirect holdings owned by parties that operate within the natural gas sector may not exceed 40%.

For the purposes of calculating the stake in that shareholding structure, in addition to the shares or other securities held or acquired by entities belonging to its same group, as defined by article 4 of Act 24/1988, dated July 28, on the Securities Market, stakes shall be attributed to one and the same natural or legal person when they are owned by:

a) Those parties who act in their own name but on behalf of that natural or legal person in a concerted fashion or forming a decision-making unit with them. Unless proven otherwise, the members of a governing body shall be presumed to act on account of or in concert with that legal person.

b) Partners with those with which one of them exercises control over a dominant company in accordance with article 4 of Securities Market Act 24/1988, of July 28.

In any event, regard shall be had to the proprietary ownership of the shares and other securities and the voting rights attached to each.

Non-compliance with the limit on interests in the share capital referred to in this article shall be deemed a very serious breach in accordance with the terms set out in article 109 of this Law. Responsibility shall lie with the natural or legal persons found to be the owners of the securities or whoever the excess interest in the share capital or in the voting rights can be attributed to, pursuant to the provisions of the preceding paragraphs. Whatever the case, the penalty system stipulated herein will apply.

Enagás, S.A. may not transfer the shares of the subsidiaries carrying out regulated activities to third parties."

Meanwhile, section 3 of Additional Provision 31 of this law states that:

"The restrictions of shareholding percentages and non-transfer of the shares referred to in this provision are not applicable to other subsidiaries that ENAGÁS, S.A. may constitute for business activities other than transmission regulated by Article 66 of Act 34/1998, of October 7, on the hydrocarbons sector, management of the transmission network and technical management of the national gas system."

Meanwhile, article 6 bis of the company's Articles of Association ("Limitations on holdings in share capital") establishes that:

"No natural or legal person may hold a direct or indirect stake of more than 5% in the equity capital of the company, nor exercise voting rights in such company of over 3%. Under no circumstances may such shareholdings be syndicated. Those parties that operate within the gas sector, including those natural or legal persons that directly or indirectly possess equity holdings in the former of more than 5%, may not exercise voting rights in the company of over 1%. These restrictions do not apply to direct or indirect interests held by public sector enterprises. Under no circumstances may share capital be syndicated. Likewise, the combined total of direct or indirect holdings owned by parties that operate within the natural gas sector may not exceed 40%.

For the purposes of calculating the stake in that shareholding structure, the Hydrocarbons Industry Act shall apply.

Enagás may not transfer to third parties shares of the subsidiaries included in its Group that undertake transmission and technical management activities, which are regulated businesses under Hydrocarbons legislation."

2. When the company is controlled by another entity according to the definition set forth in Article 42 of the Commercial Code, whether listed or not, and has, directly or through its subsidiaries, business relationships with that entity or any of its subsidiaries (other than those of the listed company) or carries out activities related to those of any of them, it must make accurate public disclosures about:

a) The respective areas of activity and any business relationships between the listed company or its subsidiaries on the one hand and the parent company or its subsidiaries on the other.

b) The mechanisms in place to resolve possible conflicts of interest.

Compliant [ ] Partially compliant [ ] Explain [ ] Not applicable [X]

3. During the ordinary general meeting the Chairman of the Board should verbally inform shareholders in sufficient detail of the most relevant aspects of the company's corporate governance, supplementing the written information circulated in the annual corporate governance report. In particular:

a) Changes taking place since the previous ordinary general meeting.

b) The specific reasons for the company not following a given Good Governance Code recommendation, and any alternative procedures followed in its stead.

Compliant [X] Partially compliant [ ] Explain [ ]

4. The company should draw up and implement a policy on communication and contacts with shareholders and institutional investors in the context of their involvement in the company, as well as with proxy advisers, that complies in full with market abuse regulations and accords equitable treatment to shareholders in the same position. This policy should be disclosed on the company's website, complete with details of how it has been put into practice and the identities of the relevant interlocutors or those charged with its implementation.

Notwithstanding legal obligations to disclose inside information and other types of regulated information, the company must also have a general policy regarding the reporting of economic-financial, non-financial and corporate information through the channels it deems appropriate (media, social media or other channels) to enhance the dissemination and quality of the information available to the market, investors and other stakeholders.

Compliant [X] Partially compliant [ ] Explain [ ]

5. The board of directors should not make a proposal to the general meeting for the delegation of powers to issue shares or convertible securities without pre-emptive subscription rights for an amount exceeding 20% of capital at the time of such delegation.

When the Board approves the issuance of shares or convertible securities without pre-emptive subscription rights, the company should immediately post a report on its website explaining the exclusion as envisaged in company legislation.

Compliant [X] Partially compliant [ ] Explain [ ]

6. Listed companies drawing up the following reports on a voluntary or compulsory basis should publish them on their website well in advance of the ordinary general meeting, even if their distribution is not obligatory:

a) Report on auditor independence.

b) Reports of the operation of the audit committee and the appointments and remuneration committee.

c) Report of the audit committee on related party transactions.

Compliant [X] Partially compliant [ ] Explain [ ]

7. The company should broadcast its general meetings live on the corporate website.

The company must have mechanisms in place to enable proxy voting and remote voting and also, if they are large-caps and to the extent proportionate, to attend and to actively participate in the General Shareholders' Meeting.

Compliant [X] Partially compliant [ ] Explain [ ]

8. The Audit Committee must make sure that the annual accounts which the Board of Directors presents to the General Shareholders' Meeting are prepared in accordance with accounting regulations. In those cases where the auditor has included any qualification in its audit report, the Chairman of the Audit Committee must clearly explain the opinion of the Audit Committee in terms of its content and scope at the General Shareholders' Meeting. A summary of this opinion will be made available to the shareholders at the time of publication of the notice of the meeting, along with other Board proposals and reports.

Compliant [X] Partially compliant [ ] Explain [ ]

9. The company should disclose its conditions and procedures for admitting share ownership, the right to attend general meetings and the exercise or delegation of voting rights, and display them permanently on its website.

Such conditions and procedures should encourage shareholders to attend and exercise their rights and be applied in a non-discriminatory manner.

Compliant [X] Partially compliant [ ] Explain [ ]

10. When an accredited shareholder exercises the right to supplement the agenda or submit new proposals prior to the general meeting, the company should:

a) Immediately circulate the supplementary items and new proposals.

b) Disclose the model of attendance card or proxy appointment or remote voting form duly modified so that new agenda items and alternative proposals can be voted on in the same terms as those submitted by the board of directors.

c) Put all these items or alternative proposals to the vote applying the same voting rules as for those submitted by the Board of Directors, with particular regard to presumptions or deductions about the direction of votes.

d) After the general meeting, disclose the breakdown of votes on such supplementary items or alternative proposals.

Compliant [X] Partially compliant [ ] Explain [ ] Not applicable [ ]

11. In the event that a company plans to pay for attendance at the general meeting, it should establish a general, long-term policy in this respect.

Compliant [ ] Partially compliant [ ] Explain [ ] Not applicable [X]

12. The board of directors should perform its duties with unity of purpose and independent judgement, affording the same treatment to all shareholders in the same position. It should be guided at all times by the company's best interests, understood as the creation of a profitable business that promotes its sustainable success over time, while maximising its economic value.

In pursuing the corporate interest, it should not only abide by laws and regulations and conduct itself according to principles of good faith, ethics and respect for commonly accepted customs and good practices, but also strive to reconcile its own interests with the legitimate interests of its employees, suppliers, customers and other stakeholders, as well as with the impact of its activities on the broader community and the natural environment.

Compliant [X] Partially compliant [ ] Explain [ ]

13. The Board of Directors should be of an optimal size to promote its efficient functioning and maximise participation. The recommended range is between five and fifteen members.

Compliant [X] Explain [ ]

14. The Board of Directors must approve a policy aimed at encouraging an appropriate composition of the Board of Directors and which:

a) Is concrete and verifiable;

b) ensures that proposals for appointment or re-election are based on a prior analysis of the skills required by the Board of Directors;

c) and that it encourages diversity of knowledge, experience, age and gender. Measures that encourage the company to have a significant number of senior female managers are considered to favour gender diversity.

The results of the prior analysis of the skills required by the board should be written up in the appointments committee's explanatory report, to be published when the general meeting is convened that will ratify the appointment and re-election of each director.

The appointments committee should run an annual check on compliance with this policy and set out its findings in the annual corporate governance report.

Compliant [X] Partially compliant [ ] Explain [ ]

15. Proprietary and independent directors should constitute an ample majority on the board of directors, while the number of executive directors should be the minimum practical bearing in mind the complexity of the corporate group and the ownership interests they control.

The number of female directors should represent at least 40% of the members of the Board of Directors by the end of 2022 and onwards, and before that it must not be less than 30%.

Compliant [X] Partially compliant [ ] Explain [ ]

At present, five (5) of the fifteen (15) members of the Board of Directors of Enagás are women: MS MARÍA TERESA ARCOS SÁNCHEZ. MS NATALIA FABRA PORTELA, MS ANA PALACIO VALLELERSUNDI, MS ISABEL TOCINO BISCAROLASAGA and MS PATRICIA ÚRBEZ SANZ representing 33.33% of Enagás' Board of Directors. Also, MS MARÍA TERESA ARCOS SÁNCHEZ, MS NATALIA FABRA PORTELA and MS ISABEL TOCINO BISCAROLASAGA are members of the Audit and Compliance Committee, MS PATRICIA ÚRBEZ SANZ is a member of the Sustainability, Appointments, and Remuneration Committee, and MS ANA PALACIO VALLELERSUNDI is Independent Leading Director and chairs the Sustainability, Appointments, and Remuneration Committee.

Following the proposed appointments agreed at Enagás' General Shareholders' Meeting on May 27, 2021, the Board reduces its number of members to 15. The percentage of Independent Directors increased to 73.33% (11 out of 15), while the percentage of female directors increased to 33.33% (5 out of 15).

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

Against this background, as of the date of this report, the Chairman of the Board has pledged that the Board of Directors will align itself with the recommendation regarding size and gender diversity set out in the CNMV's Corporate Governance Code at the General Shareholders' Meeting to be held in 2022.

Therefore, the renewals planned for the Enagás Board of Directors for the year 2022 will be carried out taking into account this objective of reaching a proportion of 40% of female directors.

16. The percentage of proprietary directors out of all non-executive directors should not be greater than the proportion between the ownership stake of the shareholders they represent and the remainder of the company's capital.

This criterion can be relaxed:

a) In large cap companies where few or no equity stakes attain the legal threshold for significant shareholdings.

b) In companies with a plurality of shareholders represented on the board but not otherwise related.

Compliant [X] Explain [ ]

17. Independent directors should be at least half of all board members.

However, when the company does not have a large market capitalisation, or when a large cap company has shareholders individually or concertedly controlling over 30% of capital, independent directors should occupy, at least, a third of Board places.

Compliant [X] Explain [ ]

18. Companies should disclose the following director particulars on their websites and keep them regularly updated:

a) Background and professional experience.

b) Directorships held in other companies, listed or otherwise, and other paid activities they engage in, of whatever nature.

c) Statement of the Director class to which they belong, in the case of proprietary directors indicating the shareholder they represent or have links with.

d) Dates of their first appointment as a board member and subsequent re-elections.

e) Shares held in the company, and any options on the same.

Compliant [X] Partially compliant [ ] Explain [ ]

19. The Annual Corporate Governance Report, with prior verification by the Appointments, Remuneration and CSR Committee is to provide an explanation for the reasons Proprietary Directors were appointed at the behest of shareholders whose stake in the company is less than 3% of share capital, and reasons given for the rejections of formal requests for board representation from shareholders whose equity interest is equal to or greater than that of other shareholders who have successfully requested the appointment of Proprietary Directors.

Compliant [ ] Partially compliant [ ] Explain [ ] Not applicable [X]

20. Proprietary directors are to submit their resignation when the shareholder whom they represent fully disposes of their stake. They shall also do so, in the appropriate number, when that shareholder reduces their stake to a level requiring a reduction in the number of its proprietary directors.

Compliant [X] Partially compliant [ ] Explain [ ] Not applicable [ ]

21. The board of directors should not propose the removal of independent directors before the expiry of their tenure as mandated by the articles of association, except where just cause is found by the board, based on a report from the appointments and remuneration committee. In particular, it shall be understood that there is just cause when the director takes on new offices or assumes new obligations that prevent him from devoting the time necessary to perform the duties of the office of director, breaches the duties inherent to his position or is affected by one of the circumstances that cause him to lose his independent status in accordance with the provisions of applicable law.

The removal of independent directors may also be proposed as a consequence of offers for the takeover, merger or similar corporate actions affecting the company that may involve a change in the company's capital structure, whenever such changes in the board of directors arise under application of the proportionality criterion pointed out in Recommendation 16.

Compliant [X] Explain [ ]

22. Companies are to stipulate rules obliging directors to report and, where appropriate, resign when situations arise that affect them, whether or not related to their actions at the company itself, that may harm the credit and reputation of the company. In particular, they are to inform the Board of Directors of any criminal cases for which they are under investigation, and of their legal proceedings.

If it has been informed of or has otherwise learned of any of the situations mentioned in the preceding paragraph, the Board should examine the case as soon as possible and, in view of the specific circumstances, decide, after a report from the Appointments and Remuneration Committee, whether or not to adopt any measure, such as opening an internal investigation, asking the director to step down from their duties or propose their dismissal. It must be reported in the annual corporate governance report, unless special circumstances warrant it, in which case the details must be put down in the minutes. This is without prejudice to the company' disclosures, where appropriate, when the relevant measures are taken.

Compliant [X] Partially compliant [ ] Explain [ ]

23. All directors are to clearly express their opposition when they consider than any proposal subject to the decision of the board of directors may be detrimental to corporate interests. The independent directors and other directors who are not affected by the potential conflict of interest are to voice their opposition in a special manner whenever such decisions may be of detriment to shareholders not represented on the board of directors.

When the Board makes material or reiterated decisions about which a Director has expressed serious reservations, then he or she must draw the pertinent conclusions. Directors resigning for such causes should set out their reasons in the letter referred to in the next recommendation.

The terms of this recommendation also apply to the secretary of the board, even if he or she is not a director.

Compliant [ ] Partially compliant [ ] Explain [ ] Not applicable [X]

24. When, either through resignation or by resolution of the general meeting, a director leaves their position before the end of their mandate, they shall properly explain the reasons for their resignation. Non-executive directors shall write down their opinion on the reasons why, if applicable, the General Shareholders' Meeting relieves them of their duties, in a letter to be sent to all members of the Board of Directors.

Aside from reporting such facts in the annual corporate governance report, insofar as it is relevant for investors, the Company must announce the departure as soon as possible, including sufficient reference to the reasons or circumstances provided by the Director.

Compliant [X] Partially compliant [ ] Explain [ ] Not applicable [ ]

25. The Appointments Committee should ensure that non-executive directors have sufficient time available to discharge their responsibilities effectively.

The board of directors regulations should lay down the maximum number of company boards on which directors can serve.

Compliant [X] Partially compliant [ ] Explain [ ]

26. The Board should meet with the necessary frequency to properly perform its functions, eight times a year at least, in accordance with a calendar and agendas set at the start of the year, to which each Director may propose the addition of initially unscheduled items.

Compliant [X] Partially compliant [ ] Explain [ ]

27. Director absences should be kept to a strict minimum and quantified in the annual corporate governance report. In the event of absence, directors should delegate their powers of representation with the appropriate instructions.

Compliant [X] Partially compliant [ ] Explain [ ]

28. When Directors or the secretary express concerns about some proposal or, in the case of Directors, about the company's performance, and such concerns are not resolved at the meeting, they should be recorded in the minute book if the person expressing them so requests.

Compliant [X] Partially compliant [ ] Explain [ ] Not applicable [ ]

29. The company should provide suitable channels for directors to obtain the advice they need to carry out their duties, extending if necessary to external assistance at the company's expense.

Compliant [X] Partially compliant [ ] Explain [ ]

30. Regardless of the knowledge directors must possess to carry out their duties, they should also be offered refresher programmes when circumstances so advise.

Compliant [X] Explain [ ] Not applicable [ ]

31. The agendas of board meetings should clearly indicate on which points directors must arrive at a decision, so they can study the matter beforehand or gather together the material they need.

For reasons of urgency, the chairman may wish to present decisions or resolutions for board approval that were not on the meeting agenda. In such exceptional circumstances, their inclusion will require the express prior consent, duly recorded in the minutes, of the majority of directors present.

Compliant [X] Partially compliant [ ] Explain [ ]

32. Directors should be regularly informed of movements in share ownership and of the views of major shareholders, investors and rating agencies on the company and its group.

Compliant [X] Partially compliant [ ] Explain [ ]

33. The Chairman, as the person charged with the efficient functioning of the Board of Directors, in addition to the functions assigned by law and the company's Articles of Association, should prepare and submit to the Board a schedule of meeting dates and agendas; organise and coordinate regular evaluations of the Board and, where appropriate, the company's Chief Executive Officer; exercise leadership of the Board and be accountable for its proper functioning; ensure that sufficient time is given to the discussion of strategic issues, and approve and review refresher courses for each Director, when circumstances so advise.

Compliant [X] Partially compliant [ ] Explain [ ]

34. When an independent leading director has been appointed, the articles of association or board of directors regulations should grant him or her the following powers over and above those conferred by law: chair the board of directors in the absence of the chairman or vice chairman give voice to the concerns of non- executive directors; maintain contacts with investors and shareholders to hear their views and develop a balanced understanding of their concerns, especially those that have to do with the company's corporate governance; and coordinate the chairman's succession plan.

Compliant [X] Partially compliant [ ] Explain [ ] Not applicable [ ]

35. The board secretary should strive to ensure that the board's actions and decisions are informed by the governance recommendations of the good governance code of relevance to the company.

Compliant [X] Explain [ ]

36. The Board in full should conduct an annual assessment, adopting, where necessary, an action plan to correct weakness detected in:

a) The quality and efficiency of the Board's operation.

b) The performance and membership of its committees.

c) The diversity of board membership and competences.

d) The performance of the chairman of the board of directors and the company's chief executive.

e) The performance and contribution of individual directors, with particular attention to the chairman of board committees.

The evaluation of board committees should start from the reports they send the board of directors, while that of the board itself should start from the report of the appointments committee.

Every three years, the Board of Directors should engage an external facilitator to aid in the assessment process. This facilitator's independence should be verified by the Appointments Committee.

Any business dealings that the facilitator or members of its corporate group maintain with the company or members of its corporate group should be detailed in the annual corporate governance report.

The process followed and areas evaluated should be detailed in the annual corporate governance report.

Compliant [X] Partially compliant [ ] Explain [ ]

37. When there is an executive committee, it should include at least two non-executive directors, at least one of whom should be independent; and its Secretary should be the Secretary to the Board of Directors.

Compliant [ ] Partially compliant [ ] Explain [ ] Not applicable [X]

38. The board should be kept fully informed of the business transacted and decisions made by the executive committee. To this end, all board members should receive a copy of the committee's minutes.

Compliant [ ] Partially compliant [ ] Explain [ ] Not applicable [X]

39. All members of the audit committee, particularly its chairperson, should be appointed with regard to their knowledge and experience on accounting, auditing, and financial and non-financial risk management.

Compliant [X] Partially compliant [ ] Explain [ ]

40. Listed companies should have a unit in charge of the internal audit function, under the supervision of the audit committee, to monitor the effectiveness of reporting and control systems. This unit should report functionally to the board's non-executive chairman or the chairman of the audit committee.

Compliant [X] Partially compliant [ ] Explain [ ]

41. The head of the unit responsible for the internal audit function should present the annual work plan to the audit committee for approval by the committee or the Board, report directly to it on its implementation, including any issues and limitations on scope arising in the course of its implementation, the results and follow-up of its recommendations, and submit an activities report at the end of each year.

Compliant [X] Partially compliant [ ] Explain [ ] Not applicable [ ]

42. The audit committee should have the following functions over and above those legally assigned:

1. With respect to internal control and reporting systems:

a) Oversee and evaluate the preparation and integrity of financial and non-financial information, and the control and management systems for financial and non-financial risks relating to the Company and, as applies, its group, including operational, technological, legal, social, environmental, political and reputational risks or corruption and anti-bribery risks, making sure that regulatory requirements are met, that the consolidation scope is properly defined, and that accounting criteria are correctly applied.

b) Monitor the independence of the unit handling the internal audit function; propose the selection, appointment, and removal of the head of the internal audit service; propose the service's budget; approve or propose approval to the Board of the annual internal audit orientation and work plan, ensuring that it focuses primarily on the main risks the company is exposed to (including reputational risks); receive regular report-backs on its activities; and verify that senior management is acting on the findings and recommendations of its reports.

c) Prepare and oversee a mechanism that allows employees and other persons related to the company, such as directors, shareholders, suppliers, contractors or subcontractors to report potentially significant irregularities, including financial and accounting irregularities, or irregularities of any other nature, concerning the company and which come to light within the company or its group. These mechanisms must guarantee confidentiality and, invariably, cover situations where cases may be reported anonymously, respecting the rights of the whistleblower and the accused.

d) In general, see to it that the policies and systems established for internal control are effectively implemented in practice.

2. With regard to the external auditor:

a) In the event of resignation of any external auditor, the committee should investigate the issues giving rise to the resignation.

b) Ensure that the remuneration of the external auditor does not compromise its quality or independence.

c) Ensure that the company notifies any change of external auditor through the CNMV, accompanied by a statement of any disagreements arising with the outgoing auditor and the reasons for the same.

d) Ensure that the external auditor has a yearly meeting with the board in full to inform them of the work undertaken and developments in the company's risk and accounting positions.

e) Ensure that the company and the external auditor adhere to current regulations on the provision of non-audit services, limits on the concentration of the auditor's business and other requirements concerning auditor independence.

Compliant [X] Partially compliant [ ] Explain [ ]

43. The audit committee should be empowered to meet with any company employee or manager, even ordering their appearance without the presence of another senior officer.

Compliant [X] Partially compliant [ ] Explain [ ]

44. The Audit Committee should be informed of any fundamental changes or corporate transactions the company is planning, so the committee can analyse the operation and report to the Board beforehand on its economic conditions and accounting impact and, when applicable, the exchange ratio proposed.

Compliant [X] Partially compliant [ ] Explain [ ] Not applicable [ ]

45. The risk control and management policy should identify or determine at least:

a) The different types of financial and non-financial risks the company is exposed to (including operational, technological, legal, social, environmental, political, reputational and those related to corruption), with the inclusion under financial or economic risks of contingent liabilities and other off-balance-sheet risks.

b) A multi-tier risk control and management model, which will include a specialised risk committee where required according to industry regulations or where the company deems it appropriate.

c) The risk level the company sees as acceptable.

d) The measures in place to mitigate the impact of risk events should they occur.

e) The internal reporting and control systems to be used to control and manage the above risks, including contingent liabilities and off-balance-sheet risks.

Compliant [X] Partially compliant [ ] Explain [ ]

46. That under the direct supervision of the audit committee or, as the case may be, of a specialised committee of the board of directors, there is an internal function of risk control and management exercised by a unit or internal department of the company that has been assigned expressly the following functions:

a) Ensure the proper functioning of the risk control and management systems and, in particular, that all important risks affecting the company are identified, managed and quantified adequately.

b) Participating actively in the preparation of risk strategies and in key decisions about their management.

c) Ensure that risk control and management systems mitigate risks adequately within the framework of the policy defined by the board of directors.

Compliant [X] Partially compliant [ ] Explain [ ]

47. Members of the Appointments and Remuneration Committee - or of the appointments committee and remuneration committee, if separately constituted - should have the right balance of knowledge, skills and experience for the functions they are called on to discharge. The majority of their members should be independent directors.

Compliant [X] Partially compliant [ ] Explain [ ]

48. Large cap companies should operate separately constituted appointments committees and remuneration committees.

Compliant [ ] Explain [X] Not applicable [ ]

The amendments to the Articles of Association proposed by the Board of Directors for the 2015 General Shareholders' Meeting included the amendment to article 45 to allow the split of the Sustainability, Appointments and Remuneration Committee into two separate committees.

The Board of Directors will study the opportunity to separate the Sustainability, Appointments and Remuneration Committee into two separate committees.

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49. The appointments committee should consult with the board's chairman and chief executive officer, especially on matters relating to executive directors.

When there are vacancies on the board, any director may approach the appointments committee to propose candidates that it might consider suitable.

Compliant [X] Partially compliant [ ] Explain [ ]

50. The remuneration committee should operate independently and have the following functions in addition to those assigned by law:

a) Propose to the board the standard conditions for senior managers contracts.

b) Monitor compliance with the remuneration policy set by the company.

c) Periodically review the remuneration policy for directors and senior managers, including share-based remuneration systems and their application, and ensure that their individual compensation is proportionate to the amounts paid to other directors and senior managers in the company.

d) Ensure that possible conflicts of interest do not undermine the independence of any external advice offered to the committee.

e) Verify the information on remuneration of directors and senior management contained in the various corporate documents, including the annual report on directors' remuneration.

Compliant [X] Partially compliant [ ] Explain [ ]

51. The remuneration committee should consult with the chairman and chief executive, especially on matters relating to executive directors and senior managers.

Compliant [X] Partially compliant [ ] Explain [ ]

52. The terms of reference of supervision and control committees should be set out in the Board of Directors regulations and aligned with those governing legally mandatory Board Committees as specified in the preceding sets of recommendations. They should include at least the following terms:

a) Committees should be formed exclusively by non-executive directors, with a majority of independents.

b) Committees should be chaired by an independent director.

c) The board should appoint the members of such committees with regard to the knowledge, skills and experience of its directors and each committee's terms of reference; discuss their proposals and reports; and provide reports on their activities and work at the first board plenary following each committee meeting.

d) They may engage external advice, when they feel it necessary for the discharge of their functions.

e) Meeting proceedings should be recorded/notified in the minutes and a copy made available to all board members.

Compliant [X] Partially compliant [ ] Explain [ ] Not applicable [ ]

53. The task of supervising compliance with the company's policies and rules on environmental, social and corporate governance issues and internal codes of conduct should be assigned to one board committee or split between several, which could be the audit committee, the appointments committee, the sustainability committee or the corporate social responsibility committee or any other specialised committee that the Board of Directors, in exercise of its powers of self-organisation, has decided to create. Such a committee must be made up solely of non-executive directors, the majority of whom should be independent and should be specifically assigned the minimum functions indicated in the following recommendation.

Compliant [X] Partially compliant [ ] Explain [ ]

54. The minimum functions referred to in the above recommendation are as follows:

a) Overseeing compliance with corporate governance rules and the company's internal codes of conduct, also ensuring that the corporate culture is aligned with its purpose and values.

b) Overseeing the application of the general policy for reporting economic-financial, non-financial and corporate information, reporting to shareholders and investors, proxy advisers and other stakeholders. Oversight of the way in which the company communicates with and relates to small and medium sized shareholders.

c) Evaluation and periodic review of the corporate governance system and the company's environmental and social policies, to confirm that they fulfil its mission of promoting the corporate interest and catering, as appropriate, to the legitimate interests of other stakeholders.

d) Monitoring that the company's practices in environmental and social matters are aligned with the set strategy and policies.

e) Monitor and assess the processes of liaising with different stakeholders.

Compliant [X] Partially compliant [ ] Explain [ ]

55. Ensure that sustainability policies in environmental and social matters identify at least:

a) The principles, commitments, objectives and strategy with regard to shareholders, employees, customers, suppliers, social issues, the environment, diversity, fiscal responsibility, respect for human rights and the prevention of corruption and other illegal conduct;

b) the methods or systems for monitoring compliance with policies, associated risks and their management.

c) Mechanisms for monitoring non-financial risk, including those related to ethics and business conduct.

d) Channels for stakeholder engagement, participation and dialogue.

e) Responsible communication practices that prevent the manipulation of information and protect the company's honour and integrity.

Compliant [X] Partially compliant [ ] Explain [ ]

56. Directors' remuneration should be sufficient to attract and retain individuals with the desired profile and compensate the commitment, abilities and responsibility that the post demands, but not so high as to compromise the independent judgement of non-executive directors.

Compliant [X] Explain [ ]

57. Variable remuneration linked to the company and the director's performance, the award of shares, options or any other right to acquire shares or to be remunerated on the basis of share price movements, and membership of long-term savings schemes such as pension plans should be confined to executive directors.

The company may consider the share-based remuneration of non-executive directors provided they retain such shares until the end of their mandate. The above condition will not apply to any shares that the director must dispose of to defray costs related to their acquisition.

Compliant [X] Partially compliant [ ] Explain [ ]

58. In the case of variable awards, remuneration policies should include limits and technical safeguards to ensure they reflect the professional performance of the beneficiaries and not simply the general progress of the markets or the company's sector, or circumstances of that kind.

In particular, variable remuneration items should meet the following conditions:

a) Be subject to predetermined and measurable performance criteria that factor the risk assumed to obtain a given outcome.

b) Promote the long-term sustainability of the company and include non-financial criteria that are relevant for the company's long-term value, such as compliance with its internal rules and procedures and its risk control and management policies.

c) Be focused on achieving a balance between the delivery of short, medium and long-term objectives, such that performance-related pay rewards ongoing achievement, maintained over sufficient time to appreciate its contribution to long-term value creation. This will ensure that performance measurement is not based solely on one-off, occasional or extraordinary events.

Compliant [X] Partially compliant [ ] Explain [ ] Not applicable [ ]

59. For variable remuneration components to be paid it must be properly verified that the performance or other pre-defined conditions have been effectively met. In the annual report on directors' remuneration, companies shall include the criteria for the time required and the methods for such verification, depending on the nature and characteristics of each variable component.

Companies must also consider introducing a malus clause based on the deferral for a sufficient period of time of the payment of a part of the variable components, in which they are totally or partially forfeited if an event occurs prior to the time of payment whereby it is deemed advisable to do so.

Compliant [X] Partially compliant [ ] Explain [ ] Not applicable [ ]

60. Remuneration linked to company earnings should bear in mind any qualifications stated in the external auditor's report that reduce their amount.

Compliant [X] Partially compliant [ ] Explain [ ] Not applicable [ ]

61. A major part of executive directors' variable remuneration should be linked to the award of shares or financial instruments whose value is linked to the share price.

Compliant [X] Partially compliant [ ] Explain [ ] Not applicable [ ]

62. Once the shares, options or financial instruments which are part of the remuneration systems have been allocated, executive directors should not be able to transfer ownership or exercise them until at least three years have elapsed.

This is unless the director maintains, at the time of the transfer or exercise, a net economic exposure to share price changes of a market value equivalent to an amount of at least twice their annual fixed remuneration through the ownership of shares, options or other financial instruments.

This exception shall not apply to shares that the director may need to dispose of to cover the costs related to their acquisition or to cope with extraordinary situations that require it, in this latter case depending on the favourable opinion of the Appointments and Remuneration Committee.

Compliant [ ] Partially compliant [X] Explain [ ] Not applicable [ ]

The General Shareholders' Meeting held on March 29, 2019 passed a three-year long-term incentive plan (2019-2021), to be paid in 2022, based on the fulfilment of the objectives and metrics established in the plan. In the case of executive directors, this incentive may involve, as a maximum, the delivery of shares equivalent to 150% of their annual fixed remuneration (50% per year), provided they maintain ownership of the shares until 2024, when the shares become freely disposable.

63. Contractual arrangements should include provisions that permit the company to reclaim variable components of remuneration when payment was out of step with the director's actual performance or based on data subsequently found to be misstated.

Compliant [X] Partially compliant [ ] Explain [ ] Not applicable [ ]

64. Payments for termination or expiry of the contract should not exceed an amount equivalent to two years of the director's total annual remuneration and should not be paid until the company confirms that said director has met the conditions or criteria established for their collection.

For the purposes of this recommendation, termination or contractual termination payments include any payments whose accrual or payment obligation arises as a result of or in connection with the termination of the director's contractual relationship with the company, including amounts not previously vested in long-term savings schemes and amounts paid under post-contractual non-competition agreements.

Compliant [ ] Partially compliant [X] Explain [ ] Not applicable [ ]

The contracts of the executive directors establish a termination indemnity equivalent to two years of their annual remuneration, as explained in section A.1 of the Directors' Remuneration Report for the current year.

The contracts of the executive directors are dated prior to the amendment of this recommendation on June 20, 2020. As of the date of this report, these contracts have not yet been adapted to the provisions of the second paragraph of this recommendation.

H. Other information of interest

1. If you consider that there is any material aspect or principle relating to corporate governance practices followed by your company that has not been addressed in this report and which is necessary to provide a more comprehensive view of the corporate governance structure and practices at the company or group, explain briefly.

2. You may include in this section any other information, clarification or observation related to the above sections of this report.

Specifically, indicate whether the company is subject to corporate governance legislation from a country other than Spain and, if so, include the compulsory information to be provided when different from that required by this report.

3. Also state whether the company voluntarily subscribes to other international, sectoral or other ethical principles or standard practices. If applicable identify the code and date of adoption. In particular, it will mention whether or not it has adhered to the Code of Good Tax Practices, of July 20, 2010:

The Board of Directors of Enagás, S.A., unanimously agreed to the Company signing up to the Code of Good Tax Practices, promoted by the Large Companies Forum and the AEAT. The company joined on April 21, 2017 and the Company complies with its contents.

This report includes the following Appendices in an attached document:

APPENDIX I.- Explanatory notes.

APPENDIX II.- Activity Report of the Audit and Compliance Committee, 2021.

APPENDIX III.- Audit opinion on Internal Control over Financial Reporting ("ICFR"), 2021.

APPENDIX IV.- Audit opinion on the Annual Corporate Governance Report, 2021.

APPENDIX V.- Annual Corporate Governance Report, 2021 (English version).

This annual corporate governance report was approved by the company's Board of Directors at its meeting held on:

14/02/2022

List whether any directors voted against or abstained from voting on the approval of this Report.

[ ] Yes [√] No

H. Other informations of interest:

Appendix I

Explanatory notes

Explanatory note on section A.2.

The list of direct and indirect holders of significant stakes set out in section A.2 of this Report includes those significant shareholders who on December 31, 2021 qualified as such in the relevant official register of the Spanish National Securities Market Commission (CNMV). The foregoing is independent of the question of whether or not the issuer received timely notice from any relevant shareholder in pursuance of Article 23 of Royal Decree 1362/2007, of October 19.

Explanatory note on section A.3.

The table for this section uses information published in the Official Registers of the CNMV, in accordance with the communication filed by the Company's Directors.

Explanatory note on section A.6.

This refers to Mr Bartolomé Lora Toro as the natural person representative of the Director of the Sociedad Estatal de Participaciones Industriales (SEPI).

Explanatory note on section A.8.

At the date of preparation of this report, the SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES (SEPI), in addition to having a seat on the Board, also had a significant holding (5%) in the share capital of Enagás, S.A.

SEPI cannot exercise control over Enagás, S.A. as it is not in any of the circumstances set out in Article 5 of the Spanish Securities Market Act 24/1988, of July 28 (hereinafter "LMV").

Accordingly, no natural or legal person exercises or could exercise control over Enagás, S.A in accordance with Article 5 of the LMV.

Explanatory note on section A.9.

On March 27, 2015, the General Shareholders' Meeting authorised the Board of Directors to buy its own shares for a maximum of 5 years.

On March 29, 2019, the General Shareholders' Meeting approved a long-term incentive plan for 2019-2021 ("ILP 2019-2021") which included the delivery of shares to the Executive Directors, the members of the Management Committee and senior management of the Company and its group of companies, and April 23, 2019, the Board of Directors approved the Long-Term Incentive Regulations which established the standards for the application of the aforementioned plan.

Pursuant to the foregoing and in accordance with the company's treasury share policy approved by the Board of Directors on April 18, 2016, the Board approved a programme to buy back own shares on April 23, 2019, allowing the purchase of a maximum of 405,084 shares under the programme. The repurchase was entrusted to a financial intermediary of recognised competence to do so on behalf of the company, independently and without its influence.

In execution of the above, the company proceeded to repurchase the maximum number permitted under the repurchase plan approved on April 23, 2019, which, added to the remaining shares (96,862) resulting from the settlement of the previous ILP 2016-2018, giving a current figure of 501,946 own shares.

Explanatory note on section A.12.

Further text of section 2 of the 31 additional provision of the Hydrocarbons Sector Law 34/1998, of October 7 (hereinafter, also called "LSH"):

[...] "For the purposes of calculating the stake in that shareholding structure, in addition to the shares or other securities held or acquired by entities belonging to its same group, as defined by Article 4 of Act 24/1988, of July 28, on the Securities Market, stakes shall be attributed to one and the same natural or legal person when they are owned by:

a) Those parties who act in their own name but on behalf of that natural or legal person in a concerted fashion or forming a decision-making unit with them. Unless proven otherwise, the members of a governing body shall be presumed to act on account of or in concert with that legal person.

b) To partners with whom it exercises control over a dominant company in accordance with Article 4 of the LMV".

In any event, regard shall be had to the proprietary ownership of the shares and other securities and the voting rights attached to each.

Non-compliance with the limit on interests in the share capital referred to in this Article shall be deemed a very serious breach in accordance with the terms set out in Article 109 of this Law. Responsibility shall lie with the natural or legal persons found to be the owners of the securities or whoever the excess interest in the share capital or in the voting rights can be attributed to, pursuant to the provisions of the preceding paragraphs. Whatever the case, the penalty system stipulated herein will apply.

Enagás, S.A. may not transfer the shares of the subsidiaries carrying out regulated activities to third parties."

Meanwhile, section 3 of Additional Provision 31 of this law states that:

"The restrictions of shareholding percentages and nontransfer of the shares referred to in this provision are not applicable to other subsidiaries that ENAGÁS, S.A. may constitute for business activities other than transmission, regulated by Article 66 of Law 34/1998, of October 7, on the Hydrocarbons Sector, management of the transmission network and technical management of the national gas system."

Restrictions under the Company's Articles of Association:

In accordance with the aforementioned legal provision, Article 6 bis of Enagás' Articles of Association ("Limitations on holdings in share capital") establishes that:

"No natural or legal person may hold a direct or indirect stake of more than 5% in the equity capital of the company, nor exercise voting rights in such company of over 3%. Under no circumstances may such shareholdings be syndicated. Those parties that operate within the gas sector, including those natural or legal persons that directly or indirectly possess equity holdings in the former of more than 5%, may not exercise voting rights in the Company of over 1%. These restrictions do not apply to direct or indirect interests held by public sector enterprises. Under no circumstances may share capital be syndicated.

Likewise, the combined total of direct or indirect holdings owned by parties that operate within the natural gas sector may not exceed 40%.

For the purposes of calculating the stake in that shareholding structure, the Hydrocarbons Industry Act shall apply.

Enagás may not transfer to third parties shares of the subsidiaries included in its Group that undertake transmission and technical management of the system, which are regulated businesses under Hydrocarbons legislation."

Explanatory note on section C.1.3.

In the table relating to External Proprietary Directors, in the SEPI profile, it lists its natural person representative as Mr Bartolomé Lora Toro.

Explanatory note on section C.1.9.

The Chief Executive Officer, Mr Marcelino Oreja Arburúa, has been delagated the following powers:

A) Jointly and severally

1. Collect whatever is payable to him for any reason, in bills, cheques, promissory notes, or by deposit in a bank account, by public or private bodies in the European Union, other international organisations, by central, regional, provincial, local government authorities, executive agencies, government depositaries and, in general, by any private natural or legal person in the public or private sectors; establish and settle balances, determine the form of payment of amounts owed to the Company, grant extensions of deadlines, set payment terms and conditions; cash orders of payment from the central, regional or local government tax authorities, including receiving from central government tax offices or other agencies money in cash or any means that represents it and accept the refund of amounts paid in tax.
2. Represent the Company in dealings with third parties, whether natural or legal, public or private, and before all kinds of authorities, public officials, boards and collegiate bodies, chambers, committees, associations, public property registers, companies registers, or public registers of any other kind, trade unions, mutual insurance companies, executive or non-executive agencies, whether autonomous or otherwise, directorates, regional offices of any kind of central, regional, provincial or local government authorities and any other public entities of any level or jurisdiction, whether Spanish or otherwise, whatever their name or nature; exercise any rights, remedies, claims and defences relating to the Company; formulate petitions and in connection with all types of proceedings, file claims and appeals of any kind, including motions for reconsideration and appeals for review, in which the Company has an interest, either in proceedings initiated by the Company or in those of others that directly or indirectly affect the Company; file them, take part in the processing of them; formulate and respond to representations, propose and examine evidence; apply for stays and adjournments; discontinue and abandon or in any other way withdraw from them, at any stage of the proceedings; execute and enforce agreements, detachments and return of documents; request and respond to certificates and summonses, be they governmental, notarial or of any other nature; request certificates, depositions and authentic copies; take delivery from public authorities, including post and telegraph offices and customs officers, of all kinds of papers, objects, goods and consignments in general addressed to the company, executing any notarial instruments or documents under hand required for such withdrawal or dispatch.
3. Make formal appearances in representation of the Company before courts and tribunals of any branch or level, whether in the civil, criminal, administrative, social or labour or any other jurisdiction, and before any arbitrator or arbitration body, of all levels, both domestic and foreign, whatever their territorial scope, and before any other authority, justice system, prosecutor's office, boards, centres, offices, departments, panels, bodies and officers belonging to the judiciary and the administration of justice, of any branch and level, and before them make sworn or ordinary statements and respond to interrogatories in court under non- determinative oath; initiate, pursue and complete as principal, defendant, partner in joinder of parties, coadjutor or in any other capacity, all types of judicial proceedings before any jurisdiction; file, pursue and waive appeals of any kind, including governmental and administrative appeals, and motions for reconsideration, rehearing, appeals for review to the same or a higher court, applications to the Supreme

Court on the ground of manifest injustice of a previous decision, appeals against refusal of leave to appeal, actions to have decisions declared void, appeals on the ground on lack of jurisdiction, actions for enforcement of rights or any other legally permitted ordinary or extraordinary appeals, and the abandonment, discontinuance or any other form of withdrawal from proceedings in which the Company has an interest, as well as all kinds of proceedings, including conciliation proceedings, with or without a pretrial settlement, proceedings of voluntary jurisdiction, governmental, notarial, mortgage and tax proceedings and, accordingly, to bring, respond to and pursue through all their formalities and levels until their conclusion all kinds of actions, claims, complaints, criminal actions, accusations, pleas and defences, and exercise any other causes of action, ratifying them whenever personal ratification is required; choose venues and submit implicitly or explicitly to jurisdictions; give evidence as a legal representative at any of the aforementioned proceedings, petition for stays of proceedings; make, request, receive and comply with summonses, notifications, citations and service of process; apply for joinders, attachments, cancellations, enforcements, dispossessions, filings, auctions of assets, statements and assessments of costs; raise issues of jurisdiction and preliminary issues; challenge witnesses; furnish and challenge evidence, waive evidence and the transfer of proceedings to another court; agree to favourable rulings; provide and withdraw payment bonds and deposits as and when required by the court; provide sureties, make judicial deposits and, in both cases, request they be refunded as and when appropriate, and execute and enforce court rulings.

4. Attend, speak and vote at meetings that are held in bankruptcy proceedings, whether fault-based or otherwise, and in temporary receivership proceedings and arrangements with creditors while they remain in force, approve and challenge creditors' claims and their ranking, appoint and accept appointments as receivers and administrators, appoint representatives; accept and reject debtors' proposals and appoint members of conciliation bodies.

5. Confer powers on court representatives and counsel, freely chosen by him, with general powers for litigation and special powers freely established in each case, including those of responding to interrogatories in court, reaffirming positions, withdrawing and abandoning actions, signing such public or private documents as may be necessary for the exercise of such powers.

6. Enter into contracts of any kind with central, regional, provincial and local government authorities and executive agencies and, in general, with any natural or legal person in the public or private sectors, including contracts for works, supplies and services (excluding regasification, gas transmission and storage, and gas supply contracts); arrange auctions, calls for bids, competitive tendering, direct procurement or any other legal form of procurement; sign proposals and procurement specifications, award contracts and accept contract awards, sign the related contracts and any public and private documents that may be required for their formalisation, fulfilment or performance and discharge.

7. Take the necessary steps to establish arrangements with central, regional, provincial and local government authorities and their agencies concerning all kinds of public prices, levies, whether they be charges, taxes or rates, that affect the Company, agree to such arrangements and for this purpose approve, agree to and sign any covenant, contract or accord referring thereto.

8. Buy, sell, lease, purchase under a preferential right, assign, subrogate, contribute, encumber, exchange unconditionally or subject to conditions, at a declared price, deferred or paid in cash, all kinds of goods and real estate; establish, accept, modify, acquire, dispose of, defer, terminate and cancel, fully or partially, payment bonds, pledges and other security interests in favour of third parties.

9. Lease property as the lessor or lessee thereof.

10. Enter into finance lease agreements, subject to such terms and conditions as he may freely determine.

11. Buy, sell, lease, purchase under a preferential right, assign, subrogate, contribute, encumber, exchange unconditionally or subject to conditions, at a declared price, deferred or paid in cash, all kinds of real estate; establish, accept, modify, acquire, dispose of, defer, terminate and cancel mortgages, easements and other rights in rem over real estate, whether of common law or foral law, and also prohibitions, conditions and all kinds of restrictions on real estate; provide real estate collateral guarantees in favour of third parties.

12. File declarations of construction and cultivation, definition and demarcation of boundaries, grouping together, aggregation, segregation and division of property, and organise buildings under condominium arrangements.

13. Apply for official franchises and authorisations, permits and licences, and complete all the formalities to obtain them, and to renew, amend or cancel them as may be necessary or appropriate.

14. Negotiate and establish with owners affected by future gas installations, whether or not there are compulsory purchase proceedings pending, the imposition of rights of way for pipelines and ancillary components and the purchase of land on which to install gas distribution and regulation chambers or other components that depend on or belong to the networks of the Company granting the power of attorney, arranging for this purpose such mutually agreed transactions, clauses and prices that he considers to be fair, and signing public and private documents of any kind, regardless of the amount involved, and cancel rights of way fully or partially.

15. Initiate any proceedings for compulsory purchase in which the Company has an interest, make formal appearances thereat and make the representations that he considers appropriate, request and conduct expert appraisals, request and receive compensation and, in general, participate in such proceedings in all formalities and appeals related thereto without limitation, executing and signing for the purpose public or private documents of any kind.

16. With regard to proceedings for compulsory purchase, imposition of rights of way and temporary occupation governed by the Law and Regulations on Compulsory Purchase that are instituted by the Company granting power of attorney for the construction of gas pipelines, networks and branches and ancillary installations, they may:

   a) Formulate requests and petitions, request and respond to certificates and summonses of all kinds, request affidavits, certificates and certified copies in which the Company has an interest, in dealings with natural and legal entities in the public or private sectors, without any exception.

   b) Make and withdraw deposits of any kind, including cash, at public entity depositaries of any kind and those held by natural or legal persons, at any of their offices and agencies.

   c) Attend the drawing up of official records of facts and events prior to and after the completion of compulsory purchase actions.

   d) Group together, aggregate, segregate and divide real estate, making the filings relating thereto with the relevant Property Registers.

   e) Arrange for the imposition of rights of way and title restrictions and for the acquisition and occupation by mutual agreement of property and rights affected by the laying of gas pipelines, their networks and branches and ancillary installations, fixing prices and conditions.

   f) Discharge or redeem any charges or liens affecting the properties, fixing the price and conditions of such redemption.

   g) Authorise, and as appropriate, empower by granting power of attorney to such persons as he considers appropriate to represent the Company at the official recording of facts and events prior to and at the time of the occupation of properties affected by compulsory purchase proceedings.

17. Enter into contracts with any natural or legal persons in the public or private sectors for the long-term provision of services of regasification, transmission and storage, procurement of points of entry to the Company's gas system, gas supply and any other contract for the provision of services connected with the gas business and ancillary activities.

18. Enter into contracts with any natural or legal persons in the public or private sectors for the short-term provision of services of regasification, transmission and storage, procurement of points of entry to the Company's gas system, gas supply, connection to installations and any other contract for the provision of services connected with the gas business and ancillary activities.

19. Set up, merge, change the corporate form, dissolve and wind up, take part in the enlargement or modification, of any kind of companies, partnerships, Economic Interest Groupings, European Economic Interest Groupings and joint ventures, represent the Company in them, attend or take part in all kinds of meetings, holding office and appointing officers and representatives as he considers appropriate; contribute to commercial companies all kinds of assets, receiving in payment the relevant shares, equity interests, scrip certificates, convertible or non-convertible debentures, option rights or shares and, in the case of dissolution, the relevant assets. Establish share syndication agreements.

20. Apply for entries to be made at the Property and Companies Registers; send, receive and respond to summonses and notifications and request notarial certificates of all kinds, signing certificates of attendance and any other formality connected with them.

21. Apply for the registration of trademarks and trade names, patents of invention and introduction, utility models and other modalities of industrial property, or challenge and denounce any attempted or effective misappropriation of the name, trademarks and countersigns of Company products and counterfeits of them, initiating and pursuing the appropriate proceedings and making formal appearances in proceedings initiated by others, making statements, providing proof and petitioning as appropriate.

22. Acquire and dispose of intellectual and industrial property rights.

23. Organise, direct and inspect all of the Company's services and installations and verify audits of Company funds.

24. Hire and dismiss personnel employed by the Company, of whatever kind and category, appoint and remove them from their duties, stipulating their pay, duties and tasks, and the remuneration payable for extraordinary services.

25. Grant loans and credits to Company staff and agree subsequent renewals, alterations, subrogations and cancellations thereof.

26. Grant payment bonds and personal and in rem guarantees to Company staff as surety for the fulfilment of personal and mortgage loan contracts granted to Enagás personnel.

27. Negotiate and sign on behalf of the Company any kind of general or partial collective agreements and any other type

of pact, agreement or arrangement with the Company staff, trade unions or administrative or judicial authorities that are competent in matters of labour and social security.

28. Issue any kind of certificates, identity cards and other documents with the details of Company staff that are contained in the company record books and files.

29. Sign all documentation to do with social security, accidents at work insurance, enrolments and dis- enrolments, filings and changes; initiate and pursue claims before the Spanish National Institute of Social Security and offices thereof, mutual insurance companies, benefit societies and insurance companies.

30. Make formal appearances and represent the Company in dealings with the regional traffic department and offices thereof, in order to register, transfer and scrap any type of vehicle belonging to the Company and to register and de-register them as appropriate.

31. Take delivery of letters, certificates, dispatches, parcels, postal orders and declared value items from communications offices, and of goods and property shipped from shipping companies, customs and agencies. Receive, open, answer and sign any kind of correspondence and keep the Company's books in accordance with the law.

32. Sign any public or private documents that may be necessary in order to jointly and severally exercise the powers granted hereunder as effectively as possible.

33. Request and obtain electronic signature certificates from authorised providers of certification services and use the electronic signature whenever he considers it appropriate in accordance, at all times, with the applicable rules on electronic signatures.

34. Grant such powers of attorney as he considers necessary, being able to confer each and every one of the aforementioned powers granted hereunder or part of them on such person or persons as he considers appropriate. He may also revoke the powers granted by the Board of Directors, by himself or by other Company bodies.

The powers included in this section must be exercised by Group B as legal representative, together with any of the authorised legal representatives in accordance with the following deeds executed before the Madrid Notary Public Mr Pedro de la Herrán Matorras: (i) deed dated June 13, 2012 number 1,291 of the filing system, registered on Company sheet M-6113, entry 728; (ii) deed dated June 27, 2013, number 1,493 of the filing system, registered on Company Sheet M-6113, entry 752; (iii) deed dated September 10, 2013, number 2,023 of the filing system registered on Company Sheet M-6113, entry 763; (iv) deed dated September 13, 2017, number 1.915 of the filing system, registered on Company Sheet M-6113, entry 816. The terms of these powers of attorney are as follows:

Jointly with another authorised signee from Group B or from I Group A, up to a limit of 30,000.000 €, except for power of attorney 12 (i), which can be jointly executed for any amount with another I authorised signee from Group B or from Group C.

Jointly with another authorised signee from Group C up to a limit of 20,000,000 €.

The aforementioned powers (be they joint and several, joint) cannot be exercised in one or more of the following circumstances exist, which are considered LIMITATIONS on the powers delegated here:

I. Making investments or transactions of any type that, due to their high amount or special characteristics, represent a strategic or special fiscal risk for the Company.

II. Creation or acquisition of shares in special purpose vehicles or entities resident in jurisdictions considered tax havens, and any other transactions or operations of a similar type that, by their nature, might impair the transparency of the Company or the Group.

III. Performing transactions that the Company or the companies perform with the members of the Board of Directors under the terms set forth in Articles 229 and 230 of the Corporate Enterprise Act, or with shareholders who, individually or jointly with others, hold a significant stake, including shareholders represented on the Company's Board of Directors or the boards of other companies belonging to the same group or with persons associated with them.

However, this limitation will not be applicable in one of the following two cases:

A) When, in the opinion of the legal representative, there are urgent circumstances that require the transaction or make it advisable; or

B) when the transactions simultaneously meet the following three characteristics:

1st. They are governed by standard form contracts applied on an across-the-board basis to a large number of customers.

2nd. They go through at market. Generally set by the person supplying the goods or services.

3rd. Their amount does not exceed 1% of the Company's annual revenue.

IV. Carry out any action that, in accordance with the Corporate Enterprises Act, is a non-delegable power either of the Board of the Company or of the Board of Directors of the Company.

B) Jointly

1. Enter into all types of banking arrangements including: factoring, leasing, lease financing, reverse factoring and any other similar banking arrangements with any Spanish or foreign bank, including the Bank of Spain and the branches thereof, the European Investment Bank, the Spanish Official Credit Institute, registered savings banks, savings banks, post office savings banks, the Confederation of Spanish Savings Banks, the General Deposit Fund or any other similar Spanish or foreign trading, transfer, exchange or credit institution.

2. Open, monitor, cancel or drawn down from ordinary current accounts or credit, sight or fixed-term deposit accounts, secured through a security interest, personal guarantee, pledged securities or trade notes, with or without a guarantee.

3. With regard to ordinary current accounts or credit, sight or fixed-term deposit accounts opened on behalf of the Company, write personal cheques, issue bank drafts, issue bank cheques, perform bank transfers or use any other accepted payment system or mechanism; pay in or withdraw voluntary or required amounts and deposits of cash or securities, signing any documentation required to perform such transactions.

4. Issue, cash, accept, endorse, receive, sign, intervene, challenge, pay and negotiate any type of bills of exchange, letters of credit, non-credit or credit facilities, promissory notes, cheques and other bank bills, commercial bills, bank giros or bills of exchange.

5. Obtain and award loans or credits, with or without collateral or personal guarantees, including the pledging of securities, and arrange subsequent renewals, amendments and subrogations. Acquire and extend credits.

6. Request, cancel and withdrawn personal and collateral-backed sureties, guarantees and payment bonds.

7. Enter into discounting arrangements for promissory notes issued by the company with banks and financial institutions authorised to perform discounting, and enter into a loan or other financing arrangements represented by promissory notes with these entities; contract agency services to facilitate such financing arrangements.

8. Buy and sell shares, debentures, bonds, stakes and any other type of security or instrument, and collect any yield from these.

9. Pay in bearer cheques paid to the Company, signing the reverse, for the sole purpose of paying them into the current accounts held with the Bank of Spain, and other banks, credit institutions and savings banks.

10. Arrange transfers between current and credit accounts or loan accounts set up in the Company's name through bank transfers, bank cheques or any other accepted payment system or mechanism in all types of banks, including the Bank of Spain, savings banks and other credit institutions, both Spanish and foreign.

11. Award and accept loans to/from subsidiaries and affiliates and the parent company.

12. Make payments to settle invoices for gas purchases and settle taxes by personal cheque, bank giro or transfer, bank cheque or any other accepted payment system or mechanism from ordinary current accounts and credit, sight or fixed-term deposit accounts opened by the Company, to which end any type of document may be signed.

13. Sign any public or private documents that may be necessary in order to jointly exercise the powers granted hereunder as effectively as possible.

Explanatory note on section C.1.10.

The Director Mr Marcelino Oreja Arburúa also holds the position of Director of MIBGAS Derivatives, S.A., a company that is not part of the Enagás Group and in which Enagás S.A. holds a 19.4% stake.

The Director Mr Marcelino Oreja Arburúa also holds the position of Director of Tallgrass Energy G.P., a company that is not part of the Enagás Group and in which Enagás S.A. holds a 30.2% indirect stake.

Explanatory note on section C.1.11.

SEPI has representation on the Board of Directors of the listed company EBRO FOODS, S.A. through ALYCESA (a 91.96%-owned subsidiary of SEPI).

Explanatory note on section C.1.14.

During financial year 2021, the total remuneration of the senior Management of the Company amounted to 5,576 thousands of euros. This includes the remuneration received by the Director of Internal Audit (Ms Rosa Sánchez Bravo).

Explanatory note on section C.1.15.

(Continued):

- Amendment to Article 8 ("Appointment of Directors")

Paragraph 2 of this article states that "only legal persons belonging to the public sector may be appointed as Board Members and access the Board in representation of a part of the share capital", in accordance with the provisions of the twelfth additional provision of Law 5/2021.

- Amendment to Article 13 ("Duties of the Director")

Section a) ("General duty of diligence") is completed with the provision "They must in all cases subordinate their own interests to the interests of the Company", contained in Article 225.1 LSC, as amended by Law 5/2021.

Likewise, drafting clarifications are included in sections b) ("Duty of loyalty") and d) ("Persons related to the Directors") to coordinate the conflict of interest regime with Article 36 of the Company's Articles of Association. In particular:

- It is expressly introduced that the Board of Directors is responsible for setting the "individual" remuneration of the Directors for the performance of executive duties, subject to a report from the Sustainability, Appointments, and Remuneration Committee, in accordance with article 529 octodecies.3 LSC, as amended by Law 5/2021.

- The obligation for the Sustainability, Appointments and, Remuneration Committee to previously report to the Board on the individual determination of the remuneration of the Directors in their capacity as such, in accordance with the provisions of article 529 septdecies.3 LSC, is added.

- With respect to the remuneration policy, the provisions relating to its content, approval, validity and publicity regime are modified, in accordance with article 529 novodecies LSC.

- Section 2 of Article 16 is adapted to the new wording of Article 529 novodecies.7.b) LSC, establishing that, in the event that the Annual Directors' Remuneration Report is rejected by the Shareholders' Meeting, the Company may only continue to apply the policy in force on the date of the Shareholders' Meeting until the next Ordinary Shareholders' Meeting.

- Lastly, the paragraph "except for any remuneration expressly approved by the General Shareholders' Meeting" in the last paragraph of Article 16.2 of the Regulations is eliminated, since, in accordance with the new legal regime, the General Shareholders' Meeting cannot approve remuneration outside the remuneration policy and, therefore, any remuneration outside or different from that provided for in the policy will require an amendment to the policy.

- Amendment of Article 19 bis ("Contracts of Executive Directors")

A technical precision is incorporated, eliminating "if applicable" with regard to the remuneration policy, since it is mandatory for listed companies to have this policy, in accordance with the provisions of article 529 novodecies LSC.

- Amendment of Article 25 ("The Sustainability, Appointments, and Remuneration Committee")

A new section is included within the competencies related to the remuneration of the Board Members and Senior Management, including the functions of the Committee to report to the Board of Directors on (i) the individual determination of the remuneration of each Director in their capacity as such; and (ii) the individual determination of the remuneration of each Director for the performance of the executive duties attributed to him/her; in accordance with the provisions of the new wording of articles 529 septdecies.3 and 529 octodecies.3 LSC, respectively.

- Amendment to Article 26 ("The Audit and Compliance Committee")

The functions of the Committee are completed, on the one hand, in letter c) of section 3, with respect to the power to report to the Board of Directors in advance on the financial information and the directors' report, which shall include the mandatory non-financial information, in accordance with the new article 529 quaterdecies.4.h).1 LSC; and, on the other hand, in letter e), with respect to related-party transactions, in accordance with article 529 quaterdecies.4.g) LSC.

- Amendment to Article 27 ("Relations with Shareholders")

In paragraph 6, a drafting clarification is included, replacing "LSC" with "Corporate Enterprises Act".

- Amendment to Article 28 ("Relations with the markets")

The reference to quarterly financial reporting in section 2 is deleted, since it is no longer mandatory following the suppression by Law 5/2021 of Article 120 of the Securities Market Act, which is no longer in force, without prejudice to the fact that the Company may continue to prepare quarterly reports on a voluntary basis.

Explanatory note on section C.1.16.

Duration in charge and co-option:

Article 10 of the Rules and Regulations of the Organisation and Functioning of the Board of Directors stipulates that Directors may hold office for a period of four years, and may be re-elected for similar periods. Directors appointed by co-option will perform their duties until the date of the first General Meeting, or until the date of the following meeting, if the vacancy arises after the General Meeting has been convened and before it is held.

Re-election of directors:

Article 11 of the Rules and Regulations of the Organisation and Functioning of the Board of Directors stipulates that the Sustainability, Appointments and Remuneration Committee, responsible for evaluating the quality of work and dedication to their offices of the Directors proposed during the previous term of office, shall provide the information required to assess proposals for re-election of non-Independent Directors presented by the Board of Directors to the General Meeting and proposals for the re- election of Independent Directors.

Proposals for re-election shall always be accompanied by a report from the Board justifying the competencies, experience and merits of the candidate. This report shall be attached to the minutes of the General Meeting or of the Board.

As a general rule, appropriate rotation of Independent Directors should be ensured. For this reason, when an Independent Director is proposed for re-election, the circumstances making this Director's continuity in the post advisable must be justified.

Removal:

Directors shall leave their post after the first General Meeting following the end of their term of appointment and in all other cases in accordance with the law, the Articles of Association and these Regulations (Article 12.1 of the Rules and Regulations of the Organisation and Functioning of the Board of Directors).

The Board of Directors shall not propose the removal of Independent Directors before the expiry of their tenure as established on the Articles of Association, except where just cause is found by the Board, based on a report from the Sustainability, Appointments and Remuneration Committee. In particular, it shall be understood that there is just cause when the Director takes on new offices or assumes new obligations that prevent them from devoting the time necessary to perform the duties of the office of Director, breaches the duties inherent to their position or is affected by one of the circumstances that cause them to lose their independent status in accordance with the provisions of applicable legislation (Art. 12.3 of the Rules and Regulations of the Organisation and Functioning of the Board of Directors).

Explanatory note on section C.1.30.

In relation to the financial year 2021:

Enagás' Audit Committee, in accordance with section 4.e) of the Corporate Enterprises Act, has established the appropriate relations with the Accounts Auditor, in order to receive all the information necessary to assess its independence, as well as to evaluate the process of carrying out the audit of the accounts. The External Auditor has not informed Enagás of any issue concerning lack of independence. In turn, 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. The External Auditor did not inform of any issue concerning lack of independence.

Likewise, the Internal Audit Department submitted each and every one of the services provided by the auditor of Enagás, S.A. and its tax consolidation group during the financial year 2021 to the Audit and Compliance Committee, in its different meetings, for its approval:

- On February 22, 2021, the Internal Audit Department submitted the amount of fees to be received for those recurrent services that Ernst & Young will provide to Enagás, S.A. and its tax consolidation group during financial year 2021 to the Audit and Compliance Committee for its approval.

- On April 15, 2021, the Internal Audit Department submitted fees for additional services that had to be undertaken by the External Auditor for the Committee's approval. These were fees which were not known at the beginning of the year, plus certain minor variations arising from an increase in fees due to the advance of the deadline for the provision of a recurring service.

- In all the Committee meetings held in 2021, the Audit Department's activity report included the total fees for services commissioned from the external auditor which were approved during the year, plus a preliminary report on the ratio of non-audit services, to submit it for its approval.

The Auditor also informed the Audit and Compliance Committee at its various sessions in 2021 about independence issues:

- At the meeting of the Audit and Compliance Committee on February 22, 2021, the External Auditor presented its conclusions on the audit of the annual accounts of Enagás, S.A. and its consolidation group at December 31, 2020, and submitted the Letter of Independence to the Audit and Compliance Committee.

- At the meeting of the Audit and Compliance Committee on April 15, 2021, the External Auditor 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, 2020, given its status as a Public Interest Entity and in accordance with applicable auditing standards.

- At the meeting of the Audit and Compliance Committee held on July 26, 2021, the external auditor presented in the limited review report of the Interim Condensed Consolidated Financial Statements of Enagás and its Subsidiaries as of June 30, 2021, its compliance with the independence requirements, identifying no circumstances that could pose a threat.

- At the meeting of the Audit and Compliance Committee held on October 21, 2021, the external auditor, in the presentation of the conclusions of the limited review of the third quarter, expressed compliance with the independence requirements and did not identify any circumstances that could pose a threat.

- At the meeting of the Audit and Compliance Committee on December 20, 2021, the external auditor, in the presentation of the preliminary conclusions on the closing of financial year 2021, expressed how it had complied with ethical and independence regulations, with regulations applicable to the audit of annual accounts in Spain, and with procedures implemented by Ernst & Young, aimed at identifying and assessing any threats that may arise from circumstances related to audited companies, including incompatibility problems and, where appropriate, applying necessary safeguards measures. Finally, in relation to the annual accounts of Enagás, S.A. and its consolidated group, he stated that all audit and non-audit services to be performed are subject to presentation to and pre-approval by the Audit and Compliance Committee.

- On February 14, 2022, the External Auditor sent the Committee a written confirmation of its independence in connection with the audit of the accounts for the financial year 2021, stating that:

"The team in charge of the audit and the Auditing Company, with the extensions that apply to them, have complied with the independence requirements applicable under audit regulations in force in Spain."

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."

Lastly, the Audit and Compliance Committee of Enagás, S.A. and its subsidiaries, pursuant to the provisions of article 529 quaterdecies 4.f) of the Corporate Enterprises Act, issued its report on the independence of the auditor of Enagás S.A. and its subsidiaries during the financial year 2021 on February 14, 2022, prior to issuing the audit report. This report expresses an opinion on the independence of the accounts auditors, and contains a reasoned assessment of the provision of each and every one of the services rendered by the External Auditor, assuring that these do not impair its independence, under prevailing law and regulations for the auditing of accounts.

This report was duly published on the Company's website, in accordance with recommendation 6. A) of the Good Governance Code of Listed Companies.

With regard to the **mechanisms introduced to preserve the independence of financial analysts, investment banks and ratings agencies,** we should mention that Enagás regulates the framework for its relations with shareholders, analysts, investors, proxy advisers and other stakeholders through its Policy on Communication of information, contacts and involvement with shareholders, institutional investors, proxy advisers and other Enagás stakeholders, approved by the Board of Directors. Specifically, this policy, in line with the principles of good governance and corporate values, is developed through general principles of action such as: transparency and truthfulness of the information, continuity, accessibility and immediacy, the implementation of a general communication strategy for financial, non-financial and corporate information, promoting the trust of shareholders, protecting their rights and promoting their participation, equal treatment and non-discrimination and compliance with current legislation and the Enagás Corporate Governance System and the assumption and updating of the good governance recommendations, principles and best practices, etc.

In line with Enagás' Corporate Governance System, the Board of Directors has put in place systems allowing for regular information exchange with shareholders on topics such as investment strategy, assessment of performance figures, the composition of the Board of Directors and management efficiency. Under no circumstances can this information create situations of privilege or attribute special advantages with regard to the other shareholders. In addition, within the scope of its activities the Finance Department provides investment banks with the information they need.

To this end, Enagás has an Investor Relations Area, to permanently deal with enquiries or suggestions from analysts and institutional investors, professionals or qualified persons, rating agencies, bondholders, as well as those from socially responsible investors (SRI), by providing a telephone number and email address for this purpose.

Enagás' shareholders, institutional investors, analysts and other stakeholders can access complete and updated information through the following communication channels: the Investor Relations Department, the Communication and Public Affairs Office, the Shareholder Information Office, Enagás' corporate website (www.enagas.es), social media, General Shareholders' Meeting, and road shows.

As stipulated in article 5 of the Rules and Regulations of the Organisation and Functioning of the Board of Directors of Enagás, the Board shall adopt and execute all acts and measures required to ensure transparency of the company with regard to the financial markets, uphold the proper formation of prices for the company's and its subsidiaries' shares, and perform all functions attending the company's status as a listed company pursuant to current laws and regulations.

Finally, Article 8 of the Regulations of the Audit and Compliance Committee of Enagás, in relation to Corporate Governance, Internal Codes and Regulatory Compliance establishes that this Committee is responsible for supervising compliance with the rules of corporate governance and the Internal Codes of Conduct, ensuring that the corporate culture is in line with its purpose and values and, in particular, with the Internal Code of Conduct on matters relating to the Securities Markets in force at any given time and these Regulations, and for making the necessary proposals for their improvement. In fulfilling this duty, the Audit and Compliance Committee liaises with the Sustainability, Appointments and Remuneration Committee in considering Company Directors' and managers' compliance with the Code.

It also assists with drafting the Annual Corporate Governance Report, especially in areas concerning transparency of information and conflicts of interests.

Explanatory note on section C.1.32.

As disclosed in note 4.6 c) to the Annual Accounts, 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 four consecutive years. The amount of non-audit services rendered by the auditor of accounts (Ernst &Young, S.L.) amounts to 33% of the audit service fees invoiced during 2021 (26% for the Group).

Explanatory note on section C.1.39.

In accordance with Article 529 octodecies of Corporate Enterprises Act, the Board is informed of the main terms and conditions of Director's contracts in the Remuneration Policy and Remuneration Report that is submitted to the Board every year.

Explanatory note on section C.2.1.

Audit and compliance committee

(Continued):

The duties and responsibilities of the Audit and Compliance Committee are:

(i) With regards to the financial statements and other accounting information

a) Overseeing and assessing the preparation and presentation of financial and non-financial information on the Company and the Group, and checking compliance with regulatory requirements, the due definition of the consolidation scope and the correct application of accounting standards and, in particular, knowing, understanding and monitoring the efficiency of the Internal Control over Financial Reporting (ICFR) system.

b) Examining the information on activities and results of the Company which is prepared and published periodically in accordance with the prevailing regulations relating to the securities markets, seeking to ensure transparency and exactness in the information.

c) Reporting to the Board of Directors on recommendations or comments it deems necessary on the application of accounting criteria, internal control systems and any other relevant matter, and in particular, to present recommendations or proposals to the Board of Directors to safeguard the integrity of such financial information.

d) Informing the Board of Directors, prior to their preparation, on the Annual Accounts and the Management Report, which shall include the mandatory non- financial information, as well as on financial and non-financial information which the Company must periodically disclose.

e) Ensure that the Annual Accounts presented by the Board of Directors to the General Shareholders' Meeting are prepared in accordance with accounting regulations. In those cases where the auditor has included any qualification in its audit report, the Chairman of the Committee should clearly explain the opinion of the Audit and Compliance Committee at the General Shareholders' Meeting in terms of its content and scope. A summary of this opinion will be made available to the shareholders at the time of publication of the notice of the meeting, along with other Board proposals and reports.

f) The Board of Directors must properly explain any departure from the Audit and Compliance Committee's prior Report in the Annual Accounts finally authorised for issue.

g) Assessing any proposals made by senior managers regarding changes in accounting practices.

(ii) Competencies relating to legality

a) Reporting to the Board of Directors prior to it approving the creation or acquisition of shares in special purpose vehicles and/or entities resident in jurisdictions considered tax havens, and any other transactions or operations of a similar nature that, by their nature, might impair the transparency of the company or the Group.

b) To report on related-party transactions that must be approved by the General Shareholders' Meeting or the Board of Directors under the terms provided for in Article 14 bis of the Rules and Regulations on the Board of Directors and supervise the internal procedure established by the Company for transactions whose approval has been delegated by the Board.

c) Preparing a report on related-party transactions, for posting on the Company's website, sufficiently in advance of the Ordinary Shareholders' Meeting.

d) Receiving and analysing information on the fiscal criteria applied by the Company during the year, particularly with regard to the degree of compliance with corporate tax policy, prior to the preparation of the Annual Accounts.

(iii) Competencies relating to the Internal Audit unit

a) Seeing to the proper operation of the internal audit as well as ensuring the independence of the unit that performs internal audit functions, which reports functionally to the Chairman of the Committee. It also ensures the smooth running of internal control and information systems submitting recommendations and proposals to the Board of Directors, with related monitoring periods, as it deems appropriate.

The head of the unit responsible for the internal audit function shall submit to the Committee its annual work plan, report directly to it on its implementation, including any incidents and limitations to the scope of its implementation, the results and the follow-up of its recommendations, and submit a report on its activities at the end of each financial year.

b) Ensuring the unit has sufficient resources and suitably qualified personnel for optimum performance of the function.

c) Approving the Internal Audit Plan and related work plans, and proposing the annual budget for this, ensuring that activity focuses mainly on the most significant risks facing the Company (including reputational risks).

d) Supervising the Company's Internal Audit services, receiving regular information on its activities and verifying that senior management takes its conclusions and recommendations into account.

e) Making proposals to the Board of Directors on the selection, appointment and removal of the head of Internal Audit.

f) Assessing annually the functioning of the internal audit unit and the performance of their duties by its head, for which purpose the opinion of the executive management will be sought.

(iv) Competencies relating to the relationship with the external auditor

- With regards to the **appointment, re-election and replacement of the accounts auditor:**

a) Taking responsibility for the selection process, pursuant to applicable legislation, and, for this purpose it shall:

1º. define the procedure for selecting the auditor;

2º. issue a reasoned proposal containing at least two alternatives for the selection of the auditor, except in the case of re-election.

b) Report on the remuneration of the external auditors and other contract conditions.

c) Propose the selection, appointment, re-election or replacement of the external auditors of the Enagás Group to the Board of Directors for presentation at the General Shareholders' meeting.

d) As applicable, ensure that the Company notifies any change of external auditor to the CNMV, accompanied by a statement of any disagreements arising with the outgoing auditor and the reasons for the same.

- With regard to the **independence of the external auditors and absence of causes for prohibition and incompatibility:**

a) Regularly gather information from the external auditor on the auditing plan and its implementation, in addition to preserving their independence in the exercise of their duties.

b) Liaise with the external auditors to obtain information on any issues that could compromise the latter's independence. Specifically, the discrepancies that may arise between the auditor of accounts and Company management for review by the Committee, and any other discrepancies relating to the audit process, as well as the possible safeguard measures to be adopted, discussing the significant weaknesses detected in internal control with the auditor of accounts, and never jeopardising the independence of the audit in order to be able to conclude on the level of confidence and reliability of the system.

c) Receive those other communications provided for in audit legislation and audit standards.

d) Proceed with the authorisation of services other than those prohibited, in accordance with prevailing regulations.

e) Ensure that the Company and the External Auditor adhere to current regulations on the provision of non-audit services, limits on the concentration of the auditor's business and, in general, other requirements concerning auditor independence.

f) Ensure that the fees of the external auditor do not threaten their quality and independence, and are not based on any form of contingency, as well as establish an indicative limit on the fees that the auditor may receive annually for non-audit services.

g) In the event of resignation of the Accounts Auditor, the Committee should investigate the issues giving rise to the resignation.

h) Receive the annual statement from the external auditors on their independence with respect to the Enagás Group (included in the delivery of the supplementary report) or entities directly or indirectly related to it, in addition to detailed and individual information on additional services of any kind rendered to these entities by the external auditor or by persons or entities related to it, in conformity with audit regulations.

i) Issue an annual report, prior to the issue of the audit report, giving an opinion on whether the independence of the auditors is compromised. This report shall include in all cases a reasoned assessment of each additional service rendered, as referred to in the previous section, that could comprise the independence of the Accounts Auditor, considered separately and in their totality, other than statutory audits and how they relate to the requirement of independence or to the audit regulations and shall be published on the website of the Company sufficiently in advance of the date of the Ordinary General Shareholders' Meeting.

j) Establish a maximum term of auditor engagement, ensuring a gradual rotation with the main audit partners.

- With regard to **audit reports:**

a) Review the content of audits, limited review reports of interim financial statements and other required reports of statutory auditors prior to their issue in order to prevent qualifications.

b) Supervise the responses of senior management to its recommendations, mediating and arbitrating in the event of any disagreement with regard to the principles and criteria applicable to the preparation of the financial statements.

c) Foster and ensure that the external auditor who audits the individual and/or consolidated Annual Accounts takes full responsibility for the audit report issued, even when other external auditors audit the annual accounts of affiliates.

d) Report to the General Shareholders' Meeting on the audit results, explaining that this process contributes to the reliability of the financial information, and on the role performed by the Committee in this process.

e) Ensure that the external auditors have a yearly meeting with the Board of Directors in full to inform them of the work undertaken and developments in the Company's risk and accounting positions.

f) Make a final assessment of the external auditors' performance and how they have contributed to the quality of the audit and the integrity of the financial reporting.

(v) Competencies relating to the Company's risk control and management function

a) Overseeing and assessing the effectiveness of the control and management systems for financial and non-financial risks relating to the Company and its Group, including operational, technological, legal, social, environmental, political and reputational risks or corruption and anti-bribery risks, so that any such risks are adequately mitigated within the framework of the Company's internal policy. Submitting recommendations or proposals to the Board of Directors to improve these systems along with the corresponding deadline for dealing with them.

b) In particular, the company shall have a risk control and management unit, supervised by the Audit and Compliance Committee, which shall, among other functions, ensure the proper functioning of the risk control and management systems and, in particular, identify, manage and adequately quantify all material risks affecting the company; actively participate in the development of the risk strategy and major decisions on its management; and ensure that the risk control and management systems adequately mitigate risk under the policy defined by the Board of Directors, and ensure that they are effectively implemented in practice.

c) Assessing the Company's risks and examine the analyses of risks that affect the business, which are set out in the internal risk policies. This periodic information is prepared in accordance with internal rules, including the identification, measurement and establishment of management measures for the key risks affecting the Company.

d) Reporting to the Board of Directors on any risks uncovered, with an assessment thereof, and any key issues concerning risks. In particular, reassessing, at least annually, the list of the most significant financial and non- financial risks and assess their tolerance level, proposing their adjustment to the Board, if necessary.

e) Holding at least one meeting annually with the senior managers of the business units in which they explain business trends and the related risks.

(vi) In relation to Corporate Governance, Internal Codes and Compliance

a) Reporting in advance to the Board of Directors on structural and corporate changes that the Company plans to carry out, their economic conditions and their accounting impact and, in particular, where appropriate, the proposed exchange ratio.

b) Overseeing compliance with corporate governance rules and with the Internal Codes of Conduct, ensuring that the corporate culture is aligned with its purpose and values, and, in particular, with the Internal Code of Conduct in matters relating to the Securities Markets in force at any given time and with these Regulations, and making the necessary proposals to improve them. In fulfilling this duty, the Audit and Compliance Committee liaises with the Sustainability, Appointments and Remuneration Committee in considering Company Directors' and managers' compliance with the Code.

c) Overseeing a mechanism that allows employees and other persons related to the Company, such as directors, shareholders, suppliers, contractors or subcontractors to report potentially significant irregularities, including financial and accounting irregularities, or irregularities of any other nature, concerning the Company and which may come to light within the Company or its Group. These mechanisms must guarantee confidentiality and, invariably, cover situations where cases may be reported anonymously, respecting the rights of the whistleblower and the accused, providing regular information about how the mechanisms function, being able to propose appropriate actions to improve them and reduce the risk of irregularities in the future, always observing prevailing data protection regulations and the basic rights of the parties concerned.

d) Preparing an Annual Activity Report of the Audit and Compliance Committee, which will form part of the corporate governance report, and which will be published on the Company's website sufficiently in advance of the Ordinary General Meeting.

e) Assisting with drafting the Annual Corporate Governance Report, especially in areas concerning information transparency and conflicts of interests.

(vii) Competencies relating to the compliance function

a) Ensuring the independence of the compliance unit.

b) Ensuring that the compliance unit performs its mission and competences with regard to regulatory compliance and the prevention and correction of behaviour that is illegal or fraudulent or otherwise breaches the Enagás Group Code of Ethics.

c) Ensuring that the compliance unit has the human and material resources needed for optimum performance of its functions.

d) Providing information and putting forward proposals to the Board of Directors regarding the selection, appointment, reappointment and dismissal of the head of Compliance.

(viii) In relation to shareholders

a) Providing information on issues within the scope of its duties at the General Meeting.

Sustainability, appointments and remuneration committee

(Continued):

The duties and responsibilities of the Sustainability, Appointments and Remuneration Committee are:

(i) Powers relating to the composition of the Board

a) To evaluate the competencies, knowledge and experience required on the Board of Directors. To this end, it shall determine the functions and capacities required of the candidates to fill each vacancy, and evaluate the precise amount of time and degree of dedication necessary for them to effectively perform their duties, while ensuring that Non-Executive Directors have sufficient time available to properly perform their functions, in accordance with the Board Diversity and Director Selection Policy.

The Committee will draw up and regularly update a matrix with the necessary competences of the Board and which defines the skills and knowledge of the candidates for Directors, in particular executive and independent Directors.

b) Reviewing the structure of the Board of Directors, as well as the criteria that must be reported, the statutory renewal of Directors, the incorporation of new members, guaranteeing that their access to the Board does not affect the Company's status as transmission grid operator, in accordance with the provisions of the applicable regulations on hydrocarbons. Likewise, any other aspect related to its composition that it considers appropriate will be reviewed, making the necessary proposals to the Board of Directors.

c) Establishing a representation objective for the underrepresented gender on the Board of Directors and to draw up guidelines on how to achieve this objective, also proposing to the Board of Directors the policy of diversity of directors, based on the criteria of age, disability, training, professional experience and gender, among others.

d) Reviewing periodically the category of the Directors.

(ii) Powers relating to the selection of Directors and Senior Managers

a) To forward to the Board of Directors proposed appointments of Independent Directors for them to be designated by co-option or subject to the decision of the General Shareholders' Meeting, as well as on proposals for their re- election or removal by the General Shareholders' Meeting.

b) To report proposed appointments of the remaining Directors for them to be designated by co-option or subject to the decision of the General Shareholders' Meeting, as well as on proposals for their re-election or removal by the General Shareholders' Meeting.

c) To report to the Board of Directors concerning proposals for the removal of Directors when situations arise that affect them and which may compromise the good name and reputation of the Company, according to prevailing laws or the internal regulations of the Company.

d) The Committee shall verify on an annual basis compliance with the Board Diversity and Director Selection Policy approved by the Board of Directors.

e) To report on proposals for the appointment and removal of Senior Managers.

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

(iii) Powers relating to the offices of the Board

a) To report on the appointment of the Chairman and Vice Chairman of the Board of Directors.

b) To report on the appointment and dismissal of the Secretary and Vice Secretary of the Board of Directors.

c) To propose the appointment of the Independent Leading Director.

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

(iv) Powers relating to the remuneration of Directors and Senior Managers

a) To propose to the Board of Directors the remuneration policy for Directors and Senior Managers, verifying that this is observed. To this end, the committee will periodically review the remuneration policy for Directors and Senior Management and ensure that their individual remuneration is proportional to that paid to the other Directors and Senior Management of the Company.

b) To propose to the Board of Directors the individual remuneration and other contractual conditions of the Executive Directors, verifying that they are consistent with the remuneration policies in force.

c) To propose to the Board of Directors the basic conditions of the Senior Management contracts, verifying that they are consistent with the remuneration policies in force.

d) To verify information on remuneration of Directors and senior managers contained in the various corporate documents, including the Annual Report on Directors' Remuneration.

(v) Competencies relating to the corporate governance of the Company and corporate social responsibility

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

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

(ii) Assess and periodically review the Company's corporate governance system and the Company's environmental and social policy to ensure that they fulfil their mission of promoting the corporate interest and take into account, as appropriate, the legitimate interests of other stakeholders.

(iii) Oversee the application of the general policy for reporting economic- financial, non-financial and corporate information, reporting to shareholders and investors, proxy advisers and other stakeholders. Oversight of the way in which the Company communicates with and relates to small and medium sized shareholders.

(iv) See to it that the Company's practices in environmental and social matters are aligned with the set strategy and policies.

(v) To oversee and assess the processes of liaising with different stakeholders.

In particular, the Committee shall ensure that sustainability policies in environmental and social matters identify at least:

- Principles, commitments and targets in matters relative to shareholders, employees, customers, suppliers, social welfare issues, the environment, diversity, fiscal responsibility, respect for human rights and the prevention of illegal conducts.
- Methods or systems for monitoring compliance with policies, associated risks and their management.
- Mechanisms for monitoring non-financial risk, including those related to ethics and business conduct.
- Channels for stakeholder engagement, participation and dialogue.
- Responsible communication practices that prevent the manipulation of information and protect the Company's honour and integrity.

b) To report to the Board of Directors on measures to be taken in the event of breach of these Board Regulations or the Internal Code of Conduct on matters relating to the securities markets on the part of Directors or other persons subject to those rules. In performing this duty, the Sustainability, Appointments and Remuneration Committee shall work in coordination with the Audit and Compliance Committee wherever appropriate.

c) To prepare an Annual Report on the activities of the Sustainability, Appointments and Remuneration Committee, which shall be published on the Company's website sufficiently in advance of the Ordinary General Shareholders' Meeting.

d) To ensure that any conflicts of interest do not impair the independence of external advisers to the Committee in connection with the performance of its duties.

(vi) Other competencies

a) To spearhead, where appropriate, together with the Independent Leading Director, the annual evaluation of the performance of the Board and its Committees, and to provide the Board with the results of its assessment together with a proposal for an action plan or with recommendations to correct possible deficiencies detected or to improve performance.

b) To design and organise regular programmes to update Directors' knowledge.

Explanatory note on section D.5.

The criteria used by Enagás for reporting information on significant operations carried out by the Company with other entities in the same group is as follows:

1. Significant operations with other entities in the Group shall be reported provided that they are not eliminated in the consolidation process.

2. Of the operations that are not eliminated in the consolidation process, a report shall be made of those that do not simultaneously meet the following three conditions:

a. Their amount does not exceed 1% of the company's annual revenues.

b. They are part of the company's ordinary traffic, with ordinary traffic understood to mean those activities related to transmission, storage and regasification.

c. They are carried out at prices or rated under normal market conditions.

Explanatory note on section D.6.

(Continued):

In addition, and pursuant to article 14 bis of the Rules and Regulations of the Organisation and Functioning of the Board of Directors the Company must adopt the following measures concerning transactions carried out with related parties:

"…2. The Audit and Compliance Committee shall issue a report prior to the approval of a Related-Party Transaction by the General Shareholders' Meeting or by the Board of Directors. In this report, the Committee must assess whether the transaction is fair and reasonable from the point of view of the Company and, if applicable, of the shareholders other than the related party, and give an account of the assumptions on which the assessment is based and the methods used.

The members of the Audit and Compliance Committee affected by the Related-Party Transaction may not participate in the preparation of the report.

This report shall not be mandatory in connection with the execution of Related-Party Transactions whose approval has been delegated by the Board of Directors in the cases legally permitted and provided for in these Regulations.

3. In those cases in which, in accordance with the provisions of section 3 of this article, the Board of Directors delegates the approval of Related-Party Transactions, the Board of Directors itself shall establish an internal reporting and periodic control procedure to verify the fairness and transparency of these transactions and, if applicable, compliance with the applicable legal criteria.

4. In relation to Related-Party Transactions whose approval corresponds to the General Shareholders' Meeting, the proposed approval resolution adopted by the Board of Directors shall be submitted to the General Shareholders' Meeting with the indication of whether it has been approved by the Board of Directors with or without the vote against of the majority of the Independent Directors.

5. The Board of Directors shall ensure public disclosure of the performance of Related-Party Transactions entered into by the Company or companies of its Group, the amount of which reaches or exceeds either 5% of total assets or 2.5% of the annual amount of the Company's turnover.

To this end, an announcement, with the legally stipulated content, must be published in an easily accessible place on the Company's website and, in turn, it must be communicated to the National Securities Market Commission. The announcement shall be published and notified, at the latest, at the time the Related-Party Transaction is entered into and shall be accompanied by the issued report, if applicable, by the Audit and Compliance Committee.

Likewise, Related-Party Transactions shall be reported in the Annual Corporate Governance Report and in the periodic public information under the terms set forth in the applicable regulations…"

With regard to possible conflicts of interest, all those described as being subject to this Internal Code of Conduct must:

- Notify the Board of Directors, through the Secretary, of any possible conflicts of interest to which they may be subject due to family relationships, their personal assets and liabilities or any other reason. Communications must be made within fifteen (15) days and, in any case, before the decision that may be affected by the potential conflict of interest is taken.
- Keep the information updated, taking into account any modification or cessation of previously reported situations as well as the emergence of new conflicts of interest.
- Refrain from participating in any decision-making process that may be affected by such a conflict of interest with the Company.

The Audit and Compliance Committee is the body responsible for regulating and resolving any conflicts of interest that may arise and, pursuant to Article 26 of the Rules and Regulations of the Organisation and Functioning of the Board of Directors, is assigned the following duties:

3.e.) Reporting on Related-Party Transactions that must be approved by the General Shareholders' Meeting or the Board of Directors under the terms provided for in Article 14 bis of these Regulations and supervise the internal procedure established by the Company for transactions whose approval has been delegated by the Board.

3.s.) Overseeing compliance with corporate governance rules and the company's Internal Codes of Conduct, also ensuring that the corporate culture is aligned with its purpose and values.

Explanatory note on section E.3.

(Continued):

8) Other risks: the company is also 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 (abbreviated as ESG). Regarding climate change risk, further details are included in the Group's management report, chapter 'Climate Action and Energy Efficiency.'

9) Given the dynamic nature of the business and its risks, and despite having a risk control and management system that responds to the best international recommendations and practices, it is not possible to guarantee that some risk is not identified in the risk inventory of the Company.

Appendix II

Annual Activity Report
Audit and Compliance Committee

ANNUAL ACTIVITY REPORT AUDIT AND COMPLIANCE COMMITTEE

14/02/2022

1. Composition, attendance and operation

On December 31, 2021, the composition of the Audit and Compliance Committee was as follows:

CHAIRMAN
Mr. José Montilla Aguilera
Independent
Appointment: 2020

MEMBER	MEMBER	MEMBER	MEMBER	MEMBER
Ms. Isabel Tocino Biscarolasaga **Independent** Appointment: 2014	Mr. José Blanco López **Independent** Appointment: 2020	Ms. Natalia Fabra Portela **Independent** Appointment: 2021	Ms. María Teresa Arcos Sánchez **Independent** Appointment: 2021	Sociedad Estatal de Participaciones Industriales (SEPI), represented by its Vice President Mr. Bartolomé Lora Toro **Proprietary** Appointment: 2008

SECRETARY
Mr. Rafael Piqueras Bautista

During 2021, the following changes have taken place in the composition of the Audit and Compliance Committee, which were approved by the Board of Directors.

- Appointment of the independent Director Mr José Montilla Aguilera as Chairman, replacing Ms Isabel Tocino Biscarolasaga, who stepped down as Chairwoman of the Committee as the maximum period allowed under Spanish law had elapsed.
- Resignation of the Board Members Mr Martí Parellada Sabata, Ms Rosa Rodríguez Díaz and Mr Luis García del Río at the end of their four-year statutory term of office.
- Appointment of Ms Natalia Fabra Portela and Ms María Teresa Arcos Sánchez as independent directors, in order to fill the existing vacancies.

The Board of Directors appointed the new members of the Audit and Compliance Committee taking account of their knowledge, skills and experience in accounting, auditing and financial and non-financial risk management.

All information on the Directors, including their work experience, can be found on the Enagás corporate website.

Attendance

Pursuant to the provisions of the Audit and Compliance Committee Regulations, the Committee held its meetings in accordance with the Annual Calendar of Activities approved by the Committee at the beginning of the year.

During 2021, eight meetings were held: four ordinary, three preparatory and one extraordinary.

These meetings were attended by all members of the Audit and Compliance Committee, except in one case at the meeting held on July 26, when the absence of one of its members was duly justified.

Committee operation

The Committee conducted its activity in 2021 following the best practices of Corporate Governance and the recommendations of both the Good Governance Code of Listed Companies of June 2020, and the Technical Guide 3/2017 on Audit Committees in public interest entities dated June 27, 2017

In accordance with the provisions of the corporate texts, the Audit and Compliance Committee was assisted by the Internal Audit Director, Ms Rosa Sánchez Bravo, in her duties as advisor to the Committee.

In addition, during 2021, at the invitation of the Chairman of the Committee, the Committee requested the presence of certain Company senior managers to discuss matters within their competence in accordance with the agenda Specifically, it was attended by the Chief Executive Officer, Mr Marcelino Oreja Arburúa and the Financial General Manager of Enagás, Mr Borja García-Alarcón Altamirano, as well as by the Sustainability and Risk Director and the Compliance Director.

Likewise, the representatives of the external auditor, Ernst & Young, S.L., attended the ordinary and preparatory meetings of the Committee.

The documentation relative to each meeting, as well as the agenda and the minutes from the previous meeting, were given to Committee members sufficiently in advance.

Ordinarily, after each Audit and Compliance Committee meeting, the Chairman of the Committee reports to the Board of Directors in a meeting held the same day, with regard to the actions taken and matters addressed in each Committee meeting.

2. Audit and Compliance Committee regulation

The Audit and Compliance Committee is governed by the provisions of applicable laws and regulations, the provisions contained in the Articles of Association, the Rules and Regulations for the Organisation and Functioning of the Board of Directors of Enagás, S.A., as well asthe Regulations of the Audit and Compliance Committee, dated on December 20, 2021

These documents are available on the website.

The main functions and tasks performed during 2021 by the Audit and Compliance Committee are summarised in the following basic categories, which are set out in detail in article 8 of the Committee Regulations:

2.1. Annual accounts and other financial and non-financial information

i. Overseeing and assessing the preparation and presentation of financial and non-financial information on the Company and the Group, and checking compliance with regulatory requirements, the due definition of the consolidation scope and the correct application of accounting standards and, in particular, understanding and monitoring the efficiency of the Internal Control over Financial Reporting (ICFR) system.

ii. Examining the information on activities and results of the Company which is prepared and published periodically in accordance with the prevailing regulations relating to the securities markets, seeking to ensure transparency and exactness in the information.

iii. Informing the Board of Directors of any recommendations or comments that it deems necessary on the application of accounting criteria, internal control systems, submitting recommendations or proposals to the Board of Directors aimed at safeguarding the integrity of the financial and non-financial information.

iv. Reporting to the Board, prior to their formulation, on the annual accounts and the management report, which shall include the mandatory non- financial information, as well as any economic- financial and non-financial information that must be made public periodically.

v. Certifying that the Annual Accounts presented by the Board of Directors to the General Shareholders' Meeting are prepared in accordance with accounting regulations.

vi. Assessing any proposals made by senior managers regarding changes in accounting practices.

2.2. External auditor

With regard to their independence:

i. Regularly gather information on the auditing plan and its implementation, in addition to preserving their independence in the exercise of their duties.

ii. Establishing appropriate relations with the external auditor to receive information on any matters that may threaten its independence, in particular any discrepancies that may arise between the accounts auditor and Company management, for consideration by the Committee, and any others related to the process of implementation of the accounts audit, as well as any possible safeguards to be adopted.

iii. Proceeding with the authorisation of services other than those prohibited, in accordance with prevailing regulations.

iv. Ensuring that the Company and the external auditor adhere to current regulations on the provision of non-audit services, limits on the concentration of the auditor's business and, in general, other requirements concerning auditor independence.

v. Ensuring that the fees of the external auditor do not threaten their quality and independence, and are not based on any form of contingency, and establish an indicative limit on the fees that the auditor may receive annually for non-audit services.

vi. Receiving the annual statement from the external auditor on their independence with respect to the Enagás Group or entities directly or indirectly related to it, in addition to detailed and individual information on additional services of any kind rendered to these entities, and the corresponding fees received, by the external auditor or by persons or entities related to it. All of this is in accordance with the provisions of the regulations governing the accounts auditing activity.

vii. Issuing an annual report, prior to the issue of the audit report, giving an opinion on whether the independence of the auditors is compromised.

This report contains a reasoned assessment of the provision of each and every one of the services rendered by the auditor, 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.

This report will be published on the Company's website sufficiently in advance of the Ordinary General Meeting of the Company.

viii. Establishing a maximum duration for the audit task, guaranteeing a gradual rotation of the signing partner in accordance with the Audit Act.

In relation to the accounts audit process and other limited reviews of interim financial statements:

i. Reviewing the contents of audit reports, reports on limited review of interim financial statements and other statutory reports required of the auditors of accounts prior to their issuance, in order to prevent qualifications.

ii. Supervising the responses of senior management to its recommendations, and mediating and arbitrating in the event of any disagreement with regard to the principles and criteria applicable to the preparation of the financial statements.

iii. Fostering and ensuring that the external auditor who audits the individual and/or consolidated annual accounts takes full responsibility for the audit report issued, even when the annual accounts of affiliates are audited by other external auditors.

iv. Reporting to the General Shareholders' Meeting on the audit results, explaining that this process contributes to the reliability of the financial information, and on the role performed by the Committee in this process.

v. Ensuring that the external auditor has a yearly meeting with the Board of Directors to inform them of the work undertaken and developments in the Company's risk and accounting positions.

vi. Conducting an annual assessment of the auditor's performance and how it has contributed to the quality of the audit and the integrity of the financial reporting.

2.3. Internal audit

i. Overseeing the proper operation of internal audit and ensuring the independence of the Company's internal audit function, ensuring the provision of sufficient resources and suitably qualified personnel for the optimum performance of its duties.

ii. Approving the Internal Audit Plan, their related work plans and the annual budget for this, ensuring that the activity focuses mainly on the most significant risks facing the Group, including reputational risks.

iii. Supervising the internal audit services, receiving regular information on their activities and verifying that senior management takes their conclusions and recommendations into consideration.

iv. Annually assess the internal audit function and the performance of its functions by its manager, for which purpose it shall seek the opinion of executive management.

2.4. Risk control and management

i. Overseeing and assessing the effectiveness of the control and management systems for financial and non-financial risks relating to the Company and its Group, including operational, technological, legal, social, environmental, political and reputational risks or corruption and anti-bribery risks, so that any such risks are adequately mitigated within the framework of the Company's internal policy.

Submitting recommendations or proposals to the Board of Directors to improve these systems along with the corresponding deadline for dealing with them.

ii. Supervising the Risk Control and Management Unit, whose functions will include ensuring the proper functioning of the risk control and management systems.

Participating actively in the preparation of risk strategies and in key decisions about their management.

iii. Evaluating the Company's risks and examining the analyses of risks that affect the activities of the Company.

iv. Reporting to the Board of Directors on the risks detected and the assessment thereof, as well as any other relevant risk-related matters, reassessing the most significant financial and non-financial risks at least once a year.

2.5. Competencies relating to legality

i. Reporting to the Board of Directors prior to it approving the creation or acquisition of shares in special purpose vehicles or entities resident in tax havens.

ii. Reporting on related-party transactions that must be approved by the General Shareholders' Meeting or the Board of Directors in accordance with Article 14 bis of the Board's Regulations and supervise the internal procedure established by the Company for transactions whose approval has been delegated by the Board.

iii. Preparing a report on related-party transactions, for posting on the Company's website, sufficiently in advance of the Ordinary Shareholders' Meeting.

iv. Receiving and analysing information on the tax- related criteria applied by the Company during the year, particularly with regard to the degree of compliance with the corporate tax policy, prior to the preparation of the Annual Accounts.

2.6. Corporate governance, internal codes and compliance

i. Reporting in advance to the Board of Directors on operations involving structural and corporate modifications planned by the Company.

ii. Supervising compliance with the rules of corporate governance and the Internal Codes of Conduct, ensuring that the corporate culture is aligned with its purpose and values and, in particular, with the Internal Code of Conduct on matters relating to the securities markets, acting in coordination with the Sustainability, Appointments and Remuneration Committee.

iii. Overseeing a mechanism that allows employees and other persons related to the Company to report potentially significant irregularities, including financial and accounting irregularities, or irregularities of any other nature, concerning the Company and which may come to light within the Company or its Group. Such mechanisms must guarantee confidentiality of the parties concerned.

iv. Preparing this Annual Activity Report of the Audit and Compliance Committee that will form a part of the Annual Corporate Governance Report.

v. Assisting with drafting the Annual Corporate Governance Report, especially in areas concerning information transparency and conflicts of interest.

2.7. Compliance

i. Ensuring the independence of the compliance function.

ii. Ensuring that the compliance function performs its mission and competences with regard to regulatory compliance and the prevention and correction of behaviour that is illegal or fraudulent or otherwise breaches the Enagás Code of Ethics.

iii. Ensuring that the compliance function is provided with the necessary staff and material resources needed for the optimum performance of its duties.

2.8. Shareholders

i. Providing information on issues within the scope of its duties at the General Meeting.

3. Activities of the Audit and Compliance Committee in 2021

During 2021, the Audit and Compliance Committee effectively executed its schedule of actions, in accordance with the recommendations of the Technical Guide and the Good Governance Code of Listed Companies

The most relevant activities conducted by the Audit and Compliance Committee in 2021 are summarised below.

With regard to financial and non-financial information

Information to the Board of directors on Enagás' annual accounts for financial year 2020

In its meeting held on February 22, 2021, the Committee analysed and debated the 2020 annual accounts, reporting favourably on them to the Board of Directors, which proceeded to prepare the annual accounts for the year ending December 31, 2020 under the terms set out by the Committee.

The Committee also verified that the Non-Financial Information Statement, which is included in the Management Report of the Consolidated Annual Accounts, included all the reporting required by Law 11/2018, of December 28 on non-financial information and diversity, reporting in this regard to the Board of Directors.

Finally, the consolidated accounts for 2020, together with the Management Report, were approved by the General Shareholders' Meeting on May 27, 2021.

Supervision of the 2021 interim financial statements

Throughout 2021, in accordance with the recommendations on good governance, the Committee has reviewed the interim financial statements on the occasion of the quarterly and half- yearly closing, based on the reports provided by the Financial General Manager and the external auditor.

The Committee views this activity to be of vital importance in maintaining strict control of the Company's accounts and thus to facilitate the issuance of an unqualified audit report at year-end.

As a result of its work, the Committee presented at its meetings in April and October 2021 reports to the Board of Directors regarding the interim economic and financial information of Enagás and the economic and financial information for the first half of 2021.

Internal Control over Financial Reporting System ("ICFR")

During 2021, the Committee monitored, through the information provided by the external auditor, internal auditor and the Finance Department, the effectiveness of the Internal Control over Financial Reporting System (ICFR).

Specifically, on February 22, 2021, the external auditor issued a favourable report to the Committee on the ICFR Certification as of December 31, 2020, not detecting any significant weaknesses.

During 2021, the Finance Department and the Internal Audit Department reported on the implementation of minor improvement recommendations detected in the 2020 ICFR certification.

On February 14, 2022, the auditor reported to the Audit and Compliance Committee that, in its opinion, the Group had an effective ICFR system in place in 2021.

The Committee subsequently informed the Board of Directors of this certification, and of the non-existence of relevant recommendations.

Internal Control over Non-financial Reporting System ("ICNFR")

On February 22, 2021, the external auditor informed the Committee of the issuance of a Report on Agreed Procedures on the Internal Control of Non-Financial Reporting ("ICNFR") System, not having detected any material event.

Likewise, and in relation to 2021, the auditor has reported an agreed-upon procedures report on the ICNFR, not having detected the existence of relevant recommendations.

Formulation and approval of the Enagás annual accounts for 2021

With regard to the approval of the 2021 individual and consolidated annual accounts, the accounts auditor gave a favourable report to the Audit and Compliance Committee on February 14, 2022, leading to their subsequent preparation by the Board of Directors.

On February 14, 2022, the Committee reported favourably to the Board on the consolidated Non-Financial Information Statement, which was included in the Enagás Group's Management Report for 2021.

The consolidated accounts for 2021, together with the management report, will be submitted for approval at the General Shareholders' Meeting, which is expected to be held in the coming months.

Finally, the Committee verified that the published financial and non-financial information for 2021 was in line with the approved information.

Other financial information

During 2021, the Committee assessed and monitored other financial information such as the follow-up of the 2021 budget, the progress of the financial statements, the progress of the 2022 budget and certain reports related to key audit issues.

With regard to the external auditor

Audit process

In accordance with the established agenda, the external auditor participated in the four ordinary meetings held by the Committee, and in the preparatory meetings held in 2021 to prepare for the end of the accounting period. This has allowed the Committee to adequately perform its duty to serve as a communication channel between the Board of Directors and the external auditor.

In addition, the external auditor reported to the Board of Directors in its meetings on two occasions: February 22, 2021 and July 26, 2021.

At the meetings held by the Committee in 2021, the external auditor provided detailed information on the planning and progress of their work.

On May 27, 2021, the former Chairwoman of the Committee informed the General Shareholders' Meeting of the favourable outcome of the audit of the 2020 annual accounts, explaining how this had contributed to ensure the integrity of the financial information, as well as the functions that the Committee has performed during this process.

Analysis of the independence of the accounts auditor by the audit and compliance committee

During the meetings held in 2021, the Committee:

a) Reviewed and approved all the services rendered by the external auditor, to check that they complied with the requirements established in the Regulations of the Audit and Compliance Committee, the Audit Act 22/2015, the European Regulation 537/2014, and in the procedure for the contracting and relations with the external auditor.

b) Verified the relationship between the fees received by the auditor during the fiscal year for non-audit services and that those related to audit services do not exceed 70% of the average fees paid for audit services in the last three years.

At December 31, 2021, the percentage of non-audit services out of the amount of audit fees was 33% for the Enagás consolidated group (26% including services rendered by other group auditors).

Likewise, the external auditor EY informed the Committee that it had not detected any circumstance that could constitute grounds for incompatibility in terms of independence in accordance with the provisions of the Audit Act 22/2015 and European Regulation 537/2014.

At the meeting held on February 22, 2021, the external auditor delivered to the Audit and Compliance Committee their Accounts Auditor Independence Statement certifying fulfilment of the independence requisites set out in the applicable laws.

On February 14, 2022, the Audit and Compliance Committee issued the Accounts Auditor Independence Report in which a favourable opinion was expressed as to the independence of the external auditor. This report is available on the website.

External auditor performance assessment

In February 2022, the Committee carried out an assessment of the external auditor's performance during financial year 2021 and of its contribution to the integrity of the financial and non-financial information, considering, among other matters, its performance before the Committee, as well as the opinion gathered from the different areas.

With regard to the internal auditor

The Committee supervised the Company's Internal Audit services, ensuring their independence and effectiveness throughout 2021.

At its meeting on February 22, 2021, the Committee evaluated and approved the Internal Annual Audit Plan and Budget for 2021, verifying how the plan covered the Company's most relevant risks and ensuring that the function had sufficient and adequate resources to carry out its duties and to execute that plan.

Likewise, in this session, the Internal Audit Department presented the Annual Activity Report of internal audit carried out during 2020.

At all meetings held during 2021, the Committee received regular information on the internal audit activity, allowing it to have exhaustive control over the recommendations identified in its Audit Reports and verifying the degree of progress of the Annual Plan and the degree of implementation of its recommendations by the areas.

In 2021, the Committee worked with a quarterly internal audit plan, proposing and approving the addition of new work to the Plan. This ensured that the existing control framework was adequately covered at all times in relation to emerging and key risks, thereby maximising the contribution of Internal Audit to the achievement of the objectives and Strategic Plan.

The Committee also continued to follow the specific work of Internal Audit in relation to the COVID-19 pandemic, such as the review of all initiatives undertaken by the Company to mitigate the impact of the pandemic.

The Committee informed the Board of Directors after each Audit and Compliance Committee meeting.

In December 2021, the Committee approved an update of the General Internal Audit Regulations, the Internal Audit Function Manual and the Internal Audit Code of Ethics, in order to adapt these regulations to the new tools and activities implemented as part of the function's digital transformation project.

Lastly, it carried out an assessment of the performance of the duties and responsibilities assumed by both the Internal Audit Director and the internal audit function as a whole. The evaluation questionnaire assesses aspects such as the strategic positioning of the function, good governance and auditor independence, as well as performance in the execution of its duties through the year, in its dual role as internal auditor and trusted advisor to the Committee.

With regard to risk control and management

The Audit and Compliance Committee monitored the effectiveness of the risk control and management systems.

The Sustainability and Risk Director informed the Committee about the status of the Company's risk control and management, as well as the level of compliance with the defined risk limits at its four ordinary meetings, as well as at the preparatory meetings.

The Audit and Compliance Committee has monitored the reports submitted by the Sustainability and Risk Department, taking into account emerging risks, as well as different stressed scenarios of probability of occurrence and impact, and no relevant impacts have been detected at any time.

These analyses were updated at least quarterly during 2021.

In addition, the Chief Executive Officer together with the Sustainability and Risk Director have reported at quarterly meetings on the risks associated with each of the possible relevant transactions occurring during 2021.

The Chairman of the Committee reported to the Board of Directors on all these matters after each Committee meeting.

With regard to the competences relating to legality

Related-party transactions

On February 22, 2021, the Audit and Compliance Committee issued a report on related-party transactions, which was made available to shareholders at the time of the call to the General Shareholders' Meeting held on May 27, 2021.

On February 14, 2022, the Committee was informed of the related- party transactions carried out in 2021, in accordance with the provisions of the Protocol on Related Party Transactions and the new regulation established in the revised text of the Corporate Enterprises Act in relation to this matter.

On the same date, the Annual Report on related party transactions was issued and made available to the shareholders at the time of convening the General Shareholders' Meeting.

Finally, it should be noted that during 2021 no related-party transactions were carried out that required the approval of the Board of Directors.

Fiscal transparency report

In 2017, the Board of Directors approved Enagás' accession to the Code of Good Tax Practises (CBPT) adopted in the Forum for Large Companies, in which the State Tax Administration Agency (AEAT) participates, as Enagás acted in compliance with this Code in 2021.

In accordance with the recommendations of the CBPT, on October 21, 2021, the Committee was informed by the Financial General Manager of the policies applied in 2020, as well as compliance with the tax strategy. This Annual Tax Transparency Report describes in particular: the company's tax strategy, main business areas, corporate structure, dividend policy, the group's financial position and other matters of particular tax importance that arose during the year.

This report was approved by the Board on October 21 and presented to the AEAT on October 29, 2021.

With regard to corporate governance and communications with the regulator

Annual Corporate Governance Report

The Committee reported favourably to the Board of Directors on the Annual Corporate Governance Report (ACGR) for 2020, dated February 22, 2021, and on the ACGR for 2021, dated February 14, 2022.

With regard to compliance

On February 22, 2021, the Committee approved the Compliance Department's budget for 2021 and evaluated the Compliance Report for 2020.

At the February meeting, the Committee was also informed of the actions of the Ethics Committee, details of complaints received through the ethics channel, as well as the monitoring of initiatives included in the Sustainable, Ethical and Compliance Management Plan for 2021.

At the February meeting, the Committee also approved a proposal to update the Code of Conduct of the Technical Manager of the System, the Model for the Defence of Competition and the update of the Enagás Mexico Crime Prevention Model, documents that were finally approved by the Board.

In accordance with article 20.2 of the Internal Code of Conduct, the Secretary of the Board of Directors informed the Audit and Compliance Committee of the degree of compliance and incidents relating to the application of the Internal Code of Conduct (RIC) in matters of the securities market.

The Committee was informed about the Activity Report on a quarterly basis by the Director of Compliance.

With regard to the activity of the audit and compliance committee

On February 22, 2021, the Committee approved the Annual Activity Report of the Committee for 2020, and reported to the Board on the same date.

Communication between the Audit and Compliance Committee, the external auditor, the internal auditor and the other areas has been continuous and fluid. During 2021, the former Chairwoman and the current Chairman have held various working sessions in advance of the Committee meetings to enhance their knowledge of matters within the Committee's remit.

Also on December 20, 2021, the Board of Directors approved the updating of the regulations governing the activities of the Audit and Compliance Committee to bring it into line with the amendments to Article 529 quaterdecies 4.g) of the Corporate Enterprises Act, as amended by Act 5/2021, on related party transactions.

4. Performance assessment of the Audit and Compliance Committee

Pursuant to the provisions of the Regulations of the Audit and Compliance Committee, the Board of Directors and the Audit and Compliance Committee underwent a quality and efficiency assessment of the performance of their functions and competencies during 2021, by an external consultant, using the applicable regulations and best practices in corporate governance as the evaluation reference framework

The result of this assessment highlighted the fact that the Audit and Compliance Committee performs its duties in accordance with the best corporate governance practices.

The results of this assessment were approved by the Board of Directors on February 14, 2022.

5. Progress made in 2021and priorities for 2022

The Audit and Compliance Committee has made progress in its performance during financial year 2021, in accordance with best practices

During financial year 2021, the Committee held informative sessions on the following matters:

- New mercantile regime for related party transactions in accordance with the revised text of the Corporate Enterprises Act.
- Law 7/2021, of May 20, on climate change and energy transition.

The Committee has made progress during 2021, implementing certain improvements:

- Significant increase in the duration of meetings.
- Inclusion in the annual activity calendar of slots for the intervention of the different areas.

During 2021, a training session was held to welcome the incoming Board Members, in which the following subjects were addressed:

- Main duties and responsibilities of the Audit and Compliance Committee.
- Financial highlights.
- Other more business-focused topics such as those related to the Technical Management of the System and the transmission, regasification and storage activities.

During 2022, work will continue in a cross-cutting and coordinated manner, with the objectives of digital transformation, strengthening internal control in relation to cybersecurity risks and sustainability.

6. Conclusions

As reflected in this report, during the course of financial year 2021, the Audit and Compliance Committee addressed the analysis and assessment of the main issues and aspects within its remit, in accordance with the best practices of Corporate Governance and the recommendations of both the Good Governance Code of Listed Companies, revised in June 2020, and the Technical Guide 3/2017 on Audit Committees of public interest entities, dated June 27, 2017, reporting on the most relevant issues to the Board of Directors of the Company.

This report was drawn up by the Audit and Compliance Committee on February 14, 2022 and approved by the Board of Directors on the same day.

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

Appendix III

Audit opinion on Internal Control over Financial Reporting ("ICFR"), 2021

Independent Assurance Report on the "Information Regarding Internal Control over Financial Reporting (ICFR) System"

ENAGÁS, S.A.

2021

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C/ Raimundo Fernández Villaverde, 65
28003 Madrid

Tel.: 902 365 456
Fax.: 915 727 300
ey.com

INDEPENDENT ASSURANCE REPORT ON THE "INFORMATION REGARDING THE INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR) SYSTEM"

Translation of a report and financial statements originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails

To the shareholders of ENAGÁS S.A.:

Scope of the work

We have examined the accompanying information on the Internal Control over Financial Reporting (ICFR) system of ENAGÁS S.A. and subsidiaries (the "Group") contained in Section F of the Annual Corporate Governance Report for the year ended December 31, 2021.

Criteria applied by ENAGÁS, S.A.

The aforementioned system is based on the rules and policies defined by the Boards of Directors of ENAGÁS, S.A., in accordance with the guidelines established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in its Internal Control-Integrated Framework (2013) report.

A system of internal control over financial reporting is a process designed to provide reasonable assurance on the reliability of financial information in accordance with the accounting principles and standards applicable to it. A system of internal control over financial reporting includes policies and procedures that: (i) enable the records reflecting the transactions performed to be kept accurately and with a reasonable level of detail, (ii) guarantee that these transactions are performed only in accordance with the authorizations established; (iii) provide reasonable assurance that transactions are recognized appropriately to enable the preparation of the financial information in accordance with the accounting principles and standards applicable to it; and (iv) provide reasonable assurance in relation to the prevention or timely detection of unauthorized acquisition, use or sale of the company's assets that could have a material effect on the financial information. In view of the limitations inherent to any system of internal control over financial reporting, certain errors, irregularities, or fraud might not be detected. Also, the projection to future periods of an evaluation of internal control is subject to risks, including the risk that internal control may be rendered inadequate as a result of future changes in the applicable conditions or that there may be a reduction in the future of the degree of compliance with the policies or procedures established.

Directors' Responsibility

The Directors of ENAGÁS, S.A. are responsible for maintaining the System of Internal Control over Financial Reporting included in the consolidated financial statements and for evaluating its effectiveness.

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Our responsibility

Our responsibility is to issue an independent assurance report on the effectiveness of the System of Internal Control over Financial Reporting (ICFR) based on the work performed by us and on the evidence we have obtained.

We conducted our engagement in accordance with International Financial Reporting Standards as adopted by the European Union and the other provisions of the regulatory financial reporting framework applicable to the Group. We have carried out our reasonable assurance work in accordance with the requirements established by the International Standard on Assurance Engagements (ISAE) 3000 revised, "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) as agreed with ENAGÁS, S.A. on September 30, 2021. Those standards require that we plan and perform our engagement to obtain reasonable assurance about whether, in all material respects, the financial information contained in the ENAGÁS' Group consolidated financial statements is presented in accordance with International Financial Reporting Standards as adopted by the European Union and the other provisions of the regulatory financial reporting framework applicable to the Group, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Independence and quality control

We have complied with the independence and other Code of Ethics requirements for accounting professionals issued by the International Ethics Standards Board for Accountants (IESBA), which are based on the fundamental principles of integrity, objectivity, professional competence, due care, confidentiality and professional behaviour.

Our Firm applies the International Standard on Quality Control No 1 (ISQC 1) and therefore maintains a global system of quality control, which includes documented policies and procedures in relation to compliance with ethical requirements, professional standards and applicable legislation.

Reasonable assurance work includes comprehension of internal control over financial information contained in the financial statements; risk evaluation regarding possible material errors within them; tests and evaluations on design and daily effectiveness of the system and the use of any other procedures we considered necessary.

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Conclusion

In our opinion, at December 31, 2021, the Group had, in all material respects, an effective System of Internal Control over Financial Reporting contained in its consolidated financial statements, and this internal control system is based on the rules and policies defined by the Board of Directors of ENAGÁS, S.A. in accordance with the guidelines established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in its Internal Control-Integrated Framework (2013) report. Also, the disclosures contained in section F of the Annual Corporate Governance Report at December 31, 2021 comply, in all material respects, with the requirements established in article 540 of the Corporate Enterprises Act, ECC order /461/2013 of March 20, Circular 3/2021, of September 28, which amends Circular 1/2020, of October 6, which amends Circular 7/2015, of December 22, Circular 5/2013, of June 12, and Circular 2/2018 of June 12 of the Spanish National Securities Market Commission (CNMV).

This report can under no circumstances be considered an audit report carried out in accordance with prevailing audit regulations in Spain.

Nevertheless, in accordance with prevailing audit regulations in Spain, we have audited the consolidated financial statements of Enagás, S.A. and subsidiaries for the year ended December 31, 2021, prepared by the directors in accordance with the International Financial Reporting Standards as adopted by the European Union, and other financial reporting framework provisions applicable to the Enagás Group in Spain and our report issued on February 16, 2022 on the consolidated financial statements expressed an unqualified opinion.

ERNST & YOUNG, S.L.

José Agustín Rico Horcajo

February 16, 2022

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Appendix IV

Audit opinion on the Annual Corporate Governance Report, 2021

Independent Assurance Report on the "Information Regarding the Annual Corporate Governance Report"

ENAGÁS, S.A.

2021

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Ernst & Young, S.L.
C/ Raimundo Fernández Villaverde, 65
28003 Madrid

Tel.: 902 365 456
Fax.: 915 727 300
ey.com

INDEPENDENT ASSURANCE REPORT ON THE "INFORMATION REGARDING THE ANNUAL CORPORATE GOVERNANCE REPORT"

Translation of a report and consolidated financial statements originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails

To the shareholders of ENAGÁS, S.A.:

Scope of the work

We have been engaged by ENAGÁS, S.A. to perform a reasonable assurance engagement, here after referred to as the engagement, to report on ENAGÁS' Annual Corporate Governance Report contained in ENAGÁS' Management Report as of December 31, 2021.

Criteria applied by ENAGÁS, S.A.

In preparing the Annual Corporate Governance Report, ENAGÁS applied the article 540 of the Corporate Enterprises Act, ECC order /461/2013 of March 20, Circular 3/2021, of September 28, which amends Circular 1/2020, of October 6, which amends Circular 7/2015, of December 22, Circular 5/2013, of June 12, and Circular 2/2018 of June 12 of the Spanish National Securities Market Commission (CNMV).

Responsibility of the Board of Directors

The directors of ENAGÁS, S.A. are responsible for the preparation, content, and presentation of the accompanying Annual Corporate Governance Report. This responsibility includes designing, implementing, and maintaining the internal control deemed necessary to ensure that the Annual Corporate Governance Report is free of material misstatement due to fraud or error.

Our responsibility

Our responsibility is to issue an independent reasonable assurance report on the Annual Corporate Governance Report based on the work performed by us and in the evidence we have obtained.

We have carried out our reasonable assurance work in accordance with the requirements established by the International Standard on Assurance Engagements (ISAE) 3000 revised, "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) as agreed with ENAGAS' Group on September 30, 2021.

Reasonable assurance work includes comprehension of the Annual Corporate Governance Report contained in the financial statements; risk evaluation regarding possible material errors within it; tests and evaluations on design and the use of any other procedures we considered necessary. We believe that the evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Domicilio Social: C/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, Madrid 9 de Marzo de 1.989. A member firm of Ernst & Young Global Limited.

For those recommendations of the Unified Good Corporate Governance Code that have not been implemented by the Company, the Directors of ENAGÁS, S.A. offer the explanations that they consider appropriate. In relation to said explanations, we have verified that the assertions contained in the Annual Corporate Governance Report do not contradict the evidence obtained from the application of the procedures described above.

Also, as regards the system of Internal Control over Financial Reporting (ICFR) (see section F of the accompanying Annual Corporate Governance Report), we verified the existence of the corresponding report issued by the Company's auditor. That report stated that the work was performed in accordance with the requirements established in International Standard on Assurance Engagements (ISAE) 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) for the issuance of reasonable assurance reports.

Independence and quality control

We have complied with the independence and other Code of Ethics requirements for accounting professionals issued by the International Ethics Standards Board for Accountants (IESBA), which are based on the fundamental principles of integrity, objectivity, professional competence, due care, confidentiality, and professional behaviour.

Our Firm applies the International Standard on Quality Control No 1 (ISQC 1) and therefore maintains a global system of quality control, which includes documented policies and procedures in relation to compliance with ethical requirements, professional standards and applicable legislation.

Conclusion

In our opinion, the content of the accompanying Annual Corporate Governance Report for the year ended December 31, 2021 of ENAGÁS, S.A. has been prepared, in all material respects, with the requirements established in article 540 of the Corporate Enterprises Act, ECC order /461/2013 of March 20, Circular 3/2021, of September 28, which amends Circular 1/2020, of October 6, which amends Circular 7/2015, of December 22, Circular 5/2013, of June 12, and Circular 2/2018 of June 12 of the Spanish National Securities Market Commission (CNMV).

This report can under no circumstances be considered an audit report carried out in accordance with prevailing audit regulations in Spain.

ERNST & YOUNG, S.L.

José Agustín Rico Horcajo

February 16, 2022


2021
CONSOLIDATED
ANNUAL ACCOUNTS
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Translation of Consolidated Financial Statements originally issued in Spanish and prepared in accordance with International Financial Reporting Standards as adopted by the EU, in conformity with Regulation (EC) No. 1606/2002. In the event of a discrepancy, the Spanish-language version prevails.

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, 2021

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Ernst & Young, S.L.
C/ Raimundo Fernández Villaverde, 65
28003 Madrid

Tel.: 902 365 456
Fax.: 915 727 300
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, 2021, 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, 2021 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, 2021 of 433.6 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. Hearings have been scheduled for September 2022 and it is expected that ICSID will render its final decision by mid 2023.

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 new 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 new 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, 2021 amounts to 2,789.7 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 investee company by analyzing historical financial information, current market 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 2021 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.

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 2021 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.

- 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 2021 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 2021 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). In this regard, the Annual Directors' Remuneration Report has been incorporated by reference into the consolidated management report.

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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 16, 2022.

Term of engagement

The ordinary general shareholders' meeting held on March 29, 2019 appointed us as auditors for three years, commencing on December 31, 2019.

Previously, we were appointed as auditors by the shareholders for 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)

Jose Agustín Rico Horajo
(Registered in the Official Register of Auditors under No. 21920)

February 16, 2022

Enagás, S.A. and Subsidiaries

Consolidated balance sheet at December 31, 2021

(In thousands of euros)

Assets	Notes	12.31.2021	12.31.2020
NON-CURRENT ASSETS		7,957,452	7,786,325
Intangible assets	2.5	86,624	74,591
Goodwill		23,203	23,203
Other intangible assets		63,421	51,388
Investment properties	4.1	18,660	19,020
Property, plant, and equipment	2.4	4,428,552	4,430,411
Investments accounted for using the equity method	1.6	2,789,684	2,658,396
Other non-current financial assets	3.3.a	632,621	602,541
Deferred tax assets	4.2.f	1,311	1,366
CURRENT ASSETS		1,916,266	1,222,598
Non-current assets held for sale	2.6	29,669	1,767
Inventories	4.8	26,359	21,368
Trade and other receivables	2.2	382,709	299,073
Current tax assets	4.2.a	12,357	23,492
Other current financial assets	3.3.a	13,466	7,475
Short-term accruals		7,555	5,768
Cash and cash equivalents	3.8.a	1,444,151	863,655
TOTAL ASSETS		**9,873,718**	**9,008,923**

Equity and Liabilities	Notes	12.31.2021	12.31.2020
EQUITY		3,101,650	3,006,984
SHAREHOLDERS' EQUITY		3,158,421	3,192,745
Subscribed capital	3.1.a	392,985	392,985
Issue premium	3.1.b	465,116	465,116
Reserves	3.1.d	2,080,241	2,074,424
Treasury shares	3.1.c	(12,464)	(12,464)
Profit /(loss) for the year		403,826	444,002
Interim dividend	1.8.a	(177,812)	(175,720)
Other equity instruments	4.4	6,529	4,402
ADJUSTMENTS FOR CHANGES IN VALUE	3.1.e	(72,991)	(202,720)
MINORITY INTERESTS (EXTERNAL PARTNERS)	3.2	16,220	16,959
NON-CURRENT LIABILITIES		5,299,828	5,416,657
Non-current provisions	2.9.a	292,356	253,891
Financial debt and non-current derivatives	3.3.b	4,808,928	4,961,960
Deferred tax liabilities	4.2.f	160,317	160,935
Other non-current liabilities	2.8	38,227	39,871
CURRENT LIABILITIES		1,472,240	585,282
Current provisions	2.9.a	717	2,232
Financial debt and current derivatives	3.3.b	1,056,128	289,104
Trade and other payables	2.3	412,790	291,772
Current tax liabilities	4.2.a	2,605	2,174
TOTAL EQUITY AND LIABILITIES		**9,873,718**	**9,008,923**

The accompanying Notes 1 to 5 constitute an integral part of the Consolidated Balance Sheet at December 31, 2021.

Consolidated income statement at December 31, 2021

(In thousands of euros)

	Notes	12.31.2021	12.31.2020
Revenue	2.1.a	975,686	1,053,604
Income from regulated activities		967,607	1,016,275
Income from non-regulated activities		8,079	37,329
Other operating income	2.1.a	15,487	30,447
Personnel expenses	2.1.b	(129,747)	(126,712)
Other operating expenses	2.1.c	(183,672)	(189,218)
Amortisation allowances	2.4 and 2.5	(262,837)	(269,727)
Impairment losses on disposal of fixed assets	2.4, 2.5 and 4.1	5,201	(7,557)
Result of investments accounted for using the equity method	1.6	163,251	123,737
OPERATING PROFIT		583,369	614,574
Financial income and similar	3.5	19,524	20,564
Financial expenses and similar	3.5	(103,009)	(107,521)
Exchange differences (net)	3.5	144	18,134
Change in fair value of financial instruments	3.5	(71)	1,144
FINANCIAL RESULT		(83,412)	(67,679)
PROFIT /(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS		499,957	546,895
Income tax	4.2.c	(95,318)	(101,974)
PROFIT /(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS		404,639	444,921
Profit attributable to minority interests	3.2	(813)	(919)
PROFIT ATTRIBUTABLE TO THE PARENT COMPANY		403,826	444,002
BASIC EARNINGS PER SHARE (IN EUROS)	1.7	1.5443	1.6980
DILUTED EARNINGS PER SHARE (IN EUROS)	1.7	1.5443	1.6980

The accompanying Notes 1 to 5 constitute an integral part of the Consolidated Income Statement at December 31, 2021.

Consolidated statement of comprehensive income as of December 31, 2021

(In thousands of euros)

	Notes	12.31.2021	12.31.2020
CONSOLIDATED PROFIT FOR THE YEAR		404,639	444,921
Attributed to the parent company		403,826	444,002
Attributable to minority interests		813	919
INCOME AND EXPENSES RECOGNISED DIRECTLY IN EQUITY		118,024	(197,396)
From companies accounted for using the full consolidation method		**(67,098)**	**43,518**
From cash flow hedges	3.1.e	(6,924)	(31,762)
From translation differences	3.1.e	(61,905)	67,292
Tax effect	3.1.e	1,731	7,988
From companies accounted for using the equity method		**184,588**	**(240,914)**
From cash flow hedges	3.1.e	23,741	(27,016)
From translation differences	3.1.e	164,597	(219,334)
Tax effect	3.1.e	(3,750)	5,436
Of equity instruments at fair value, net	3.1.e	**534**	—
AMOUNTS TRANSFERRED TO THE INCOME STATEMENT		11,705	11,853
From companies accounted for using the full consolidation method		**9,432**	**9,736**
From cash flow hedges	3.1.e	12,576	13,181
Tax effect	3.1.e	(3,144)	(3,445)
From companies accounted for using the equity method		**2,273**	**2,117**
From cash flow hedges	3.1.e	3,219	3,060
Tax effect	3.1.e	(946)	(943)
TOTAL OTHER COMPREHENSIVE INCOME		129,729	(185,543)
TOTAL RECOGNISED INCOME AND EXPENSES		534,368	259,378
Attributed to minority interests		813	919
From attributable to results	3.2	813	919
Attributed to the parent company		533,555	258,459

The accompanying Notes 1 to 5 constitute an integral part of the Consolidated Statement of Recognised Income and Expenses at December 31, 2021.
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.

Consolidated statement of total changes in equity at December 31, 2021

(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)	Minority interests (Note 3.2)	Total Equity
BALANCE AT DECEMBER 2019 AND AT THE BEGINNING OF 2020	392,985	2,517,266	2,206	(12,464)	422,618	(152,469)	(17,177)	15,884	3,168,849
Total recognised income and expenses	**—**	**—**	**—**	**—**	**444,002**	**—**	**(185,543)**	**919**	**259,378**
Transactions with shareholders	**—**	**(7,742)**	**—**	**—**	**(243,287)**	**(175,720)**	**—**	**(2,035)**	**(428,784)**
Distribution of dividends	—	(7,742)	—	—	(243,287)	(175,720)	—	(2,035)	(428,784)
Other changes in equity	**—**	**30,016**	**2,196**	**—**	**(179,331)**	**152,469**	**—**	**2,191**	**7,541**
Payments based on equity instruments	—	—	2,196	—	—	—	—	—	2,196
Transfers between equity items	—	26,862	—	—	(179,331)	152,469	—	—	—
Differences due to changes in consolidation scope	—	492	—	—	—	—	—	231	723
Other changes	—	2,662	—	—	—	—	—	1,960	4,622
BALANCE AT DECEMBER 2020 AND AT THE BEGINNING OF 2021	392,985	2,539,540	4,402	(12,464)	444,002	(175,720)	(202,720)	16,959	3,006,984
Total recognised income and expenses	**—**	**—**	**—**	**—**	**403,826**	**—**	**129,729**	**813**	**534,368**
Transactions with shareholders	**—**	**—**	**—**	**—**	**(263,580)**	**(177,812)**	**—**	**(3,559)**	**(444,951)**
Distribution of dividends	—	—	—	—	(263,580)	(177,812)	—	(3,559)	**(444,951)**
Other changes in equity	**—**	**5,817**	**2,127**	**—**	**(180,422)**	**175,720**	**—**	**2,007**	**5,249**
Payments based on equity instruments	—	—	2,127	—	—	—	—	—	**2,127**
Transfers between equity items	—	4,702	—	—	(180,422)	175,720	—	—	**—**
Differences due to changes in consolidation scope	—	(56)	—	—	—	—	—	(223)	**(279)**
Other changes	—	1,171	—	—	—	—	—	2,230	**3,401**
BALANCE AT DECEMBER 31, 2021	**392,985**	**2,545,357**	**6,529**	**(12,464)**	**403,826**	**(177,812)**	**(72,991)**	**16,220**	**3,101,650**

The accompanying Notes 1 to 5 constitute an integral part of the Consolidated Statement of Total Changes in Equity at December 31, 2021.

Consolidated cash flow statement at December 31, 2021

(In thousands of euros)

	Notes	12.31.2021	12.31.2020
CONSOLIDATED PROFIT BEFORE TAX		499,957	546,895
Adjustments to consolidated profit		**173,809**	**209,821**
Amortisation of fixed assets	2.4 and 2.5	262,837	269,727
Other adjustments to profit		(89,028)	(59,906)
Change in operating working capital		**39,474**	**39,359**
Inventories		(4,990)	(1,687)
Trade and other receivables		(85,714)	(37,227)
Other current assets and liabilities		(1,596)	66,459
Other non-current assets and liabilities		(620)	11,763
Trade and other payables		132,394	51
Other cash flows from operating activities		**(133,306)**	**(186,545)**
Interest paid		(82,473)	(96,729)
Interest received		13,291	14,964
Income tax receipts (payments)	4.2.c	(64,124)	(104,780)
NET CASH FLOWS FROM OPERATING ACTIVITIES		579,934	609,530
Payments for investments		**(114,011)**	**(867,938)**
Subsidiaries and associates	1.6	(10,641)	(785,235)
Fixed assets and real estate investments	2.4 and 2.5	(69,854)	(58,601)
Other financial assets		(33,516)	(24,102)
Proceeds from disposals		**54,327**	**8,732**
Subsidiaries and associates		52,093	5,422
Non-current assets held for sale		2,234	3,310
Other cash flows from investing activities		**160,268**	**117,232**
Other receipts (payments) from investing activities	1.6	160,268	117,232
NET CASH FLOWS FROM INVESTING ACTIVITIES		100,584	(741,974)
Proceeds from and payments on financial liabilities		**377,572**	**362,986**
Issues	3.8.c	3,892,937	6,570,607
Repayment and amortisation	3.8.c	(3,515,365)	(6,207,621)
Other cash flows from investing activities		**(36,481)**	**(37,770)**
Other receipts (payments) from financing activities	3.4	**(36,481)**	**(37,770)**
Dividends paid	1.8.a	**(444,040)**	**(427,583)**
NET CASH FLOWS FROM FINANCING ACTIVITIES		(102,949)	(102,367)
Effect of exchange rate fluctuations		2,927	(519)
TOTAL NET CASH FLOWS		580,496	(235,330)
Cash and cash equivalents at beginning of period		863,655	1,098,985
CASH AND CASH EQUIVALENTS AT END OF PERIOD	3.8.a	1,444,151	863,655

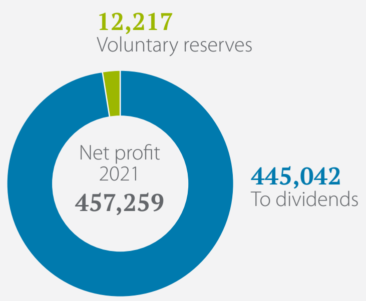
The accompanying Notes 1 to 5 constitute an integral part of the Consolidated Cash Flow Statement at December 31, 2021.

1 Group activities and presentation bases

RELEVANT ASPECTS

Results

- The net profit attributed to the parent company amounted to 403,826 thousands of euros (Note 1.7).
- Basic earnings per share and diluted earnings per share at December 31, 2021 were the same and amounted to 1.5443 euros per share. At December 31, 2020, basic earnings per share amounted to 1.6980 euros, which coincided with diluted earnings per share (Note 1.7).
- The proposed dividend payment per share for 2021 amounts to 1.70 euros per share (1.68 euros per share in 2020) (Note 1.8).
- The Board of Directors has proposed the following distribution of net profit corresponding to 2021 for the Parent company, Enagás, S.A. (Note 1.8.a):



COVID-19

- In 2021, both Enagás and its Group companies have operated normally, ensuring continuity of natural gas supply both in Spain and in the countries where these companies operate. This Group's main activity takes place within a stable regulatory framework.
- As in 2020, in 2021 there were no significant equity effects as a result of the Covid-19 situation, as detailed in Note 1.11.

Working capital

At December 31, 2021 the Consolidated Balance Sheet presents a positive working capital of 444,026 thousands of euros (637,316 thousands of euros at December 31, 2020).

Other information

The Enagás Group invested a net sum of 59,684 thousands of euros during 2021. The most noteworthy transactions are the following:

- 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 69,854 thousands of euros.
- After reaching the Financial Completion Date on March 31, 2021, TAP carried out two capital reductions during the year, resulting in a cash inflow for the Enagás Group of 38.1 million euros (Note 1.6).

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.

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:

vii. Management of the corporate group comprised of the interest held in share capital of companies belonging to the group.

viii. 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. At its website www.enagas.es and at its registered address, its Articles of Association and other public information on the Company and its Group can be consulted. The name of the Parent Company has not changed with respect to the previous year.

1.2 Basis of presentation

The Consolidated Annual Accounts of the Enagás Group for 2021 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, 2021, 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 2021 were authorised for issue by the directors at their Board meeting held on February 14, 2022. The Consolidated Annual Accounts for 2020 were approved by the shareholders of Enagás, S.A. at the General Shareholders' Meeting held on May 27, 2021 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 2021, 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).

COVID-19

Following the recommendations of the European Securities and Markets Authorities (ESMA) regarding the economic situation brought about by Covid-19, specifically the recommendations issued on October 28, 2020 and May 20, 2020, as well as the one issued on October 29, 2021 it should be noted that this situation has not led to any change in the accounting policies of the Enagás Group with respect to those applied in previous financial years.

In order to comply with these recommendations, **Note 1.11** below summarises the main aspects of this situation considered by the Enagás Group in relation to the consolidated financial statements of December 31, 2021.

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 2020 is presented solely and exclusively for purposes of comparison with the information relating to 2021.

1.3 Consolidation principles

The Consolidated Financial Statements include the Financial Statements of the Parent Company, Enagás, S.A., and its subsidiaries, associates, jointly controlled operations and joint ventures at December 31, 2021.

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.

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
Roblasun 1 S.L.U.(1)	Euro
Roblasun 2 S.L.U.(1)	Euro
Roblasun 3 S.L.U.(1)	Euro
Roblasun 4 S.L.U.	Euro
Roblasun 5 S.L.U.	Euro
Roblasun 6 S.L.U.	Euro
Cierzosun 1 S.L.U.	Euro
Cierzosun 2 S.L.U.	Euro
Cierzosun 3 S.L.U.	Euro
Cierzosun 4 S.L.U.	Euro
Windmusel 1 S.L.U.	Euro
Windmusel 2 S.L.U.	Euro
Windmusel 3 S.L.U.	Euro
Enagás Renovable, S.L.U.	Euro
Efficiency for LNG Aplications, S.L.(1)	Euro
Hydrogen to Gas, S.L.(1)	Euro
Enagás Services Solutions, S.L.	Euro
Sercomgas Solutions, S.L.(1)	Euro
Bioengas Renovables, S.L.	Euro
Scale Gas Solutions, S.L.	Euro
Enagás Renovable Chile SpA	Chilean Peso
H2Greem Global Solutions, S.L.(1)	Euro
Equity method	
Morelos EPC, S.A.P.I. de C.V.	US dollar
Gasoducto de Morelos, S.A.P.I. de C.V.(2)	US dollar
Morelos O&M, S.A.P.I. de C.V.(2)	US dollar
Estación de Compresión Soto La Marina, S.A.P.I. de C.V.	US dollar
Compañía Operadora de Gas del Amazonas, S.A.C.	Peruvian Nuevo Sol
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.	Euro
Iniciativas del Gas, S.L.	Euro
Mibgas	Euro
Tallgrass Energy L.P.	US dollar
Gas to Move Transport Solutions, S.L. ("Llewo")	Euro
Tecgas, Inc.	US dollar
Mibgas Derivatives, S.A.	Euro
Senfluga Energy Infraestructure	Euro
Hellenic Gas Transmission System Operator, S.A.	Euro
Seab Power Ltd.	Sterling pound
Vira Gas Imaging, S.L.	Euro
GNL Quintero, S.A.	US dollar
Alantra Energy Transition, S.A.	Euro
UNUE Gas Renovable, S.L.	Euro
Knutsen Scale Gas, S.L.	Euro
Green Ports Project, S.L.	Euro
Solatom CSP, S.L.	Euro
SUN2HY, S.L.	Euro
The Green Vector, S.L.	Euro
Roblahub, S.L.	Euro
Scale Gas Med Shipping, S.L.U.	Euro
PLATFORMCO HIDROGENO, S.L.	Euro
Power to Green Hydrogen Mallorca, S.L.	Euro
Bioenergía Els Vents, S.L.	Euro
Bioenergía Gas Renovable IV, S.L.	Euro
Bioenergía Gas Renovable V, S.L.	Euro
Axent Infraestructuras de Telecomunicaciones, S.A.	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, 2021.
(2). The shareholdings of Gasoducto de Morelos, S.A.P.I. de C.V. and Morelos O&M, S.A.P.I. de C.V. have been reclassified to "Non-Current Assets Held for Sale" as of December 31, 2021 (Note 2.6).

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 2021 and 2020 were as follows:

Currency	Average exchange rate applicable to the headings of the income statement	Exchange rate applicable to the balance sheet headings(1)
2021		
US dollar	1.18439	1.13750
Peruvian Nuevo Sol	4.57224	4.54740
Sterling pound	0.86091	0.83964
2020		
US dollar	1.14155	1.222
Peruvian Nuevo Sol	3.95629	4.39215
Sterling pound	0.88937	0.89475

(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:

2021	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	4,533,836	4,532,870	966	1,099
Other non-current financial assets	632,621	630,391	2,230	2,536
Trade and other receivables	382,709	382,053	656	747
Other current financial assets	13,466	1,962	11,504	13,086
Cash and cash equivalents	1,444,151	661,956	782,195	889,747
Financial debt and non-current derivatives	4,808,928	3,795,515	1,013,413	1,152,758
Financial debt and current derivatives	1,056,128	969,311	86,817	98,755
Trade and other payables	412,790	410,612	2,178	2,478

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 used

In the Group's Consolidated Annual Accounts for 2021, 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 3.6)**.
- Impairment losses on financial assets measured at amortised cost **(Notes 2.2 and 3.3)**.
- The calculation of income tax and deferred tax assets **(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)**.

Opinions

- The recognition of investments accounted for using the equity method **(Note 1.6)**.

Although these estimates were made on the basis of the best information available at December 31, 2021, 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 changes in the consolidation scope of the Enagás Group occurred during 2021:

	Amount (thousands)		Stake percentage		
Entity	In local currency	In euros	At 12.31.2021	At 12.31.2020	Description/Type of control
Gasoducto Al-Ándalus	79	79	—%	66.96%	Once the dissolution and liquidation of both companies had been formalised. both joint operations were removed from the consolidation scope of the Enagás Group.
Gasoducto Extremadura	33	33	—%	51%	
Gas to Move Transport Solutions. S.L. ("Llewo")	2,255	2,255	67.18%	78.30	Change in the percentage of ownership interest in this company without a change in the equity method.
SUN2HY. S.L.	350	350	50.00%	—	Incorporation of this company in which the Enagás Group holds a 50% stake. This affiliate shall be accounted for using the equity method.
Bioengás Renovables. S.L.	145	145	100.00%	92.50%	Acquisition of the non-controlling interest. with no significant effects.
Senfluga 2. S.R.L.	(27)	(25)	—%	40%	Liquidation of the company. which did not have a significant effect on the Enagás Group's income statement.
Gasoducto de Morelos. S.A.P.I. de C.V.	—	—	50.00%	50.00%	Reclassification of the Enagás Group's interest in both companies to Non-Current Assets Held for Sale. until the effective closing of the transaction. subject to fulfilment of conditions precedent.
Morelos O&M. S.A.P.I. de C.V.	—	—	50.00%	50.00%	

Gasoducto Al- Ándalus and Gasoducto Extremadura

On April 14, 2021, the General Shareholders' Meeting of Gasoducto Al-Ándalus, S.A. and Gasoductos Extremadura, S.A. resolved to dissolve and liquidate both companies, following completion of the contracts that comprised their corporate purpose on December 31, 2020, and the initial and final liquidation balance sheets closed at April 14, 2021 were approved.

These settlements did not have a significant effect on the income statement.

SUN2HY, S.L.

On April 7, 2021, the company SUN2HY, S.L. was incorporated, in which the Enagás Group, through its subsidiary Enagás Services Solutions, S.L., holds a 50% stake, together with Repsol. As there is a system of decisions to be taken jointly with the other partner, this holding is now accounted for using the equity method.

The purpose of this company is the development of a new full-scale photoelectrochemical technology that allows the production of green hydrogen, 100% renewable, at a competitive cost from solar energy through a direct process without external electrical input (bias free).

GAS TO MOVE TRANSPORT SOLUTIONS, S.L. ("Llewo")

On February 23, 2021, a capital increase was carried out in the affiliate GAS2MOVE, S.L. whereby Grupo Ilunion, S.L. became a shareholder, with the aim of creating a socially and environmentally sustainable logistics operator. This capital increase and change in the percentage of Enagás' shareholding did not entail any change in the method of consolidation of the shareholding, which continues to be by the equity method. It has also changed its trade name to "Llewo".

Gasoducto de Morelos, S.A.P.I. de C.V. and Morelos O&M, S.A.P.I. de C.V.

As explained in **Note 2.6** of "Non-Current Assets Held for Sale", the companies Gasoducto de Morelos and Morelos O&M, previously accounted for by the equity method, have been included under this caption.

It is estimated that the definitive closing of the transaction will occur during 2022.

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.
- In 2021, the final allocation of the purchase prices of the 17.6% interest acquired from Tallgrass Energy, L.P. in 2020 was recorded within the 12-month period from the acquisition date established in accordance with IFRS 3, with no significant variations with respect to December 31, 2020.

Opening balance	New acquisitions/ Increases(3)	Dividends	Profit /(loss) for the year	Translation differences	Hedging transactions	Exits from the perimeter/Decreases(2)	Reclassifications(1)	Other adjustments	Balance at year-end
2021									
2,658,396	10,301	(162,881)	163,251	164,597	22,264	(39,775)	(24,352)	(2,117)	**2,789,684**
2020									
2,109,450	781,339	(119,741)	123,737	(219,334)	(19,463)	(1,959)	—	4,367	**2,658,396**

(1). "Reclassifications" in 2021 includes reclassification of the equity interest of Gasoducto de Morelos, S.A.P.I. de C.V. and Morelos O&M, S.A.P.I. de C.V. for 24,153 thousands and 199 thousands of euros, respectively, to "Non-Current Assets Held for Sale" (Note 2.6).
(2). The "Removals from scope/Decreases" caption in 2021 includes mainly the capital reductions in TAP amounting to 38,112 thousands of euros as well as the capital reduction in Estación de Compresión Soto La Marina, S.A.P.I. de C.V. amounting to 1,638 thousands of euros.
(3). "New acquisitions" in 2020 mainly include the amount for the additional acquisition of the stake in Tallgrass Energy, amounting to 762,839 thousands of euros as well as contributions to TAP amounting to 11,743 thousands of euros.

The dividends approved during the 2021 and 2020 financial years were as follows:

	2021	2020
TgP	64,148	59,471
Saggas	20,010	18,850
GNL Quintero	26,383	25,276
BBG	17,500	9,500
Grupo Altamira	2,621	1,567
Senfluga	7,578	3,649
Tallgrass Energy	22,645	—
Other entities	1,996	1,428
TOTAL	**162,881**	**119,741**

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, 2021 and December 31, 2020.

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 2021 ranged from 5%-9%, depending on the country (5%-9% in 2020). Considering that all the affiliates have been operating normally during 2021 (see **Note 1.11**), 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.

1.7 Earnings per share

	2021	2020	Change
Net result of the financial year attributed to the parent company (thousands of euros)	403,826	444,002	(9.0)%
Weighted average number of shares outstanding (thousands of shares)	261,488	261,488	—%
Basic earnings per share (in euros)	1.5443	1.6980	(9.0)%
Diluted earnings per share (in euros)	1.5443	1.6980	(9.0)%

As there are no potential ordinary shares at December 31, 2021 and December 31, 2020, the basic earnings and the diluted earnings per share are the same.

During financial years 2021 and 2020, there were no transactions involving treasury shares.

1.8 Dividends distributed and proposed

a) Proposed distribution of profit attributable to the parent

The appropriation of 2021 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):

	2021
Dividends	445,042
Voluntary reserves	12,217
TOTAL	**457,259**

The dividend is subject to approval by the ordinary General Shareholders' Meeting and is not included as a liability in these Annual Accounts. Thus, this gross complementary dividend will total up to a maximum amount of 267,230 thousands of euros.

At a meeting held on November 22, 2021, the Board of Directors of Enagás, S.A. agreed to distribute an interim dividend charged against 2021 profit, based on the necessary liquidity statement, expressed in thousands of euros, amounting to 177,812 thousands of euros (0.68 euros gross per share), in accordance with Article 277 of the Spanish Corporate Enterprises Act.

The aforementioned interim dividend was paid on December 21, 2021.

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 2021, were as follows:

Provisional accounting statement at October 31, 2021	
Net accounting result	40,115
10% legal reserve	0
Interim dividend received from Group companies	432,600
Profit "available" for distribution	**472,715**
Forecast interim dividend	**(177,812)**
Forecast cash balance for the period from October 31 to December 31:	
Cash balance	38,521
Projected collection for the period considered	313,972
Credit lines and loans available from financial institutions	1,500,000
Payments projected for the period under consideration (including the interim dividend)	(249,944)
Estimated available financing after dividend distribution	**1,602,549**

b) Total dividends paid

In addition to the aforementioned interim dividend for 2021, during 2021 Enagás, S.A. distributed the gross complementary and extraordinary dividend for 2020.

This dividend amounted to 263,580 thousands of euros (1.008 euros per share) and was paid on July 8, 2021.

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 Personnel, Companies or Entities (Note 4.3)	Other related parties (Note 4.3)	Third parties	Total
2021				
Guarantees for related parties debt	609,205	—	—	**609,205**
Guarantees and sureties granted - Other	9,263	—	345,896	**355,159**
Investment commitments	—	—	97,529	**97,529**
2020				
Guarantees for related parties debt	622,920	—	—	**622,920**
Guarantees and sureties granted - Other	630	14,699	356,202	**371,531**
Investment commitments	—	—	41,567	**41,567**

a) Guarantees for related parties debt

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 an hypothetical case, for the amount corresponding to it in accordance with its stake in TAP's share capital.

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, 2021 the amount guaranteed by Enagás, S.A. to the creditors of TAP amounted to 609,205 thousands of euros (622,920 thousands of euros at December 31, 2020).

b) Guarantees and sureties granted - Others

The following items are included:

Group Personnel, Companies or Entities

- Guarantees and sureties granted to group companies at December 31, 2021 include the financial sureties granted to third parties by Gas to Move Transport Solutions, S.L. in the amount of 359 thousands of euros, counter-guaranteed by Enagás, S.A. (630 thousands of euros at December 31, 2020).
- Guarantees granted before the Federal Electricity Commission ("FEC") in connection with the service contracts relating to the Gasoducto de Morelos and Estación de Compresión Soto La Marina projects in the amount of 8,791 thousands of euros and 113 thousands of euros, respectively (8,183 thousands of euros and 105 thousands of euros respectively at December 31, 2020 within the heading "Other related parties", see **Note 4.3**).

Other related parties

In 2020 there were guarantees with other related parties amounting to 14,699 thousands of euros. In accordance with the new regulations approved in 2021 and the CNMV's interpretation criteria, which render ineffective the criteria previously established by Order EHA/3050/2004, Banco Santander is no longer a related party. Accordingly, in 2021 the amounts corresponding to these guarantees have been reclassified to "Individuals, Companies or Group Entities" and "Third Parties".

Third parties

The following items, mainly, are included:

- Financial guarantees granted by financial entities to cover the loans granted by the European Investment Bank to Enagás Financiaciones, S.A.U. in the amount of 233,333 thousands of euros (256,667 thousands of euros in 2020).
- Technical guarantees granted by financial entities to third parties in the amount of 100,802 thousands of euros (79,724 thousands of euros in 2020) to cover certain responsibilities which may arise during the execution of the contracts constituting the activity of the Enagás Group.
- Guarantee of access to the electricity transmission grid, granted by Enagás Renovable, S.L.U. amounting to 9,360 thousands of euros (18,000 thousands of euros in 2020).
- Financial guarantee granted by financial institutions as collateral for a loan granted by CDTI to Enagás Services Solutions (SUN2H) in the amount of 193 thousands of euros.
- Guarantee granted by Enagás Internacional S.L.U. covering its obligations in the contract with Sound Energy Morocco for the development of a project in Morocco, amounting to 593 thousands of euros (552 thousands of euros at December 31, 2020).
- In addition, there is an insurance policy with as bid bond for the port concession in Colombia for the Buenaventura project amounting to 1,319 thousands of euros (1,259 thousands of euros at December 31, 2020).

No guarantees had been granted with respect to tender processes at December 31, 2021 and at December 31, 2020.

c) Investment commitments

The following items are included:

- The Enagás Group has firm investment commitments in Economic Interest Groupings (EIG) amounting to 36,529 thousands of euros, to be disbursed during 2022 and later years (41,567 thousands of euros at December 31, 2020).
- In 2021, the Group entered into the corresponding Subscription Agreements for its participation in two investment funds, which represent an investment commitment of approximately 61,000 thousands of euros for the Enagás Group: (i) KLIMA Energy Transition Fund, in May 2021, with an estimated capital of 150 million euros, 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 digitisation of electricity grids; and (ii) Clean H2 Infra Fund, in December 2021, with an estimated capital of 1,800 million euros, which aims to develop the green hydrogen infrastructure sector and have a positive impact on the use and development of hydrogen transport networks.

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 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, 2020, as they came into force on January 1, 2021 are the following:

Approved for use in the European Union		
Standards	**Content**	**Mandatory application for periods beginning on or after:**
Amendment to IAS 16	Covid-19-related rent reductions	June 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7	Phase 2 of the Reference Interest Rate Reform	January 1, 2021

Amendments to IFRS 9, IAS 39 and IFRS 7: Reference rate reform

As a result of the ongoing reform of benchmarks by monetary authorities, amendments to the accounting rules were published in the Official Journal of the European Union on January 15, 2020 to facilitate mechanisms to enable companies to adjust to the transition to the new benchmarks. On January 14, 2021, amendments related to the second phase of the Reform were published in the Official Journal of the European Union.

The Group has implemented these changes in accordance with the regulations. However, due to the exemptions allowed in the Phase 2 amendments, the Group has decided not to restate the comparative information for earlier periods.

The Finance Department continues to participate in working groups and monitor the process of interest rate reform (with a special focus on LIBOR USD) in order to adapt financial contracts accordingly. In this respect, financial contracts are adapted to the interest rate reforms that come into force on January 1, 2022.

With respect to the hedging relationships established by Enagás, described in **Note 3.6**, the derivative financial instruments held by Enagás continue to qualify as such and the hedging relationship is maintained in accordance with the risk policy described in **Note 3.7**.

b) Standards not effective for the current financial 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. Based on the analysis conducted to date, the Group believes that their first-time application will not have a material impact on the Consolidated Annual Accounts and highlights the following standards:

Approved for use in the European Union		
Standards	**Content**	**Mandatory application for periods beginning on or after:**
Amendment to IAS 16	Covid-19-related rent reductions beyond June 30, 2021	April 1, 2021
Amendments to IFRS 3, IAS 16 and IFRS 37	Annual improvements to the 2018-2020 Standards	January 1, 2022

1.11 Aspects relating to COVID-19

During the overall adverse economic situation of the previous year caused by the Covid-19 pandemic, both Enagás and its Group companies implemented contingency plans to ensure normal operation and continuity of natural gas supply both in Spain and in all the countries where these companies operate. Thus, during 2021, the going concern principle has continued to be fully applied in the preparation of these consolidated annual accounts.

With regard to the Enagás Group's main activity relating to the operation and maintenance of the Spanish gas system, it should be noted that this takes place within a stable regulatory framework and in 2021, as in the previous year, no effects or changes have been identified as a result of the situation caused by Covid-19 that could lead to capital losses for the Group.

Neither the behaviour of gas demand nor the Oil & Gas market indexes have had a significant effect on the revenues recorded by the Enagás Group.

With regard to the liquidity situation, as indicated in **Note 3.8**, the Group has a solid liquidity situation and liquid assets of 3,299,544 thousands of euros at December 31, 2021 (2,473,009 thousands of euros at December 31, 2020), thus maintaining the liquidity strategy and the credit and exchange rate risk policies. During the 2021 financial year, as in the 2020 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, 2021.

Based on the Group's analysis, no impact was evidenced by the Covid-19 situation that needed to be recorded at December 31, 2021.

2
Operational performance of the group

RELEVANT ASPECTS

Operating profit

- Operating profit amounted to 583 million euros.

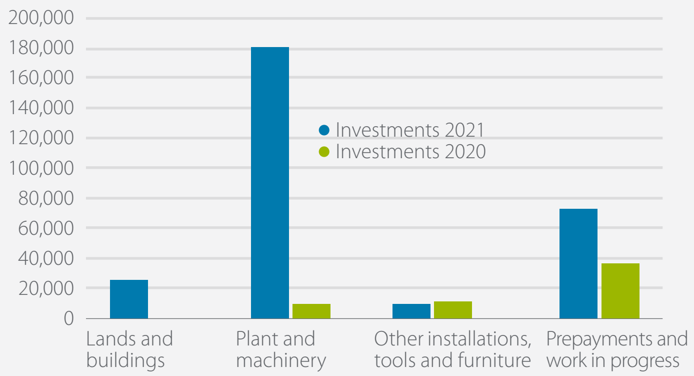
Trade receivables

- "Current receivables" include the balance pending settlement corresponding to the remuneration of regulated regasification, transmission and underground storage activities for 284 million euros corresponding to financial year 2021 (260 million euros at December 31, 2020), as well as the outstanding balance corresponding to the remuneration of Technical Management for 2 million euros (3 million euros at December 31, 2020) **(Note 2.2)**.

Property, plant, and equipment

This heading involves, at December 31, 2021, 45% of total assets (49% of total assets at December 31, 2020) **(Note 2.4)**. The change is mainly due to:

- Additions amounting to 280 million euros, mainly related to the restatement of provisions for decommissioning and extensions of lease assets.
- The provision for amortisation for the period, in the amount of 250 million euros (257 million euros in 2020).



Reform of gas sector regulations

- 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. **(Note 2.1 and Appendix III)**.

Current status of the Castor storage collection rights

- 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.
- Following the 2018 Supreme Court rulings that annulled various precepts specifying the terms of remuneration for infrastructure management obligations, Enagás filed a property liability action on December 21, 2018 with the Ministry for Ecological Transition to put in place an alternative mechanism to receive compensation for the legally mandated tasks, an action that, once rejected due to lack of response, has been pursued before the National Court through the filing of the corresponding contentious-administrative appeal on October 3, 2019.
- 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, in accordance with the legal conclusions of the 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, 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)**.

Current status of the El Musel Port regasification plant (Gijón)

- On May 18, 2021, the Resolution of April 28, 2021, from the Directorate General for Environmental Quality and Assessment was published. This formulates the environmental impact statement of the project "Regasification plant for liquefied natural gas in the Port of El Musel, Gijón (Principality of Asturias)". With this environmental impact statement now issued in favour of the project, the Group continues to make progress in the processing of the preliminary administrative authorisation and the corresponding remuneration model, so that the infrastructure can enter into operation in the gas system in accordance with the regulatory framework established in Royal Decree 335/2018 **(Note 2.4)**.
- Article 19 of Circular 9/2019, as well as the CNMC Resolutions of February 11, 2021 and May 20, 2021 regulate the remuneration of the facility for the 2021-2026 regulatory period.

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)**. This is calculated annually based on the accredited cost for each year and is meant to repay the obligations of Enagás GTS, S.A.U. as Technical Manager of the System, which includes coordinating the development, operation, and maintenance of the transmission network, supervising the security of natural gas supply, carrying out plans for future development of gas infrastructure, and controlling third-party access to the network. The monthly attribution of this income to the Income Statement is 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.

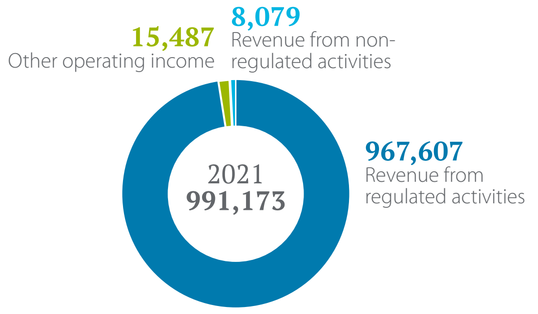
  Once the regulatory useful life of the facilities has elapsed, and in those cases in which the asset remains operational, the operating and maintenance costs are established as fixed remuneration, increased by a coefficient based on the number of years by which the facility exceeds the regulatory useful 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.

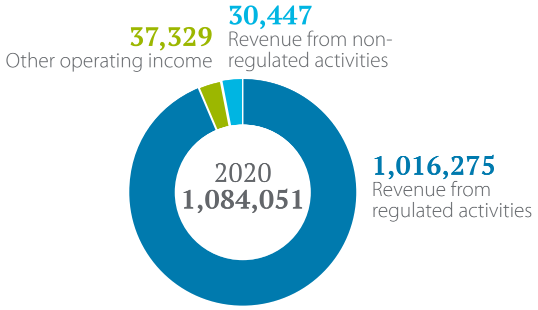
  Based on the types of contractual agreements supporting this type of income, it has been determined that there is an implicit financing component which, under the new regulatory requirements, must be recognised as a liability in the Consolidated Balance Sheet.

  In addition, at December 31, 2020, the natural gas transmission contracts assigned to Gasoducto Al-Ándalus, S.A. and Gasoducto de Extremadura, S.A. expired.

a) Income

The breakdown of Revenue is as follows:





The details of revenues with the breakdown of revenues from customer contracts at December 31, 2021 and December 31, 2020 is as follows:

Revenue	2021	2020
Regulated activities:	**967,607**	**1,016,275**
From customer contracts	—	—
Other	967,607	1,016,275
Non-regulated activities:	**8,079**	**37,329**
From customer contracts	6,215	33,593
Other	1,864	3,736
TOTAL REVENUE	**975,686**	**1,053,604**

Other operating income	2021	2020
From customer contracts	8,601	18,756
Other	6,886	11,691
TOTAL OTHER OPERATING INCOME	**15,487**	**30,447**

The distribution of the Revenue based on the Group Companies from which it comes for 2021 and 2020 is as follows:

Revenue	2021	2020
Regulated activities:	**967,607**	**1,016,275**
Enagás Transporte, S.A.U.	917,024	965,507
Enagás Transporte del Norte, S.L.	24,051	25,761
Enagás GTS, S.A.U.	26,532	25,007
Non-regulated activities:	**8,079**	**37,329**
Enagás Transporte, S.A.U.	2,889	30,286
Enagás Internacional, S.L.U.	525	661
Enagás México	128	314
Enagás Transporte del Norte, S.L.	447	447
Enagás Perú	831	881
Remaining companies	3,259	4,740
TOTAL	**975,686**	**1,053,604**

The breakdown required for the IFRS 15 application, regarding contracts with customers corresponding to 2021 and 2020 is as follows:

2021	Nature	Geographical area	Counterparty	Segments (Note 4.7.a) Technical Management of the System	Infrastructures	Other activities	Total
Net revenue from customer contracts							
Connections	Rendering of services	Spain	Intercompany	—	1,000	—	1,000
Connections	Rendering of services	Spain	Third parties	—	—	447	447
Other income	Rendering of services	Spain	Intercompany	—	51	1,558	1,609
Other income	Rendering of services	Greece	Intercompany	—	—	37	37
Other income	Rendering of services	Italy	Intercompany	—	—	32	32
Other income	Rendering of services	Albania	Intercompany	—	—	37	37
Corporate services	Rendering of services	Spain	Intercompany	—	—	269	269
Corporate services	Rendering of services	Switzerland	Intercompany	—	—	120	120
Corporate services	Rendering of services	Greece	Third parties	—	—	214	214
Gas transmission services	Rendering of services	Spain	Third parties	—	2,450	—	2,450
NET REVENUE FROM CUSTOMER CONTRACTS				**—**	**3,501**	**2,714**	**6,215**
Other operating income from customer contracts							
Maintenance	Rendering of services	Spain	Third parties	—	252	1,493	1,745
Maintenance	Rendering of services	Morocco	Third parties	—	1,108	—	1,108
Other income	Rendering of services	Spain	Intercompany	2	—	28	30
Other income	Rendering of services	Belgium	Third parties	—	—	295	295
Other income	Rendering of services	Spain	Third parties	8	4,019	18	4,045
Other income	Rendering of services	Greece	Third parties	—	—	19	19
Other income	Rendering of services	Mexico	Third parties	—	—	104	104
Other income	Rendering of services	Colombia	Third parties	—	—	112	112
Other income	Rendering of services	United Kingdom	Third parties	—	5	—	5
Other income	Rendering of services	Italy	Third parties	—	—	595	595
Corporate services	Rendering of services	Spain	Intercompany	10	—	533	543
TOTAL OTHER OPERATING INCOME FROM CUSTOMER CONTRACTS				**20**	**5,384**	**3,197**	**8,601**

2020	Nature	Geographical area	Counterparty	Segments (Note 4.7.a) Technical Management of the System	Infrastructures	Other activities	Total
Net revenue from customer contracts							
Connections	Rendering of services	Spain	Intercompany	—	224	—	224
Other income	Rendering of services	Spain	Intercompany	—	84	2,896	2,980
Other income	Rendering of services	Greece	Intercompany	—	—	181	181
Corporate services	Rendering of services	Spain	Intercompany	—	—	158	158
Corporate services	Rendering of services	Spain	Third parties	—	—	34	34
Corporate services	Rendering of services	Peru	Intercompany	—	—	25	25
Corporate services	Rendering of services	Switzerland	Intercompany	—	—	1,563	1,563
Gas transmission services	Rendering of services	Spain	Third parties	—	28,428	0	28,428
NET REVENUE FROM CUSTOMER CONTRACTS				**—**	**28,736**	**4,857**	**33,593**
Other operating income from customer contracts							
Usage rights	Usage rights income	Spain	Intercompany	—	8,473	—	8,473
Maintenance	Rendering of services	Spain	Intercompany	—	3,254	—	3,254
Maintenance	Rendering of services	Spain	Third parties	—	1,468	—	1,468
Maintenance	Rendering of services	Morocco	Third parties	—	250	—	250
Other income	Rendering of services	Germany	Third parties	—	—	3	3
Other income	Rendering of services	Belgium	Third parties	—	—	360	360
Other income	Rendering of services	Spain	Intercompany	5	1,590	72	1,667
Other income	Rendering of services	Spain	Third parties	—	2,727	10	2,737
Other income	Rendering of services	France	Third parties	—	19	7	26
Other income	Rendering of services	Mexico	Third parties	—	—	35	35
Other income	Rendering of services	Portugal	Third parties	—	1	—	1
Corporate services	Rendering of services	Spain	Intercompany	—	—	482	482
TOTAL OTHER OPERATING INCOME FROM CUSTOMER CONTRACTS				**5**	**17,782**	**969**	**18,756**

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	2021	2020
Wages and salaries	97,382	93,239
Termination benefits	3,644	4,797
Social Security	20,866	20,302
Other personnel expenses	10,510	10,375
Contributions to external pension funds (defined contribution plan)	2,025	2,732
Works for fixed assets (Note 2.4)	(4,680)	(4,733)
TOTAL	**129,747**	**126,712**

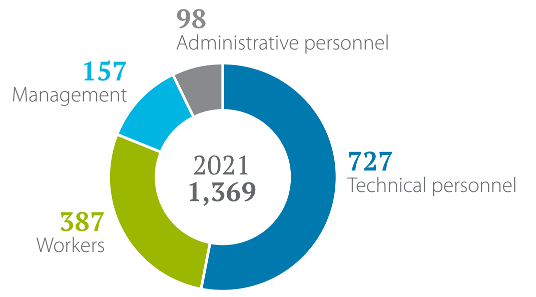
In 2021, wages and salaries include the fair value of services received as consideration for equity instruments granted, in the amount of 2,127 thousands of euros at December 31, 2021 corresponding to the portion of the Long-Term Incentive Plan payable in Enagás, S.A. shares and approved on March 29, 2019 for the executive directors and senior management, thus representing a share-based transaction (2,196 thousands of euros at December 31, 2020). Also, the rendering of services corresponding to the portion of the incentive payable in cash for 747 thousands of euros at December 31, 2021 corresponding to the Long-Term Incentive Plan (2019-2021) (705 thousands of euros at December 31, 2020) has been recorded with a credit to "Provisions" under non-current liabilities and to "Personnel" under current liabilities in accordance with the payment schedule established in the Plan (50% will be paid in 2022 and the remainder in 2023). In addition, the employee expense arising from the bonus payable every three years for contribution to results for the 2019-2021 period and corresponding to the remaining personnel of the Group was also included in the amount of 2,011 thousands of euros (1,950 thousands of euros in 2020).

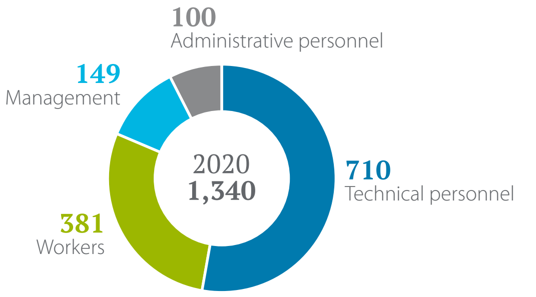
The Enagás Group contributes, in accordance with the Pension Plan signed and adapted to the Law on Pension Plans and Funds, to an "Enagás Pension Fund" defined contribution plan, managed by Gestión de Previsión y Pensiones, S.A. with Banco Bilbao Vizcaya Argentaria, S.A. as custodian, which covers the 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 4.18% of eligible salary (4.23% in 2020). It is a mixed plan covering retirement benefits, disability and death. The total number of people adhered to the plan at December 31, 2021 totalled 1,192 participants (1,180 participants at December 31, 2020).

The contributions made by the Group in this heading each year are recorded under "Personnel expenses" of the Consolidated Income Statement. At 2021 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:





At December 31, 2021, the Group had 1,376 employees (1,357 in 2020). The breakdown by professional category and gender is as follows:

	2021		2020	
Categories	Women	Men	Women	Men
Management	45	112	44	114
Technical personnel	242	491	232	485
Administrative personnel	89	9	90	9
Workers	23	365	22	361
TOTAL	**399**	**977**	**388**	**969**

"Management" includes senior executive management of the Group, comprising twelve persons (ten men and two women).

The average number of staff during 2021 and 2020 employed by Group companies with disabilities greater than or equal to 33%, broken down by categories, is as follows:

Categories	2021	2020
Technical personnel	1	2
Administrative personnel	2	2
Workers	3	4
TOTAL	**6**	**8**

c) Other operating expenses

Other operating expenses	2021	2020
External services:		
R+D expenses	585	648
Leases and royalties(1)	3,319	4,044
Repairs and conservation	49,054	51,161
Freelance professional services	29,654	29,916
Transport	284	24,115
Insurance premiums	8,025	6,572
Banking and similar services	304	193
Advertising, publicity and public relations	3,271	5,802
Supplies	33,688	19,530
Other services	19,675	22,602
External services	**147,859**	**164,583**
Taxes	**16,124**	**12,925**
Other current management expenses	**9,258**	**2,558**
Other external expenses	**10,304**	**9,083**
Change in traffic provisions	**127**	**69**
TOTAL	**183,672**	**189,218**

(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 2,954 thousands of euros at December 31, 2021. (3,504 thousands of euros at December 31, 2020).

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, trade receivable factoring transactions in which the Group retains neither credit risk nor interest rate risk, 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.
- 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.

	12.31.2021	12.31.2020
Customer receivables for sales and services rendered	49,608	6,254
Accounts receivable from customer contracts	1,842	3,696
Accounts receivable from customer contracts and associates	2,073	4,891
Associate Companies	10,153	637
Other receivables	302,468	265,749
Subtotal	**366,144**	**281,227**
Value added tax	16,565	17,846
Trade and other current receivables	**382,709**	**299,073**
Trade and other non-current receivables (Note 3.3.a)	**150,833**	**146,347**

Trade and other non-current receivables

This heading, in accordance with Royal Decree-Law 8/2014 of July 4 and Law 18/2014 of October 15, mainly includes the long-term accumulated deficit corresponding to regulated activities amounting to 80,999 thousands of euros at December 31, 2021 (79,227 thousands of euros at December 31, 2020):

- Amount pending collection relating to services performed since 2014 to the Castor underground storage facility in the amount of 83,269 thousands of euros (72,825 at December 31, 2020).
- It also includes outstanding receivables for facilities pending recognition from years prior to 2020, for a total amount of (2,270) thousands of euros, which will be recognised over a time horizon of more than one year (at December 31, 2020, outstanding receivables for facilities pending recognition from years prior to 2019 amounting to 7,193 thousands of euros were recognised).

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 2021 and 2020, in the amount of 284,329 thousands of euros and 259,779 thousands of euros, respectively. It should be noted that, in accordance with the regulations described in Appendix III, the "2022 gas year" began in October, and the amount pending collection for that year is 184,490 thousands of euros. At December 31, 2020, the balance pending settlement for the 2020 gas year amounted to 182,815 thousands of euros.

In relation to the balance pending settlement of the 2021 gas year, the best estimate of the surplus for that year amounting to 57,749 thousands of euros has been reclassified to short-term liabilities, leaving only an amount of 1,043 thousands of euros corresponding to facilities pending recognition under the heading of other receivables for the "2021 gas year".

In addition, the "Other receivables" heading also includes the balance pending collection relating to remuneration for Technical Management activity, amounting to 1,749 thousands of euros (2,870 thousands of euros at December 31, 2020). The trade receivables related to regulated activities follow the settlement system established in Order ECO/2692/2002, of October 28, which regulates the settlement procedures for remuneration of regulated natural gas sector and fees for specific purposes **(Appendix III)**.

"Accounts receivable from contracts with customers" include the following items, broken down in accordance with IFRS 15:

	12.31.2021	12.31.2020
Accounts receivable from customer contracts	1,812	676
Accounts receivable from customer contracts and associates	665	3,000
Accounts receivable invoices to be issued from contracts with customers	30	3,020
Outstanding accounts receivable invoices to be issued from customer contracts, group companies and associates	1,408	1,891

The Company has not registered assets under contracts at December 31, 2021 or December 31, 2020.

At December 31, 2021, the Company did not have significant impairment losses on balances receivable from contracts with customers, either registered as accounts receivable or as unissued invoices.

Situation of Castor Storage Facility

As explained in Note 8.1 of the 2014 Consolidated Annual Accounts of the Enagás Group, on October 4, 2014 the Official State Gazette published the 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 objective 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 vehicles or companies with a special purpose, 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.

Further, Enagás Transporte, S.A.U. transferred the w 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 a 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 regulation 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 2021, 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 been performing the functions of administrator of the Castor storage facility, which it was legally obliged to do in accordance with the provisions of sections 1 and 2 of 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.

It is worth noting at this time that on November 8, 2019, the Council of Ministers published the Agreement terminating 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 aforementioned Resolution 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 the legally entrusted tasks, on December 21, 2018, Enagás Transporte, S.A.U. has 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 adopts an agreement that puts 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, which on October 3, 2019 was challenged by Enagás Transporte before the National Court in order to recover all amounts corresponding to the tasks entrusted to it and which Enagás has continued to provide to date. The proceedings remain pending to be scheduled for voting and ruling.

According to the legal conclusions of the external and internal advisors, it is considered that this damages lawsuit is the mechanism initiated by the Group 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 Castor underground storage administration, is maintained in the balance sheet, the conclusion being 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 referred to above.

At December 31, 2021, the amount receivable relating to services performed from 2014 to December 31, 2021 amounts to 83,269 thousands of euros (72,825 thousands of euros at December 31, 2020).

2.3 Trade and other payables

ACCOUNTING POLICIES

- Trade and other payables are financial liabilities that do not accrue explicit interest and are recognised at their face value provided the effect of financial discounting is not significant.
- The heading "Trade and other payables" includes balances payable to suppliers for reverse factoring as long as the financial conditions do not differ significantly from those of other suppliers or payables. 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 Cash Flow Statement.

The breakdown of the heading "Trade and Other Payables" for 2021 and 2020 is as follows:

Trade and other payables	12.31.2021	12.31.2020
Debts with related companies	658	10,371
Rest of suppliers	358,319	232,248
Other creditors	18,535	12,798
Subtotal (Note 3.3.b)	**377,512**	**255,417**
Value added tax	768	2,140
Tax Authorities creditor for withholdings and other	34,510	34,215
TOTAL	**412,790**	**291,772**

Information on the average payment period

The disclosures required in the second final provision of Law 31/2014 of December 3, are as follows:

Days	2021	2020
Ratio of payments made	25	29
Ratio of pending payments	29	45
Average payment period to suppliers	25	30
Amount	**2021**	**2020**
Total payments made	553,556	419,928
Total pending payments	27,703	29,751

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 2021 and 2020, no financial expenses were capitalised for this item.
  - Personnel expenses directly related to work in progress, lowering personnel expenses in the amount of 4,680 thousands of euros at December 31, 2021 (4,733 thousands of euros at December 31, 2020) **(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" caption **(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 3,276 thousands of euros on amortisation charges in 2021 (3,310 thousands of euros in 2020).
  - 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 as of January 1, 2019, 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

2021	Opening balance	Inputs or provisions	Increases or decreases due to transfers	Decreases, disposals or reductions	Balance at year-end
Land and buildings	477,181	25,810	—	(6,454)	496,537
Technical facilities and machinery	9,213,934	181,840	19,628	(26,913)	9,388,489
Other facilities, tools, and furniture	187,859	7,272	—	(827)	194,304
Prepayments and work in progress	563,978	68,209	(19,628)	(2,535)	610,024
Capital grants	(602,268)	(3,508)	—	—	(605,776)
TOTAL COST	**9,840,684**	**279,623**	**—**	**(36,729)**	**10,083,578**
Land and buildings	(222,545)	(15,654)	—	6	(238,193)
Technical facilities and machinery	(5,440,849)	(234,809)	—	2,880	(5,672,778)
Other facilities, tools, and furniture	(76,116)	(10,267)	—	2,991	(83,392)
Capital grants	440,561	10,375	—	—	450,936
TOTAL AMORTISATION	**(5,298,949)**	**(250,355)**	**—**	**5,877**	**(5,543,427)**
Technical facilities and machinery	(14,962)	—	—	—	(14,962)
Prepayments and work in progress	(96,362)	(1,047)	—	772	(96,637)
TOTAL IMPAIRMENT	**(111,324)**	**(1,047)**	**—**	**772**	**(111,599)**
Land and buildings	254,636	10,156	—	(6,448)	258,344
Technical facilities and machinery	3,758,123	(52,969)	19,628	(24,033)	3,700,749
Other facilities, tools, and furniture	111,743	(2,995)	—	2,164	110,912
Prepayments and work in progress	467,616	67,162	(19,628)	(1,763)	513,387
Capital grants	(161,707)	6,867	—	—	(154,840)
NET CARRYING AMOUNT OF PROPERTY, PLANT, AND EQUIPMENT	**4,430,411**	**28,221**	**—**	**(30,080)**	**4,428,552**

2020	Opening balance	Inputs or provisions	Increases or decreases due to transfers	Decreases, disposals or reductions	Balance at year-end
Land and buildings	473,038	3,537	726	(120)	477,181
Technical facilities and machinery	9,194,071	8,851	15,243	(4,231)	9,213,934
Other facilities, tools, and furniture	178,305	9,616	—	(62)	187,859
Prepayments and work in progress	547,174	33,098	(15,969)	(325)	563,978
Capital grants	(601,070)	(1,198)	—	—	(602,268)
TOTAL COST	**9,791,518**	**53,904**	**—**	**(4,738)**	**9,840,684**
Land and buildings	(207,924)	(14,723)	—	102	(222,545)
Technical facilities and machinery	(5,200,655)	(244,292)	—	4,098	(5,440,849)
Other facilities, tools, and furniture	(67,775)	(8,482)	—	141	(76,116)
Capital grants	430,006	10,555	—		440,561
TOTAL AMORTISATION	**(5,046,348)**	**(256,942)**		**4,341**	**(5,298,949)**
Technical facilities and machinery	(13,719)	(1,243)			(14,962)
Prepayments and work in progress	(96,531)	—	—	169	(96,362)
TOTAL IMPAIRMENT	**(110,250)**	**(1,243)**	**—**	**169**	**(111,324)**
Land and buildings	265,114	(11,186)	726	(18)	254,636
Technical facilities and machinery	3,979,697	(236,684)	15,243	(133)	3,758,123
Other facilities, tools, and furniture	110,530	1,134	—	79	111,743
Prepayments and work in progress	450,643	33,098	(15,969)	(156)	467,616
Capital grants	(171,064)	9,357	—	—	(161,707)
NET CARRYING AMOUNT OF PROPERTY, PLANT, AND EQUIPMENT	**4,634,920**	**(204,281)**	**—**	**(228)**	**4,430,411**

The increase in the year in the "Plant and machinery" heading is mainly due to the revaluation of the value of the decommissioning of plants and underground storage facilities amounting to 39,616 thousands of euros **(Note 2.9.a)**.

The increases in "Prepayments and work in progress" are mainly due to the Selva and Top Network projects for twin-tube pipelines amounting to 12,468 thousands of euros; the project to replace the equipment comprising the structure of the liquefied natural gas unloading arms for the Barcelona, Cartagena and Huelva plants amounting to 5,345 thousands of euros; the construction of the motor compressor unit for the Coreses and Almendralejo compressor stations amounting to 3,572 thousands of euros; and projects to reduce self-consumption and renew control systems at the Barcelona plant facilities for 2,955 thousands of euros.

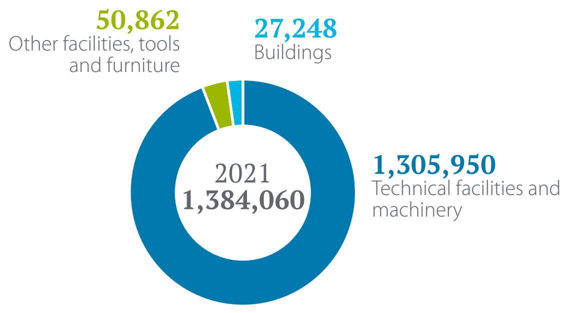
Transfers recorded under "Plant and Machinery" relate mainly to the Selva and Top Network projects.

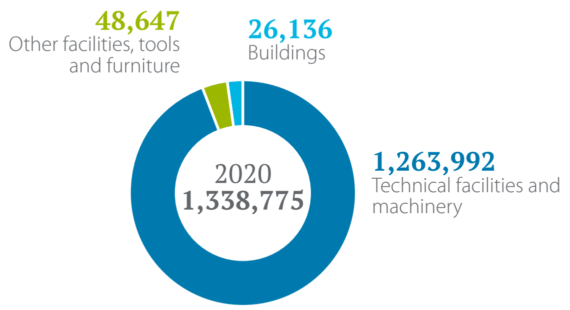
In addition, the impact of the signing of the addendum to the fibre optic contract (Lyntia) was recognised in 2021, resulting in an extension of the contract which will expire in 2043. This has increased the IFRS16 asset by 130,987 thousands of euros. In addition, the revision of various maritime-terrestrial user fees had an impact of 18,831 thousands of euros on Property, Plant and Equipment **(Note 2.4.b.)**.

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 2021 and 2020 year-end are broken down as follows:





a) Grants

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	84,511	(80,555)	3,956
Gas transmission infrastructure	500,215	(352,873)	147,342
Underground storage facilities	17,508	(17,508)	—
Other items of property, plant and equipment	3,542	—	3,542
2021	**605,776**	**(450,936)**	**154,840**
Regasification plants	83,610	(79,217)	4,393
Gas transmission infrastructure	500,215	(343,836)	156,379
Underground storage facilities	17,508	(17,508)	—
Other items of property, plant and equipment	935	—	935
2020	**602,268**	**(440,561)**	**161,707**

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	440,022	(312,547)	127,475
Official bodies of the Spanish Autonomous Regions	51,906	(35,320)	16,586
Spanish Government	113,848	(103,069)	10,779
2021	**605,776**	**(450,936)**	**154,840**
Structural funds of the European Union	436,514	(304,211)	132,303
Official bodies of the Spanish Autonomous Regions	51,905	(34,225)	17,680
Spanish Government	113,849	(102,125)	11,724
2020	**602,268**	**(440,561)**	**161,707**

The breakdown by timing criteria of the balance pending application at December 31, 2021 is as follows:

	years		
	<1	2 to 5	>5
Government grants	935	3,499	6,345
Autonomous Regions grants	1,095	3,849	11,642
FEDER grants	7,223	26,660	93,592
TOTAL GRANTS	**9,253**	**34,008**	**111,579**

b) Supplementary information on IFRS 16

The activity during the 2021 and 2020 financial year in rights of use by category included under "Property, plant and equipment" was as follows:

	Balance at 12.31.2020	Additions[1]	Disposals	Amortisation	Write-offs	Balance at 12.31.2021
Land and natural assets	150,595	25,376	(6,545)	(8,190)	5	161,241
Buildings	16,001	30	—	(3,565)	—	12,466
Technical facilities	119,792	138,669	(7,682)	(11,140)	—	239,639
Machinery	275	22	(35)	(196)	35	101
Furniture	60	63	(81)	(25)	81	98
Transport equipment	19,627	13,422	(9,233)	(6,086)	2,753	20,483
TOTAL	**306,350**	**177,582**	**(23,576)**	**(29,202)**	**2,874**	**434,028**

(1). The additions recorded during 2021 are mainly due to the effect of the signing of the addendum to the fibre optic contract (Lyntia), which has led to the extension of the contract, due to expire in 2043, as well as the revision of various maritime-terrestrial occupation fees.

	Balance at 12.31.2019	Additions	Disposals	Amortisation	Write-offs	Balance at 12.31.2020
Land and natural assets	155,783	2,218	(1)	(7,406)	1	150,595
Buildings	19,605	0	—	(3,604)	0	16,001
Technical facilities	133,758	949	—	(14,915)	0	119,792
Machinery	162	317	(188)	(204)	188	275
Furniture	124	0	(22)	(64)	22	60
Transport equipment	15,335	9,636	(1,731)	(5,344)	1,731	19,627
TOTAL	**324,767**	**13,120**	**(1,942)**	**(31,537)**	**1,942**	**306,350**

Likewise, the maturity of financial liabilities for IFRS 16 leases is as follows:

Maturity	12.31.2021	12.31.2020
One year	36,790	37,267
Between 2 and 5 years	122,775	139,379
More than 5 years	366,685	208,539
TOTAL WITHOUT DEDUCTION	**526,250**	**385,185**
Updating effect	(66,700)	(48,743)
TOTAL DEBT IFRS 16 LEASES (Note 3.4b)	**459,550**	**336,442**

Regasification plant - Port of El Musel (Gijón)

As previously reported, on March 1, 2016, Enagás Transporte received notification of the ruling handed down by the Supreme Court on February 29, 2016, dismissing the appeal filed by the General State Administration and said company against the sentence of July 31, 2013 passed by the Madrid High Court which upheld the contentious-administrative appeal filed by the Green Party of Asturias against the Directorate General of Energy Policy and Mining Resolution of December 29, 2008, granting Enagás the prior administrative authorisation for construction of the regasification plant for liquefied natural gas in El Musel (Gijón), thereby nullifying said administrative authorisation.

The Company understands that the Supreme Court ruling does not entail any changes to the technical or economic situation of the facility, as (i) the location and technical characteristics of the facility are perfectly in line with prevailing legislation in light of the replacement of the regulation relating to annoying, unhealthy, harmful or hazardous activities with Law 34/2007, of November 15, on air quality and protection of the atmosphere and the facility; and (ii) the facility has received the necessary commissioning certification for the sole purposes indicated in the Third Transitional Provision of Royal Decree-Law 13/2012, and thus the remuneration recognised and received by the Company is justified on the basis of said Royal Decree and not the nullified authorisation.

The Ministry for Energy, Tourism, and Digital Agenda ruled along the same lines when it informed the High Court of Madrid in connection with the execution of the sentence requested by the Green Party of Asturias that "[…] it considers, at any rate, that the sentence has already been executed as the nullification does not involve or require the dismantling of the facility or the suspension of remuneration currently being received". This request for the enforcement of a judgement, as well as that requested by the Llanes Neighbours and Friends Association, the Vega Collective Association for the Defence of the Rural Environment and the Association Group for the Recovery and Study of Natural Spaces, has already been resolved in a final manner by the High Court of Justice of Madrid through two Orders, of October 16, 2017 and April 11, 2018, which have considered the judgement of the court already executed in its entirety following the declaration of invalidity of the authorisation of the regasification plant and its hibernation, without the need for any further action on it.

On the other hand, Royal Decree 335/2018, of May 25, has been published and has come into force, restoring the processing of the facilities affected by section 2 of the third transitory provision of Royal Decree-Law 13/2012, of March 30. This includes the El Musel regasification plant, determining the procedure and conditions thereof, and Enagás Transporte requested, on August 6, 2018, in accordance with the provisions of the aforementioned regulation and the LSH, a new administrative authorisation, approval of the implementation project and environmental impact statement of the LNG regasification plant project. Enagás Transporte also requested a favourable resolution of the technical and economic conditions for the provision of capacity services and for the commissioning of the facilities.

As of today, the Secretary of State for the Environment has already issued the Environmental Impact Statement favourable to the implementation of the facilities project, by Resolution of the Directorate General for Environmental Quality and Assessment dated April 28, 2021 (Official State Journal No. 118, May 18), a prior step together with the report of the National Commission for Markets and Competition ("CNMC") for the granting by the Directorate General for Energy Policy and Mines of the new administrative authorisation of the LNG Regasification Plant.

At December 31, 2021 and 2020 the carrying amount of said investment totalled 378,887 thousands of euros.

Likewise, in accordance with Royal Decree-Law 13/2012, said regasification plant received both financial remuneration as well as remuneration for operating and maintenance costs in connection with the actions carried out by the Company to maintain the plant ready for service. Both remunerations have been recognised annually by the successive Ministerial Orders of the Directorate General for Energy Policy and Mines on remuneration and tolls until 2020. In addition, Article 19 of Circular 9/2019 of December 12 of the National Commission of Markets and Competition, which establishes the methodology for determining the remuneration of natural gas transmission facilities and liquefied natural gas plants, continues to explicitly contemplate the remuneration methodology applicable to the El Musel plant for the 2021-2026 regulatory period. Thus, the recognition of this remuneration for the El Musel plant has been explicitly included by the CNMC in its Resolutions of February 11, 2021 and May 20, 2021, establishing the remuneration of the companies that carry out the regulated activities of liquefied natural gas plants, transportation and distribution for "2021 gas year" and "2022 gas year", respectively **(Appendix III.b)**.

Thus, the Directors of the Group, based on the legal opinions of internal and external advisors, do not consider it necessary to recognise any valuation adjustments.

Regasification plant - Granadilla (Tenerife)

In relation to the project for the construction of the regasification plant in the port of Granadilla, the previously granted EIS expired in 2020. Likewise, the project is still awaiting a decision on the June 2015 request for a new administrative permit for the LNG Regasification Plant project, having filed a contentious-administrative appeal on October 20, 2020 against the rejection of the aforementioned request due to lack of response, which to date is still pending resolution. On February 9, 2022, the judgement that is the object of said appeal was scheduled for voting and ruling, which is pending confirmation and final notification at the date of formulating these annual accounts.

At December 31, 2021, the net carrying amount of the fixed assets associated with this project remains at 20,669 thousands of euros (20,669 thousands of euros at December 31, 2020), of which 14,980 thousands of euros relates to assets under construction associated with the project and 5,682 thousands of euros to goodwill.

The directors of the Enagás Group, based on the legal opinions of internal advisors, consider that no valuation correction should be recognised.

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

- 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.
- 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 585 thousands of euros in 2021 (648 thousands of euros in 2020).
- 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 carrying amount. 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	1.28% - 7.6%	78 - 13

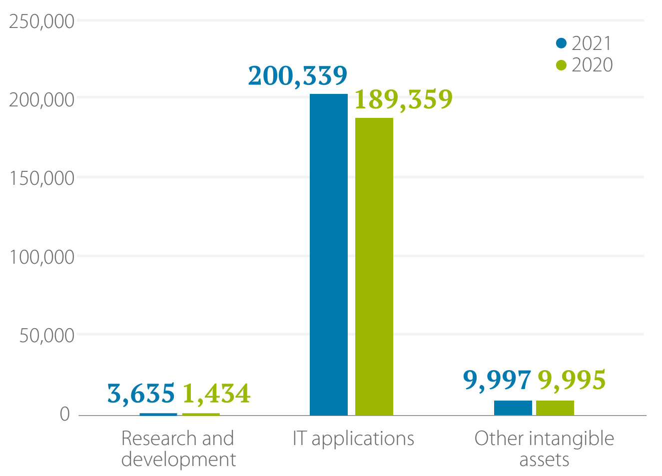
2021	Opening balance	Additions or allocations[2]	Increases or decreases due to transfers	Decreases, disposals or reductions	Balance at year-end
Goodwill[1]	25,812	—	—	—	25,812
Other intangible assets					—
Development	8,686	967	3,165	—	12,818
Concessions	5,871	—	—	—	5,871
IT applications	254,362	11,462	10,637	—	276,461
Other intangible assets	14,050	10,647	(13,802)	(1,080)	9,815
TOTAL COST	**308,781**	**23,076**	**—**	**(1,080)**	**330,777**
Other intangible assets					—
Development	(5,715)	(689)	—	—	(6,404)
Concessions	(4,111)	(48)	—	—	(4,159)
IT applications	(210,389)	(11,745)	—	—	(222,134)
Other intangible assets	(7,836)	—	—	—	(7,836)
TOTAL AMORTISATION	**(228,051)**	**(12,482)**	**—**	**—**	**(240,533)**
Goodwill[1]	(2,609)	—	—	—	(2,609)
Other intangible assets	(3,530)	(1,011)	—	3,530	(1,011)
TOTAL IMPAIRMENT	**(6,139)**	**(1,011)**	**—**	**3,530**	**(3,620)**
Total Goodwill	23,203	—	—	—	23,203
Total Other intangible fixed assets	51,388	9,583	—	2,450	63,421
NET CARRYING AMOUNT OF INTANGIBLE ASSETS	**74,591**	**9,583**	**—**	**2,450**	**86,624**

(1). Includes the amounts relating to goodwill arising on the acquisition of ETN (17,521 thousands of euros). It also includes the goodwill arising on the acquisition of control of Gascán, amounting to 8,291 thousands of euros, which was impaired in 2020 by 2,609 thousands of euros, leaving a net carrying amount of 5,682 thousands of euros at December 31, 2021.
(2). Among the year's additions, the computer applications related to the Gas Access Circular 2020 and 2021 (3,524 thousands of euros), the implementation of SAP 4 Hana and the Scada Monarch system (3,669 thousands of euros) and the technological migration of data analysis (850 thousands of euros) stand out.

2020	Opening balance	Additions or allocations	Increases or decreases due to transfers	Decreases, disposals or reductions	Balance at year-end
Goodwill	25,812				25,812
Other intangible assets					—
Development	8,430	256	—	—	8,686
Concessions	5,871	—	—	—	5,871
IT applications	236,679	17,401	418	(136)	254,362
Other intangible assets	12,145	2,329	(418)	(6)	14,050
TOTAL COST	**288,937**	**19,986**	**—**	**(142)**	**308,781**
Other intangible assets	—				
Development	(4,935)	(780)	—	—	(5,715)
Concessions	(4,062)	(49)	—	—	(4,111)
IT applications	(198,448)	(11,941)	—	—	(210,389)
Other intangible assets	(7,821)	(15)	—	—	(7,836)
TOTAL AMORTISATION	**(215,266)**	**(12,785)**	**—**	**—**	**(228,051)**
Goodwill	—	(2,609)			(2,609)
Other intangible assets	—	(3,591)		61	(3,530)
TOTAL IMPAIRMENT	**—**	**(6,200)**		**61**	**(6,139)**
Total Goodwill	25,812	(2,609)	—	—	23,203
Total Other intangible fixed assets	47,859	3,610	—	(81)	51,388
NET CARRYING AMOUNT OF INTANGIBLE ASSETS	**73,671**	**1,001**	**—**	**(81)**	**74,591**

Fully amortised intangible assets recognised by the Enagás Group and still in use at 2021 and 2020 year-end are detailed as follows:

FULLY AMORTISED INTANGIBLE ASSETS



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 above classification, the asset (or disposal group) must be available, in its present condition, for immediate sale, subject only to current terms customary for the sale of such assets (or disposal groups), and its sale must be highly probable.
- 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.

Enagás Internacional, S.L.U. and Elecnor, S.A. have reached an agreement dated December 17, 2021 to jointly and equally sell 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 ("MAM")) the total shareholding they hold in the Mexican nationality companies Gasoducto de Morelos, S.A.P.I. de C.V. and Morelos O&M, S.A.P.I. de C.V. for a total of 173.8 million dollars (approximately 154 million euros at current exchange rates). Both holdings are included in the "Other activities" segment of the Enagás Group.

The transaction is subject to compliance with the conditions precedent for this type of operation. Enagás estimates that the closing will occur during 2022.

As a result of the foregoing, the Group has classified the investments accounted for using the equity method in these companies and the loan granted to Gasoducto de Morelos, S.A.P.I. de C.V. which form part of the transaction, for a total amount of 28,547 thousands of euros, corresponding to their carrying amount, under "Non-Current Assets Held for Sale". For the purpose of determining the fair value, the information relating to the bids received has been used. These bids exceed the carrying amount. Therefore, no valuation adjustments have been recorded as a result of the above.

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 carrying amount 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 2021 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 respect to infrastructure activity, 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 and remuneration for the extension of useful life, (REVU) are established as fixed remuneration, calculated on the basis of the fixed operation and maintenance costs increased by a coefficient, which takes an initial value of 0.3 for transmission and regasification facilities and 0.15 for underground storage facilities, which is subsequently increased based on the number of years by which the facility exceeds the regulatory useful life, not accruing any amounts as investment remuneration, amortisation, or financial remuneration. In addition to said fixed remuneration, the Remuneration for Supply Continuity (RSC) will be maintained as it is independent of the regulatory useful life of the asset in question.

Thus, when determining residual value, the following is taken into consideration:

- The projection for the last estimated cash flow corresponding to Remuneration for Supply Continuity ("RSC"), calculated in accordance with the regulatory parameters established and described in Appendix III.
- The projected remuneration for operating and maintenance costs for the last financial year and for the projected extension of useful life (REVU), applying the regulatory framework and the coefficients for fully amortised elements described in Appendix III.
- Financial remuneration or remuneration related to amortisation was not taken into account as said remuneration will end when the regulatory useful life of the facilities elapses.

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, which is the same as that calculated annually based on the accredited costs for each year. 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.

- Operating and maintenance costs were estimated considering the prevailing 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.

The most representative hypotheses used in the projections, based on business forecasts and past experience, are the following:

- Regulated remuneration: this has been 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.
- The post-tax discount rate for regulated activities in Spain will be between 2.87% and 4.85% in both 2021 and 2020, and the pre-tax rate will be between 4.1% and 6% in both years.
- Considering that all the CGUs have been operating normally during 2021 (Note 1.11), 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 under contracts with customers, in accordance with IFRS 15, the breakdown and changes of which are shown below:

Other non-current liabilities	Gasoducto Al-Ándalus, S.A. and Gasoducto de Extremadura, S.A. royalties(1)	Connections to basic network	Other	Total
Balance at December 31, 2019	**16,513**	**39,262**	**1,492**	**57,267**
Additions	—	806	796	1,602
Recognised in profit and loss	(16,513)	(1,249)	(1,492)	(19,254)
Effect of financial restatement IFRS 15	—	256	—	256
Balance at December 31, 2020	**—**	**39,075**	**796**	**39,871**
Additions	—	1,058	10	1,068
Disposals	—	(676)	—	(676)
Short-term reclassifications	—	(1,057)	—	(1,057)
Recognised in profit and loss	—	(1,010)	—	(1,010)
Effect of financial restatement IFRS 15	—	31	—	31
Balance at December 31, 2021	**—**	**37,421**	**806**	**38,227**
Of which: Liabilities for short-term customer contracts				
Liabilities from long-term customer contracts		37,421	—	37,421
Other non-current liabilities		—	806	806

(1). The balances relating to the royalties of Gasoducto de Extremadura, S.A. and Gasoducto Al-Ándalus, S.A. that remained outstanding at December 31, 2019 were allocated in full to profit and loss in 2020, coinciding with the expiry date of the "gas transmission right" contracts, and the associated liability in this connection was therefore fully recognised at December 31, 2020. On expiry of these contracts, Enagás Transporte, S.A.U. is fully entitled to the gas transmission right in both pipelines.

At December 31, 2021, the heading "Customer contract liabilities" includes performance obligations pending execution with an estimated term of more than one year, amounting to 1,059 thousands of euros (1,298 thousands of euros at December 31, 2020).

It was determined that the amounts received for the execution of connections and those received for the gas transmission contract have an associated significant financing component, which the Enagás Group recognised in the financial result of the consolidated income statement for 2021 for the amount of 31 thousands of euros (256 thousands of euros in 2020).

At December 31, 2021, 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 2021 and 2020, 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.
- Decommissioning 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	Reclassification	Amounts used	Balance at year-end
Personnel remuneration	5,210	2,662	13	(6,856)	—	1,029
Other long-term provisions	789	163	—	—	(551)	401
Dismantling	247,892	39,615	3,419	—	—	290,926
TOTAL NON-CURRENT PROVISIONS	**253,891**	**42,440**	**3,432**	**(6,856)**	**(551)**	**292,356**
Other short-term provisions	2,232	—	987	—	(2,502)	717
TOTAL CURRENT PROVISIONS	**2,232**	**—**	**987**	**—**	**(2,502)**	**717**
TOTAL CURRENT AND NON-CURRENT PROVISIONS	**256,123**	**42,440**	**4,419**	**(6,856)**	**(3,053)**	**293,073**

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)**.

Decommissioning 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.

As part of this periodic review, the value of decommissioning was re-estimated, resulting in an increase in the amount of 39,615 thousands of euros **(Note 2.4)**.

Additionally, this provision has 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. The discount rate used during 2021 ranges from 0.4% to 1% depending on the remaining time period in which the dismantling work is expected to be carried out.

As a result of the effect of this financial restatement, at December 31, 2021 an increase of 3,419 thousands of euros was registered in the dismantling provision.

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 (3.30%)/-3.40%.

"Personnel remuneration" includes the cash portion of the Long-Term Incentive Plan ("ILP") for the executive directors 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 2022. During financial year 2021, the amount recorded in this heading was reclassified in the short-term to the "Trade and other payables" heading.

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, 2021, there are no events in the Enagás Group that could be considered as contingent liabilities 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, 2021 amounted to 57.5% (57.3% in 2020) **(Note 3.7)**.
- On December 29, 2021, the credit rating agency Fitch Ratings upgraded Enagás' rating outlook to stable, while reaffirming Enagás' rating at BBB+. On January 26, 2022, the credit rating agency Standard & Poor's placed Enagás' credit rating at BBB, with a stable outlook **(Note 3.7)**.

Equity

- At December 31, 2021, equity has increased by 3% compared to the previous year, to a total of 3,102 million euros.
- The share price of the parent company, Enagás, S.A. recognised at December 31, 2021 amounted to 20.4 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, 2021 net financial debt amounted to 4,277 million euros (4,288 million euros in 2020) **(Note 3.4.a)**.
- The average annual interest rate during 2021 for the Group's gross financial debt amounted to 1.7% (1.9% in 2020) **(Note 3.4.a)**.
- The percentage of fixed rate net financial debt at December 31, 2021 and December 31, 2020 amounted to more than 80%, with the average maturity period of the debt at December 31, 2021 being 4.5 years (5 years at December 31, 2020) **(Note 3.4.a)**.

Available funds

- The Group has available funds in the amount of 3,300 million euros at December 31, 2021 (2,473 million euros in 2020) **(Note 3.8.b)**.

Financial result

- Financial expenses and similar decreased from 108 million euros in 2020 to 103 million euros in 2021. **(Note 3.5)**.
- Finance income and similar increased from 21 million euros in 2020 to 20 million euros in 2021. **(Note 3.5)**.

Derivative financial instruments

- At December 31, 2021, the net fair value of the Group's derivatives, including assets and liabilities derivatives, was 88 million euros of liabilities (43 million euros of liabilities at December 31, 2020) **(Note 3.6)**. During 2021, 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 procedure continues on a regular basis. The reply to the Peruvian State's response was filed by Enagás on May 31, 2021, and was in turn answered by the Peruvian State on October 20, 2021. On January 17, 2022, Enagás filed its rejoinder on preliminary objections. Preparations are currently underway for the hearings scheduled for September 2022.
- 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 submitted to the ICSID under the Spain-Peru APPRI (Reciprocal Promotion and Protection Agreement) **(Note 3.3.a)**.
- At December 31, 2021, the total amount to be recovered by GSP amounted to 433,604 thousands of euros (392,417 thousands of euros at December 31, 2020) 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 2021 and 2020 the share capital of Enagás S.A. amounted to 392,985 thousands of euros, represented by 261,990,074 shares with a nominal 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, 2021 the quoted share price was 20.4 euros, having reached a maximum of 20.95 euros per share on December 16, 2021.

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, 2021 and 2020 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, 2021):

	Investment in share capital (%)	
Company	**12.31.2021**	**12.31.2020**
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.	3.383	3.383
State Street Corporation	3.008	3.008
Mubadala Investment Company PJSC	3.103	3.103
Credit Agricole, S.A.	—	3.042

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, 2021 and 2020 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

No treasury shares were acquired or disposed of in 2021.

On June 26, 2019, Enagás, S.A. finalised the process for acquiring treasury shares, which amounted to 501,946 shares, representing 0.19% of the total shares issued by Enagás, S.A. at December 31, 2021 and 2020, for a total of 9,876 thousands of euros (including associated expenses of 10 thousands of euros). This acquisition took place within the framework of the "Temporary Treasury Shares Buy-Back Scheme", whose exclusive aim was to meet the obligations of delivering shares to the Executive Directors and members of the Enagás Group management team under the current remuneration scheme according to the terms and conditions of the 2019–2021 Long-Term Incentive Plan (ILP) and Remuneration Policy approved at the General Shareholders' Meeting on March 29, 2019. 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 29, 2019. 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)**.

No treasury shares were acquired or disposed of in 2021 and 2020.

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 2021 and 2020 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
2021				
Cash flow hedges	(17,183)	(6,924)	12,576	(11,531)
Tax recognised in equity	4,303	1,731	(3,144)	2,890
Translation differences	(48,214)	(61,905)	—	(110,119)
Fully-consolidated companies	**(61,094)**	**(67,098)**	**9,432**	**(118,760)**
Cash flow hedges	(38,627)	23,741	3,219	(11,667)
Tax recognised in equity	6,853	(3,750)	(946)	2,157
Translation differences	(109,852)	164,597	—	54,745
Companies accounted for using the equity method	**(141,626)**	**184,588**	**2,273**	**45,235**
Assets at fair value with changes in Other Comprehensive Income	**—**	**534**	**—**	**534**
TOTAL	**(202,720)**	**118,024**	**11,705**	**(72,991)**
2020				
Cash flow hedges	1,398	(31,762)	13,181	(17,183)
Tax recognised in equity	(240)	7,988	(3,445)	4,303
Translation differences	(115,506)	67,292	—	(48,214)
Fully-consolidated companies	**(114,348)**	**43,518**	**9,736**	**(61,094)**
Cash flow hedges	(14,671)	(27,016)	3,060	(38,627)
Tax recognised in equity	2,360	5,436	(943)	6,853
Translation differences	109,482	(219,334)	—	(109,852)
Companies accounted for using the equity method	**97,171**	**(240,914)**	**2,117**	**(141,626)**
TOTAL	**(17,177)**	**(197,396)**	**11,853**	**(202,720)**

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.
- 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.
- The amount corresponding to minority interests relating to the change in equity of the subsidiary is attributed based on the percentage of interest held in the subsidiary.
- 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
2021							
ETN, S.L.	10.0%	15,583	—	(746)	—	823	15,660
Remaining companies		1,376	(223)	(2,813)	2,230	(10)	560
TOTAL 2021		**16,959**	**(223)**	**(3,559)**	**2,230**	**813**	**16,220**
2020							
ETN, S.L.	10.0%	15,482	—	(835)	—	936	15,583
Remaining companies		402	231	(1,200)	1,960	(17)	1,376
TOTAL 2020		**15,884**	**231**	**(2,035)**	**1,960**	**919**	**16,959**

(1). In 2021 and 2020, "Other adjustments" includes mainly the amounts recorded in Gas Infrastructure Reserves for dividends from Group companies received and not distributed.

The summarised financial information of these affiliates is shown below. This information is based on the amounts recognised before eliminations among Group companies:

Condensed income statement	2021 ETN, S.L.	2020 ETN, S.L.
Ordinary revenue	24,507	26,218
Cost of sales	(7,647)	(7,618)
Administrative expenses	(4,191)	(4,183)
Financial expenses	(2,332)	(2,587)
Profit /(loss) before tax	**10,337**	**11,830**
Income tax expense	(2,109)	(2,468)
Profit /(loss) for the year from continuing operations	**8,228**	**9,362**
TOTAL RESULTS	**8,228**	**9,362**
Attributable to minority interests	823	936
Dividends paid to minority interests	746	835

	12.31.2021	12.31.2020
Condensed balance sheet	**ETN, S.L.**	**ETN, S.L.**
Inventories, treasury, and current accounts (current)	20,178	12,871
PP&E and other assets (non-current)	226,420	236,471
Suppliers and payables (current)	12,570	9,770
Loans, credits, and deferred tax liabilities (non-current)	77,381	83,696
TOTAL EQUITY	**156,647**	**155,877**
Attributable to:		
Shareholders of the Parent	140,987	140,294
Minority interests	15,660	15,583

Cash flow statement	2021	2020
	ETN, S.L.	**ETN, S.L.**
Operating income	13,121	18,205
Investment	(400)	(1,453)
Financing	(14,256)	(18,345)
TOTAL NET CASH FLOWS	**(1,535)**	**(1,593)**

3.3 Financial assets and liabilities

ACCOUNTING POLICIES

Financial assets

- 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 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

- Items recognised under this heading are initially recognised at fair value of the consideration paid, plus transaction costs directly attributable to the acquisition. Subsequently, they are 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 – I nputs 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 a reversal effect on the Consolidated Income Statement for the current year of 44 thousands of euros. (111 thousands of euros at December 31, 2020), with the cumulative effect on the Consolidated Balance Sheet amounting to 505 thousands of euros at December 31, 2021 (549 thousands of euros at December 31, 2020).

a) Financial assets

	Class							
	Amortised cost		Fair Value with changes in the income statement(*)		Fair value through profit / loss		Total	
Categories	**12.31.2021**	**12.31.2020**	**12.31.2021**	**12.31.2020**	**12.31.2021**	**12.31.2020**	**12.31.2021**	**12.31.2020**
Equity instruments	—	—	—	—	16,249	7,431	16,249	7,431
Loans	18,175	33,295	—	—	—	—	18,175	33,295
Trade and other receivables (Note 2.2)	150,833	146,347	—	—	—	—	150,833	146,347
Derivatives (Note 3.6)	—	—	—	12,621	—	—	—	12,621
Other	447,364	402,847	—	—	—	—	447,364	402,847
TOTAL NON-CURRENT FINANCIAL ASSETS	**616,372**	**582,489**	**—**	**12,621**	**16,249**	**7,431**	**632,621**	**602,541**
Loans	1,925	2,441	—	—	—	—	1,925	2,441
Other	11,541	5,034	—	—	—	—	11,541	5,034
TOTAL CURRENT FINANCIAL ASSETS	**13,466**	**7,475**	**—**	**—**	**—**	**—**	**13,466**	**7,475**
TOTAL FINANCIAL ASSETS	**629,838**	**589,964**	**—**	**12,621**	**16,249**	**7,431**	**646,087**	**610,016**

(*). 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, 2021 does not differ significantly with respect to their book value.

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, 2021, this mainly includes the Enagás Group's investments in 19% of the company Depositi Italiani GNL and the investments of 8.35% and 29.4% in the companies Satlantis Microsats, S.L. and Klima Energy Transition Fund, F.C.R., respectively. The change compared to 2020 is mainly due to the acquisition of the latter two investments during 2021.

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 3,837 thousands of euros (3,090 thousands of euros at December 31, 2020) corresponding to the investment made by the Group in Economic Interest Groups (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.

This heading also includes the accounts receivable for both the corporate guarantee granted in connection with GSP financial debt as well as the guarantee for full compliance with respect to the concession agreement, executed to the Enagás Group as a consequence of the GSP concession agreement being terminated. At December 31, 2021, the total amount to be recovered by GSP amounted to 433,604 thousands of euros (392,417 thousands of euros at December 31, 2020) 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, both amounts being updated and expected to be recovered by June 30, 2023.

Gasoducto Sur Peruano ("GSP")

In relation to the investment in Gasoducto Sur Peruano, S.A. (hereinafter "GSP") 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 explained in the Consolidated Annual Accounts of the Enagás Group since 2016.

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 Investments, 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. Preparations are currently underway for the hearings scheduled for September 2022.

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, 2021 the valuation performed by a firm of independent appraisers hired by Enagás for a total updated value of the NCA of 1,943 million dollars (1,954 million dollars at December 31, 2020).

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.

With regard to the recovery periods, assessing the time taken to resolve a dispute of this complexity in an international arbitration as well as the periods considered in the aforementioned ICSID Resolution No. 1, and the review of the planned actions, June 30, 2023 is considered now the estimated date for obtaining an award favourable to Enagás' interests. (in 2020 it was estimated at December 31, 2022).

Based on this, the amounts outlined in the preceding paragraph are recorded at their updated value in the Consolidated Balance Sheet dated December 31, 2021 for a total amount of 433,604 thousands of euros (392,417 thousands of euros at December 31, 2020).

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, as of December 31, 2021, there has been no judicial approval of any of them, nor are there any consistent or proven facts that link GSP to corruption in the awarding of the project.

In this sense, the Peruvian State's response to the ICSID claim and rejoinder also failed to provide new evidence that links GSP with corruption in a proven and irrefutable manner.

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, which was formally admitted on January 26, 2022.

The inclusion of Enagás Internacional as one of the civilly liable third parties, if applicable, is therefore pending. 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 at 50% of the total average net equity, corresponding to its stake in GSP, confirmed with the Ministry of Justice, amounts to 65.5 million dollars. It is currently being determined, if applicable, how this amount would be provided, potentially through the granting of a bank bond letter.

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 250 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 this regard, in order to make effective the application of these Legal Stability Agreements, on February 24, 2021, the direct treatment to the Peruvian State was initiated, which was followed by the filing of a request for international arbitration under the Spain-Peru APPRI by Enagás 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.

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, 2021.

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 433,604 thousands of euros (392,417 thousands of euros at December 31, 2020).

Impairment losses on assets

At December 31, 2021, the impact resulting from analysis of the expected loss in accordance with IFRS 9 for the financial assets of the Enagás Group amounts to 217 thousands of euros (298 thousands of euros at December 31, 2020).

Furthermore, and except for the recording of the expected loss, as per IFRS 9, and considering the economic situation caused by Covid-19, during 2021, as in 2020, there were no additional movements with respect to the provisions for impairment losses of assets held by the Group.

b) Financial liabilities

Details of current and non-current "Financial Liabilities" of the Enagás Group at December 31, 2021 and December 31, 2020 are as follows:

	Class							
	Fair Value with changes in Profit and Loss		Amortised cost		Derivatives designated as hedging instruments		Total	
Categories	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Debts with credit institutions (Note 3.4)	—	—	1,668,541	1,171,382	—	—	1,668,541	1,171,382
Debt settlement costs and accrued interest payable (Note 3.4)	—	—	(3,701)	(5,813)	—	—	(3,701)	(5,813)
Debentures and other marketable securities (Note 3.4)	—	—	2,750,000	3,500,000	—	—	2,750,000	3,500,000
Debt settlement costs and accrued interest payable (Note 3.4)	—	—	(49,970)	(67,741)	—	—	(49,970)	(67,741)
Derivatives (Note 3.6)	—	—	—	—	2,178	44,054	2,178	44,054
Trade payables	—	—	376	322	—	—	376	322
Other financial liabilities (Note 3.4)	15,600	15,600	425,904	304,156	—	—	441,504	319,756
TOTAL NON-CURRENT FINANCIAL LIABILITIES	**15,600**	**15,600**	**4,791,150**	**4,902,306**	**2,178**	**44,054**	**4,808,928**	**4,961,960**
Debts with credit institutions (Note 3.4)	—	—	111,742	170,842	—	—	111,742	170,842
Debt settlement costs and accrued interest payable (Note 3.4)	—	—	1,318	1,835	—	—	1,318	1,835
Debentures and other marketable securities (Note 3.4)	—	—	750,000	10,000	—	—	750,000	10,000
Debt settlement costs and accrued interest payable (Note 3.4)	—	—	31,782	31,672	—	—	31,782	31,672
Derivatives (Note 3.6)	—	—	—	—	86,086	11,221	86,086	11,221
Trade payables(*) (Note 2.3)	—	—	377,512	255,417	—	—	377,512	255,417
Other financial liabilities (Note 3.4)	—	—	75,200	63,534	—	—	75,200	63,534
TOTAL CURRENT FINANCIAL LIABILITIES	**—**	**—**	**1,347,554**	**533,300**	**86,086**	**11,221**	**1,433,640**	**544,521**
TOTAL FINANCIAL LIABILITIES	**15,600**	**15,600**	**6,138,704**	**5,435,606**	**88,264**	**55,275**	**6,242,568**	**5,506,481**

(*). 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 2021 and 2020 is as follows:

	2023	**2024**	**2025**	**2026 and later years**	**Total**
Debentures and other marketable securities	400,000	—	600,000	1,750,000	2,750,000
Debts with credit institutions	899,724	56,984	434,907	276,926	1,668,541
TOTAL	**1,299,724**	**56,984**	**1,034,907**	**2,026,926**	**4,418,541**

	2022	**2023**	**2024**	**2025 and later years**	**Total**
Debentures and other marketable securities	750,000	400,000	—	2,350,000	3,500,000
Debts with credit institutions	111,742	76,742	654,332	328,566	1,171,382
TOTAL	**861,742**	**476,742**	**654,332**	**2,678,566**	**4,671,382**

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, 2021 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	233,333
	Loan	Fixed rate	EUR	2031	125,000
	Loan	EURIBOR + Margin	EUR	2027	35,455
	Loan	Fixed rate	EUR	2030	90,000
	Loan	EURIBOR + Margin	EUR	2022	10,000
	Loan	EURIBOR + Margin	EUR	2023	75,000
	Loan	EURIBOR + Margin	EUR	2023	1,000
	Loan	Fixed rate	EUR	2026	200
Banking debt	Credit line	LIBOR + Margen	USD	2024	1,820
	Credit line	LIBOR + Margen	USD	2024	3,226
	Loan	LIBOR + Margen	USD	2023	197,802
	Loan	LIBOR + Margen	USD	2023	140,659
	Loan	LIBOR + Margen	USD	2024	383,164
	Loan	LIBOR + Margen	USD	2024	483,516
	Loan	Fixed rate	EUR	2031	108
				Nominal outstanding	**1,780,283**
				Debt settlement expenses	(3,701)
				Accrued interest payable	1,318
				TOTAL FINANCIAL DEBTS WITH CREDIT INSTITUTIONS	**1,777,900**

	Instrument	Nominal Interest	Currency of issue	Maturity	Nominal outstanding (thousands of euros)
Bond issue and Private Placements	EMTN bonus	2.50%	EUR	2022	750,000
	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	**3,500,000**
				IFRS 9 and others	(49,432)
				Accrued interest payable	31,244
				TOTAL DEBENTURES AND OTHER MARKETABLE SECURITIES	**3,481,812**

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, 2020 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	256,666
	Loan	Fixed rate	EUR	2031	137,500
	Loan	EURIBOR + Margin	EUR	2027	41,364
	Loan	Fixed rate	EUR	2030	100,000
	Loan	EURIBOR + Margin	EUR	2022	30,000
	Loan	EURIBOR + Margin	EUR	2023	125,000
Banking debt	Credit line	LIBOR + Margin	USD	2021	49,100
	Loan	LIBOR + Margin	USD	2024	376,432
	Credit line	LIBOR + Margin	USD	2024	186,768
	Credit line	LIBOR + Margin	USD	2024	39,394
				Nominal outstanding	**1,342,224**
				Debt settlement expenses	(5,813)
				Accrued interest payable	1,835
				TOTAL FINANCIAL DEBTS WITH CREDIT INSTITUTIONS	**1,338,246**

	Instrument	Coupon	Currency of issue	Maturity	Nominal outstanding (thousands of euros)
Bond issue and Private Placements	EMTN bonus	4.23%	EUR	2021	10,000
	EMTN bonus	2.50%	EUR	2022	750,000
	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	**3,510,000**
				IFRS 9 and others	(67,719)
				Accrued interest payable	31,650
				TOTAL DEBENTURES AND OTHER MARKETABLE SECURITIES	**3,473,931**

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.
- Options on interest held by minority shareholders are accounted for by recognising the minority interests arising in a business combination and recognising a financial liability against equity. The changes in fair value of the financial liability are accounted for in the Consolidated Income Statement.

	2021	2020
Debentures and other marketable securities	3,481,812	3,473,931
Debts with credit institutions	1,777,900	1,338,246
Other receivables	516,704	383,290
TOTAL FINANCIAL DEBTS	**5,776,416**	**5,195,467**
Non-current financial debts (Note 3.3)	**4,806,374**	**4,917,584**
Current financial debts (Note 3.3)	**970,042**	**277,883**

The fair value of debts owed to credit entities as well as debentures and other marketable securities at December 31, 2021 and 2020 is as follows:

	2021	2020
Debts with credit institutions	1,790,482	1,358,665
Debentures and other marketable securities	3,621,028	3,725,050
FAIR VALUE TOTAL	**5,411,510**	**5,083,715**
CARRYING AMOUNT TOTAL	**5,259,712**	**4,812,177**

a) Net financial debt

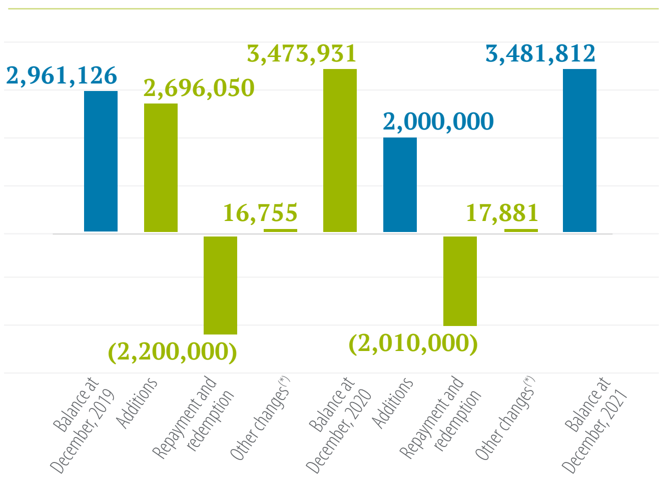
Net financial debt is the main indicator used by Management to measure the Group's debt level. It is comprised of gross debt less cash in hand:

	2021	2020
Debts with credit institutions (Note 3.3)	1,777,900	1,338,246
Debentures and other marketable securities (Note 3.3)	3,481,812	3,473,931
Loans from the General Secretariat of Industry, the General Secretariat of Energy, Oman Oil and ERDF E4E	1,745	2,859
Leases (IFRS 16)	459,550	336,442
Gross financial debt	**5,721,007**	**5,151,478**
Cash and other cash equivalents (Note 3.8)	(1,444,151)	(863,655)
Net financial debt	**4,276,856**	**4,287,823**

The gross financial cost during 2021 for the Group's financial debt amounted to 1.7% (1.9% in 2020). The percentage of net financial debt at fixed interest rate at December 31, 2021 amounted to more than 80%, while the average maturity period at that date amounted to 4.5 years (5 years at December 31, 2020). 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. Further, average gross debt is calculated as the daily average of nominal amounts of financial debt.

b) Debentures and other marketable securities

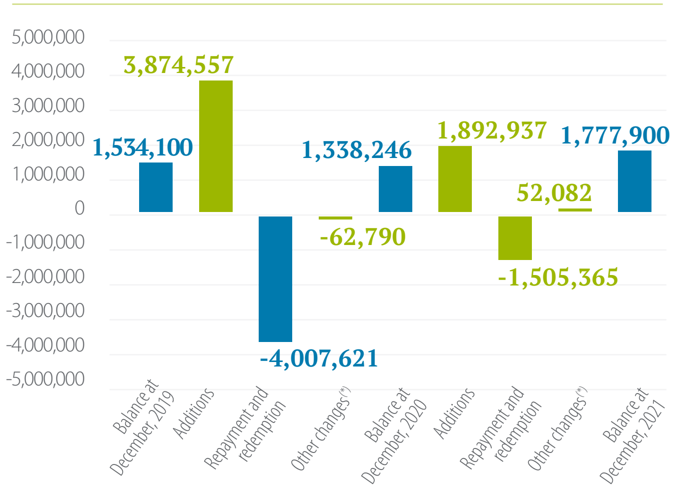
The most significant events of the 2021 financial year include:



(*). Includes interest paid, accrued interest, valuations, and other.

- On May 28, 2021, 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 May 28, 2021, 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 2021 financial year include:

- On January 19, 2021, Enagás S.A. entered into a loan agreement expiring on December 28, 2021 in the amount of 225 million dollars. Additionally, two hedging instruments were contracted to hedge the interest rate risk for the amount and term of this loan. Subsequently, on December 28, this loan was renewed until January 2023, entering into a new hedging instrument associated with this loan for the same amount and maturity of one year **(Note 3.6)**.
- On January 19, 2021, Enagás International entered into a loan agreement maturing on December 28, 2021 for an amount of 100 million dollars. Additionally, a hedging instrument was contracted to hedge the interest rate risk for the amount and term of this loan. Subsequently, on December 27, this loan was renewed until January 2023, increasing its amount to 160 million dollars, and contracting a new hedging instrument associated with this loan for the same amount and maturity of one year **(Note 3.6)**.
- On March 1, 2021, the loan from Enagás U.S.A LLC was repaid in full in the amount of 435.6 million dollars. To finance this repayment, on the same date, Enagás Holding USA, S.L.U. took out two loans totalling 436 million dollars, maturing in 2025.
- On December 22, Enagás International has taken out a new loan in the amount of 550 million dollars, maturing in December 2023. Additionally, an associated hedging instrument has been arranged for 41% of the debt to hedge the interest rate risk for one year **(Note 3.6)**.
- Extension of the maturity of 81% of the multi-currency financing line for an amount of 1,500 thousands of euros until December 2026.

At December 31, 2021, the Group had access to credit lines in the amount of 1,860,440 thousands of euros (1,884,615 thousands of euros in 2020), of which 1,855,393 thousands of euros had not been drawn down (1,609,354 thousands of euros in 2020) **(Note 3.8)**. Along these lines, a sustainable syndicated credit line amounting to 1,500,000 thousands of euros is included, the price of which is linked to the reduction of CO_2 emissions. This credit line is held by 11 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

	2021	2020
Loans from the General Secretariat of Industry, the General Secretariat of Energy, Oman Oil and ERDF E4E	1,745	2,859
Fair value of sales option on interest held by EVE	15,600	15,600
Leases (IFRS 16) (Note 2.4)	459,550	336,442
Other	39,809	28,389
TOTAL OTHER FINANCIAL LIABILITIES	**516,704**	**383,290**

At December 31, 2021 and December 31, 2020, "Other debts" mainly includes the financial liability associated with IFRS 16 on leases. Payments for this item amounted to 36,481 thousands of euros in 2021 (37,770 thousands of euros in 2020).

3.5 Net financial gain/(loss)

	2021	2020
Income from associates	893	1,173
Finance revenue from third parties	19,548	19,236
Income/expenses in cash and other cash equivalents	(942)	155
Other	25	—
Financial income	**19,524**	**20,564**
Financial expenses and similar	(2,134)	(3,434)
Loan interest	(95,363)	(100,274)
Capitalised interest	(9)	(18)
Other	(5,503)	(3,795)
Financial expenses	**(103,009)**	**(107,521)**
Gains (losses) on hedging instruments	**(71)**	**1,144**
Exchange differences	**144**	**18,134**
NET FINANCIAL GAIN (LOSS)	**(83,412)**	**(67,679)**

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:

  a) **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.

  b) **Net investment coverage 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 accumulated gain or loss on the hedging instrument recognised in equity is retained in equity until the hedged transaction occurs.
- 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.

					Income and expenses recognised directly in equity		Amounts transferred to the income statement			
Category	**Type**	**Maturity**	**Notional contracted**	**Fair value 12.31.2020**	**Hedging transactions**	**Translation differences**	**Changes in results**	**Counterparty risks and other**	**Other changes(*)**	**Fair value 12.31.2021**
Cash flow hedges(**)										
Interest rate swap	Floating to fixed	Dec-22	141,268	—	(13)	(7)	6	—	—	(14)
Interest rate swap	Floating to fixed	Dec-22	198,658	—	(34)	(18)	16	—	—	(36)
Interest rate swap	Floating to fixed	Dec-22	198,658	—	(36)	—	7	—	(7)	(36)
Net investment coverage										
Cross Currency Swap	Fixed to fixed	Apr-22	400,291	(51,498)	(4,710)	(33,625)	8,176	(71)	—	(81,728)
Cross Currency Swap	Fixed to fixed	May-28	237,499	8,845	(2,326)	(16,980)	4,011	—	—	(6,450)
TOTAL			**1,176,374**	**(42,653)**	**(7,119)**	**(50,630)**	**12,216**	**(71)**	**(7)**	**(88,264)**

(*). Includes interest accrued and not paid, other commissions relating to derivative financial instruments, as well as changes in the fair value of the hedging derivative.
(**). Derivative financial instruments arranged in the year 2021. (See Note 3.6.a).

a) Cash flow hedges

On December 22, 2021, Enagás, S.A. entered into a hedging instrument for 225 million dollars maturing in December 2022 **(Note 3.4.c)**.

On December 22, 2021 Enagás International arranged a new hedging instrument for an amount of 160 million dollars and a maturity of one year. Additionally, on December 22, 2021 Enagás International arranged a new hedging instrument for 225 million dollars, maturing in December 2022 **(Note 3.4.c)**.

With respect to cash flow hedges, the breakdown by period in which the related cash flows will arise is as follows:

Contracted amount (thousands of euros)	Total	2022	2023	2024 and later years
141,268	(14)	(14)	—	—
198,658	(36)	(36)	—	—
198,658	(36)	(36)	—	—
538,584	**(86)**	**(86)**	**—**	**—**

b) Net investment coverage in foreign operations

The main characteristics of the two derivative financial instruments contracted as net investments hedges are the following:

Category	Contracted amount in Euros	Contracted amount in USD	Type	Maturity
Cross Currency Swap	400,291	550,000	Fixed to fixed	April 2022
Cross Currency Swap	237,499	270,000	Fixed to fixed	May 2028
TOTAL	**637,790**	**820,000**		

The investments considered as hedged items in the aforementioned hedging relationships are the following:

Project	Investments hedged in USD
GNL Quintero, S.A.	179,989
Subgrupo Altamira LNG, C.V.	52,423
TgP	587,588
TOTAL	**820,000**

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 coverage in foreign operations, the breakdown by period in which the related cash flows will arise is as follows:

2021	2022	2023	2024	2025	2026 and later years	Total
Derivatives	(86,086)	(4,210)	(4,093)	(3,975)	10,186	**(88,178)**

2020	2021	2022	2023	2024	2025 and later years	Total
Derivatives	(11,221)	(47,784)	(3,691)	(3,642)	23,685	**(42,653)**

3.7 Financial and capital risk management

The Enagás Group is exposed to certain risks which it manages with a risk control and management model which is directed towards guaranteeing achievement of the Company's objectives in a predictable manner with a medium-low risk profile. This model allows to adapt to the complexity of the business activity in a competitive environment globalised, in a complex economic context, where the materialisation of risks is faster and with an evident contagion effect.

The model is based on the following:

- The consideration of some standard types of risk to which the Company is exposed.
- Separation and independence of risk control and management functions articulated in three lines of "defence."
- The existence of Governing Bodies responsible for matters relating to risk exposure.
- Establishing a risk-prone framework which defines the risk levels considered acceptable and that are in line with established business objectives and the market environment in which the Group carries out its activities.
- The transparency of information supplied to third parties, to guarantee its reliability and accuracy.

The integral analysis of all risks allows the appropriate control and management thereof, an understanding of the relationships between them and facilitates their joint assessment. Enagás has established a regulatory framework through its "Risk control and management policy" and "General risk control and management standard," which define the basic principles governing the risk function and identify the responsibilities of the company's various governing bodies.

The risk control and management function is articulated around three lines of defence, each presenting different responsibilities:

- First line of defence: organisational units which assume risks in the normal course of their activities. They are the owners of the risks and are responsible for identifying and measuring their respective risk exposure.
- Second line of defence: the Sustainability and Risk Department, in charge mainly of ensuring that the risk control and management system works correctly, defining the regulatory framework and approach, and performing regular monitoring and overall control of the company's risks.
- Third line of defence: the Internal Audit Department, responsible for supervising the efficiency of the established risk controls.

The Governing Bodies responsible for risk control and management are the following:

- 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.
- The main function of the Audit and Compliance Committee is to supervise the efficacy of the risk control and management systems as well as evaluating Group risk exposure (identification, measurement, and establishment of management measures).
- Risk Committee: the main functions include establishment of global risk strategies, establishing the global risk limits, revising the level of risk exposure, and acting to correct any instances of non-compliance.

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, 2021 has an average maturity of 4.5 years (5 years at December 31, 2020) **(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.

Climate change risk

The Enagás Group 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 and prices, the use and technological development of renewable gases, and reputational risks.

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**.

Other risks

Given the dynamic nature of the business and its risks, and despite having a 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.

a) Quantitative information

Interest rate risk

The percentage of net debt at fixed interest rates at December 31, 2021 and December 31, 2020, amounted to more than 80%. Taking into account these percentages of net 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			
	2021		2020	
	25 bps	-10 bps	25 bps	-10 bps
Change in financial costs	2,612	(1,045)	2,806	(1,123)

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 Enagás Group obtains financing fundamentally in euros, although it maintains certain financing in US dollars. The currency that generates the greatest exposure to exchange rate changes 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.

Further, the Group also holds loans denominated in US dollars granted by Enagás Internacional, S.L.U. to companies in which it does not control a majority stake.

The sensitivity of profit /(loss) for the year and equity to exchange rate risk, via appreciation or depreciation of exchange rates and based on the financial instruments held by the Enagás Group at December 31, 2021, is shown below:

	Thousands of euros			
	Appreciation/(Depreciation) of the euro against the dollar			
	2021		2020	
	5.00%	-5.00%	5.00%	-5.00%
Effect on net profit	3,407	(3,407)	3,330	(3,330)
Effect on equity	7,000	(7,000)	269	(269)

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, 2021 and 2020, is as follows:

	2021	2020
Net financial debt (Note 3.4)	4,276,856	4,287,823
Shareholders' equity	3,158,421	3,192,745
FINANCIAL LEVERAGE	**57.5%**	**57.3%**

On December 29, 2021, the credit rating agency Fitch Ratings upgraded Enagás' rating outlook to stable, while reaffirming Enagás' rating at "BBB+". On January 26, 2022, 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 not exposed to the risk of changes in value.

a) Cash and cash equivalents

	12.31.2021	12.31.2020
Treasury	1,294,105	713,655
Other cash and cash equivalents	150,046	150,000
TOTAL	**1,444,151**	**863,655**

"Other liquid assets" includes those deposits that have a maturity of less than three months.

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 loans and credit lines which it has not drawn down. Thus, liquidity available to the Enagás Group is broken down as follows:

Available funds	12.31.2021	12.31.2020
Cash and cash equivalents	1,444,151	863,655
Other available funds (Note 3.4)	1,855,393	1,609,354
TOTAL AVAILABLE FUNDS	**3,299,544**	**2,473,009**

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.

c) Reconciliation of movements in liabilities arising from financing activities and cash flows

		Debts with credit institutions	Debentures and marketable securities	Total
12.31.2020		**1,338,246**	**3,473,931**	**4,812,177**
Cash flows	Issues	1,892,937	2,000,000	**3,892,937**
	Repayment and redemption	(1,505,365)	(2,010,000)	**(3,515,365)**
	Interest paid	(11,290)	(45,981)	**(57,271)**
Without an impact on cash flows	Interest expense	11,416	63,918	**75,334**
	Changes due to exchange rates and other	51,956	(56)	**51,900**
12.31.2021		**1,777,900**	**3,481,812**	**5,259,712**

The information for the 2020 financial year is detailed below:

		Debts with credit institutions	Debentures and marketable securities	Total
12.31.2019		**1,534,100**	**2,961,126**	**4,495,226**
Cash flows	Issues	3,874,557	2,696,050	**6,570,067**
	Repayment and redemption	(4,007,621)	(2,200,000)	**(6,207,621)**
	Interest paid	(25,078)	(44,374)	**(69,452)**
Without an impact on cash flows	Interest expense	16,780	62,192	**78,972**
	Changes due to exchange rates and other	(54,492)	(1,063)	**(55,555)**
12.31.2020		**1,338,246**	**3,473,931**	**4,812,177**

4
Other information

RELEVANT ASPECTS

Remuneration for Board of Directors and Senior Management

- Remuneration to the Board of Directors, without taking into account the insurance premiums, amounted to 5,026 thousands of euros (4,855 thousands of euros in 2020) (Note 4.4).
- Remuneration to the Senior Managers, without taking account of pension plans and insurance premiums, amounted to 4,485 thousands of euros (4,597 thousands of euros in 2020) (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, 2019	Impairment allowances 2020	Balance at December 31, 2020	Impairment allowances 2021	Balance at December 31, 2021
Cost(1)	47,211	—	47,211	—	47,211
Impairment	(27,601)	(590)	(28,191)	(360)	(28,551)
CARRYING AMOUNT	**19,610**	**(590)**	**19,020**	**(360)**	**18,660**

(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, 2021, which concluded that the recoverable amount of the plot at that date amounted to 18,660 thousands of euros (19,020 thousands of euros at December 31, 2020). 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.
- Corporate income tax is recognised in the Consolidated Income Statement or in equity accounts in the Consolidated Balance Sheet depending on where the related profits or losses were recognised.
- 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 of the Company consider that all applicable taxes open to inspection described in this note have been duly paid so that even in the event of discrepancies in the interpretation of prevailing tax legislation with respect to the tax treatment applied, the resulting potential tax liabilities, if any, would not have a material impact on the accompanying 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

	2021	2020
Debit balances		
Deferred tax assets (Note 4.2.f)	**78,547**	**85,912**
Income tax and other taxes[1]	12,357	23,492
Value added tax	16,565	17,846
TOTAL	**28,922**	**41,338**
Credit balances		
Deferred tax liabilities (Note 4.2.f)	**237,553**	**245,481**
Income tax[1]	2,605	2,174
Value added tax	768	2,140
Tax Authorities creditor for withholdings and other	34,510	34,215
TOTAL	**37,883**	**38,529**

(1). Corresponds mainly to the Corporate Income Tax of the 2020 Tax Group, amounting to 12,327 thousands of euros (23,323 thousands of euros at December 31, 2020). Corporate income tax of the Tax Group for 2021 is included in current tax liabilities in the amount of 630 thousands of euros.

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, 2021:

- 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.
- Bioengás Renovables, S.L.
- Enagás Renovable, S.L.U.
- Roblasun, S.L.U. 4, Roblasun, S.L.U. 5 and Roblasun, S.L.U. 6
- Windmusel 1, S.L.U., Windmusel 2, S.L.U. and Windmusel 3, S.L.U.
- Cierzosun 1, S.L.U., Cierzosun 2, S.L.U., Cierzosun 3, S.L.U. and Cierzosun 4, S.L.U.
- H2Greem Global Solutions, S.L.

The Group's remaining companies file individual income tax returns in accordance with the applicable tax laws.

c) Corporate income tax

	2021	2020
Before-tax consolidated accounting results	**499,957**	**546,895**
Permanent differences and consolidation adjustments[1]	(149,061)	(122,788)
Consolidated tax base	**350,896**	**424,107**
Tax rate	**25%**	**25%**
Adjusted result by tax rate[2]	(87,724)	(106,027)
Effect of applying different rates to tax base	805	3,242
Tax base	**(86,919)**	**(102,785)**
Effect of deductions	1,027	2,379
Other adjustments to corporate income tax[3]	(9,426)	(1,568)
Corporate income tax for the period	**(95,318)**	**(101,974)**
Current income tax[4]	(76,394)	(89,694)
Deferred income tax	2,597	9,662
Adjustments to income tax rate	(21,521)	(21,942)

(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 the reconciliation of local regulations and IFRS, among others.
(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 2020 and 2021, 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 24.7%, respectively.
(3). "Other Corporate Income Tax Adjustments" includes 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 2021, 73,562 thousands of euros were paid (101,860 thousands of euros in 2020) in connection with the amount to be disbursed for settling 2021 corporate income tax, of which 72,979 thousands of euros correspond to the Tax Consolidation Group (96,248 thousands of euros in 2020).

d) Tax recognised in equity

	2021			2020		
	Increases	Decreases	Total	Increases	Decreases	Total
Income and expenses recognised directly in equity						
Tax effect on cash flow hedges	—	(2,019)	**(2,019)**	13,424	—	**13,424**
Amounts transferred to the income statement						
Tax effect on cash flow hedges	—	(4,090)	**(4,090)**	—	(4,388)	**(4,388)**
TOTAL INCOME TAX RECOGNISED IN EQUITY	**—**	**(6,109)**	**(6,109)**	**13,424**	**(4,388)**	**9,036**

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. A contentious-administrative appeal has been filed against these findings of the TEAC before the National Court. 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, giving rise to the recognition of a deferred tax asset of 7.5 million euros and a negative effect on income of approximately 4.2 million euros.

The appeal is expected to be resolved in more than one year.

Likewise, at the end of 2021, the years 2018 to 2021 are pending review for the applicable taxes, with the exception of income tax, which is pending review for the years 2017 to 2021.

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 Annual Accounts.

f) Deferred tax assets and liabilities

	Initial measurement	Recognised on profit and loss	Recognised in equity	Translation differences	Final value
Deductible temporary differences					
Capital grants and others	**978**	(106)	—	—	**872**
Amortisation deduction limit R.D.L. 16/2012[(1)]	**16,736**	(4,183)	—	—	**12,553**
Provisions for personnel remuneration	**4,888**	491	—	16	**5,395**
Fixed assets provision	**35,330**	(656)	—	—	**34,674**
Provisions for litigation and other	**20,437**	(1,426)	—	329	**19,340**
Derivatives	**2,577**	2,872	(4,118)	140	**1,471**
Carry-forward tax losses	**1,617**	**(5)**	—	**118**	**1,730**
Deductions pending and other[(2)]	**3,349**	**(837)**	—	**—**	**2,512**
TOTAL DEFERRED TAX ASSETS	**85,912**	**(3,850)**	**(4,118)**	**603**	**78,547**
Accelerated amortisation[(3)]	**(228,674)**	12,189	—	—	**(216,485)**
Derivatives	**—**	(3,180)	3,067	(4)	**(117)**
Deferred expenses	**(7,037)**	2,180	—	—	**(4,857)**
Other	**(9,770)**	(6,033)	(362)	71	**(16,094)**
TOTAL DEFERRED TAX LIABILITIES	**(245,481)**	**5,156**	**2,705**	**67**	**(237,553)**
CARRYING AMOUNT	**(159,569)**	**1,306**	**(1,413)**	**670**	**(159,006)**

(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.

The Enagás Group offset deferred tax assets in the amount of 77,236 thousands of euros from the Consolidated Tax Group in Spain (84,546 thousands of euros in 2020) 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	85,912	(84,546)	**1,366**
Deferred tax liabilities	(245,481)	84,546	**(160,935)**
NET VALUE 2020	**(159,569)**	**—**	**(159,569)**
Deferred tax assets	78,547	(77,236)	**1,311**
Deferred tax liabilities	(237,553)	77,236	**(160,317)**
NET VALUE 2021	**(159,006)**	**—**	**(159,006)**

The Enagás Group has unregistered deferred tax assets and liabilities amounting to 27,583 thousands of euros and 41,978 thousands of euros, respectively, at the end of 2021 (20,894 thousands of euros and 19,906 thousands of euros, respectively, at the end of 2020). 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, and multigroup companies, 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	Other related parties	Total[1]
2021				
Expenses:				
Services received	—	60,421	351	**60,772**
Other expenses	9,701	—	—	**9,701**
TOTAL EXPENSES	**9,701**	**60,421**	**351**	**70,473**
Income:				
Financial income[2]	—	893	—	**893**
Rendering of services	—	4,097	—	**4,097**
Gains on the sale or derecognition of assets	—	58	—	**58**
TOTAL INCOME	**—**	**5,048**	**—**	**5,048**
2020				
Expenses:				
Financial expenses[3]	—	—	4,061	**4,061**
Services received	—	32,751	338	**33,089**
Other expenses	9,671	—	—	**9,671**
TOTAL EXPENSES	**9,671**	**32,751**	**4,399**	**46,821**
Income:				
Financial income[2][3]	—	1,173	6	**1,179**
Rendering of services	—	10,736	—	**10,736**
Other income	—	3,106	—	**3,106**
TOTAL INCOME	**—**	**15,015**	**6**	**15,021**

(1). No transactions were carried out during 2021 and 2020 with significant shareholders.
(2). The effective collection of debt interest on subordinated debt amounted to 631 thousands of euros in 2021 (824 thousands of euros in 2020).
(3). During 2020 BSCH was considered a related entity. After the legislative changes in 2021, it no longer has this consideration.

Other transactions	Significant shareholders	Group Personnel, Companies or Entities	Other related parties	Total
2021				
Guarantees for related party debt (Note 1.9)	—	609,205	—	**609,205**
Guarantees and sureties granted - Other (Note 1.9)	—	9,263	—	**9,263**
Dividends and other earnings distributed	102,193	—	—	**102,193**
2020				
Guarantees for related party debt (Note 1.9)	—	622,920	—	**622,920**
Guarantees and sureties granted - Other (Note 1.9)	—	630	14,699	**15,329**
Dividends and other earnings distributed	96,352	—	—	**96,352**

The detail of current and non-current loans to related parties is as follows:

	Interest rate	Maturity	12.31.2021	12.31.2020
Non-current credits to related parties[*]			**18,392**	**33,593**
Gasoducto de Morelos, S.A.P.I. de C.V.[1]	7.50%	September-2033	—	8,000
Planta de Regasificación de Sagunto, S.A.	Eur6m + Spread	June-2025	16,392	23,593
Knutsen Scale Gas, S.L.	7.00%	Aug.-2027	2,000	2,000
Current loans to related parties			**1,925**	**2,441**
Planta de Regasificación de Sagunto, S.A.	Eur6m + Spread	June-2025	6	8
Gas to Move	2.34%	July-2022	1,860	—
Gas to Move	1.80%	Nov.-2021	—	940
Gas to Move	2.34%	Nov.-2021	—	1,485
Seab Power Ltd.	4.00%	Dec.-2021	10	8
Knutsen Scale Gas, S.L.	7.00%	Aug.-2027	49	—
TOTAL			**20,317**	**36,034**

(*). Unaffected by the expected loss.
(1). As of December 31, 2021, the loan granted to Gasoducto de Morelos, S.A.P.I. de C.V. has been reclassified to "Non-current assets held for sale" as indicated in Note 2.6.

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 executive directors and senior management according to the manner of settling the transaction:
  - With 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 is determined based on the fair value of the liability at the date recognition requirements are met. Personnel expenses are recorded as services provided in the stipulated period **(Note 2.9)** with a credit to "Long-term provisions", until their settlement is estimated at less than one year, when the associated provision is reclassified to the Personnel line under the heading "Trade and other payables" on the liabilities 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 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 (from January 1, 2019 to December 31, 2021) plus the loyalty period of approximately four months for full disbursement.
- As for that part of the plan 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) plus the loyalty period of approximately four months for full disbursement.
- At December 31, 2021, the estimate is made assuming that all the objectives relating to the plan have been 82.2% achieved, subject to the approval of delivering the shares assigned to said plan.

Remuneration received	Salaries	Per diems	Other items	Pension plans	Insurance premiums
2021					
Board of Directors	2,382	2,453	191	—	57
Senior Management	4,289	—	196	75	58
TOTAL	**6,671**	**2,453**	**387**	**75**	**115**
2020					
Board of Directors	2,400	2,272	183	—	67
Senior Management	4,403	—	194	72	80
TOTAL	**6,803**	**2,272**	**377**	**72**	**147**

The remuneration of the members of the Board of Directors for their membership of the Board and those corresponding to the Chairman and the Chief Executive Officer for the exercise of their executive functions during the year 2021 have been approved in detail by the General Shareholders' Meeting held on March 29, 2019 as part of the "Directors' Remuneration Policy for the 2019, 2020 and 2021 financial years", approved as Item 7 of the Agenda.

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 Executive Chairman and the Chief Executive Officer are part of the group covered by this policy and of the total premium paid for this during the year, 368 thousands of euros corresponded to them.

The members of the Senior Management also form part of the group covered under the mixed group insurance policy for pension commitments. The total premium paid for the same during the financial year amounts to 771 thousands of euros.

The two executive directors are beneficiaries of the 2019-2021 Long-Term Incentive Plan approved by the General Shareholders Meeting on March 29, 2019 under Item 8 of the Agenda. In said meeting, a total of 118,635 rights relating to shares were assigned. 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 (82.2%), will be generated within thirty days following the approval of the 2021 annual accounts by the General Shareholders' Meeting to be held in 2022.

Members of Senior Management (members of the Management Committee) are equally beneficiaries of the 2019-2021 Long-Term Incentive Plan. As approved at the General Shareholders' Meeting, the Board has assigned them a total of 161,455 rights relating to shares as well as an incentive in cash amounting to 957 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 (82.2%), will be generated within thirty days following the approval of the 2021 annual accounts by the General Shareholders' Meeting to be held in 2022.

The aforementioned remuneration, broken down for each member of the Board of Directors, without taking into account insurance premiums, is as follows:

	2021	2020
Mr Antonio Llardén Carratalá (Executive Chairman)(1)	1,881	1,886
Mr Marcelino Oreja Arburúa (Chief Executive Officer)(2)	952	957
Sociedad Estatal de Participaciones Industriales (Propietary Director)(4)	160	160
Mr Luis García del Río (Independent Director)(3)(4)	73	160
Mr Martí Parellada Sabata (External Director)(3)(4)	73	160
Mr José Blanco López (Independent Director)(4)	160	69
Ms Rosa Rodríguez Díaz (Independent Director)(3)(4)	73	160
Ms Ana Palacio Vallelersundi (Independent Leading Director)(4)	190	190
Ms Isabel Tocino Biscarolasaga (Independent Director)(3)(4)	168	175
Mr Antonio Hernández Mancha (Independent Director)(4)	160	160
Mr José Montilla Aguilera (Independent Director)(3)(4)	166	69
Mr Gonzalo Solana González (Independent Director)(4)	160	160
Mr Cristóbal José Gallego Castillo (Independent Director)(4)	160	69
Mr Ignacio Grangel Vicente (Independent Director)(4)	160	160
Ms Eva Patricia Úrbez Sanz (Independent Director)(4)	160	160
Mr Santiago Ferrer Costa (Propietary Director)(4)	160	160
Ms Natalia Fabra Portela (Independent Director)(3)(4)	85	—
Ms María Teresa Arcos Sánchez (Independent Director)(3)(4)	85	—
TOTAL	**5,026**	**4,855**

(1). The remuneration for the Executive Chairman in 2021 was approved in detail by the General Shareholders' Meeting on March 29, 2019 as part of the "Directors' Remuneration Policy for 2019, 2020 and 2021 financial years". During 2021, the Executive Chairman received fixed remuneration in the amount of 1,000 thousands of euros and variable remuneration in the amount of 588 thousands of euros (linked to the 2020 Company Objectives); he also received 130 thousands of euros for Board membership and other remuneration in kind amounting to 163 thousands of euros (the changes in remuneration in kind with respect to previous years is exclusively a result of measurement differences without there having been any additional items included in the remuneration). Thus, the combined amounts totalled 1,881 thousands of euros. In addition, he was also the beneficiary of a life insurance policy with a premium of 56 thousands of euros for the year. 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 Executive Chairman is one of the beneficiaries covered by this policy, and of the total premium paid during the year, 210 thousands of euros correspond to the Executive Chairman. The Executive Chairman is a beneficiary of the 2019-2021 Long-Term Incentive Plan approved at the General Shareholders' Meeting held on March 29, 2019. Item 8 of its Agenda states that the meeting assigned him a total of 79,090 performance shares. These rights do not entail the acquisition of shares until the end and settlement of the programme, and the final incentive, which depends on the degree of achievement of the programme's objectives (82.2%), will be generated within thirty (30) days following the approval of the 2021 Annual Accounts by the General Shareholders' Meeting to be held in 2022. The fixed remuneration of the Executive Chairman remains unchanged from 2017.
(2). The remuneration for the Chief Executive Officer in 2021 was approved in detail by the General Shareholders' Meeting on March 29, 2019 as part of the "Directors' Remuneration Policy for the 2019, 2020 and 2021 financial years." During 2021, the CEO received fixed remuneration in the amount of 500 thousands of euros and variable remuneration in the amount of 294 thousands of euros (linked to the 2020 Company Objectives); he also received 130 thousands of euros for Board membership and other remuneration in kind amounting to 28 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 952 thousands of euros. In addition, he was also the beneficiary of a life insurance policy with a premium of 0.8 thousands of euros for the year. The Chief Executive Officer is also beneficiary of the mixed group insurance policy for pension commitments, and the share of the premium corresponding to the Chief Executive Officer for this policy amounted to 159 thousands of euros for the year. The Chief Executive Officer is a beneficiary of the 2019-2021 Long-Term Incentive Plan approved at the General Shareholders' Meeting held on March 29, 2019. Item 8 of its Agenda states that the meeting assigned him a total of 39,545 performance 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 objectives (82.2%), will be generated within thirty (30) days following the approval of the 2021 annual accounts by the General Shareholders' Meeting to be held in 2022. The fixed remuneration of the Chief Executive Officer remains unchanged from 2018.
(3). On June 21, 2021, Mr José Montilla Aguilera was appointed Chairman of the Audit and Compliance Committee, and Ms Isabel Tocino Biscarolasaga stepped down from this position.
On May 27, 2021, Mr Luis García del Río, Mr Martí Parellada Sabata and Ms Rosa Rodríguez Díaz resigned from their positions and Ms Natalia Fabra Portela and Ms María Teresa Arcos Sánchez were appointed directors.
(4). The remuneration for these Directors relating to Board and committee membership was approved in detail by the General Shareholders' Meeting on March 29, 2019 as part of the "Directors' Remuneration Policy for 2019, 2020, and 2021."

Share-based payments

On March 29, 2019, the Enagás, S.A. General Shareholders' Meeting approved the second cycle of the Long-Term Incentive Plan aimed at executive directors and senior management of the Company and its Group. The objective of the Plan is to (i) encourage the sustainable achievement of the objectives of the Enagás Group's Strategic Plan, (ii) give the opportunity to share the creation of value with participants, (iii) foster a sense of belonging to the Company, (iv) be competitive, and (v) align with the requirements of institutional investors, proxy advisors, and best Corporate Governance practices and, especially, those resulting from the recommendations of the CNMV's 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.

With respect to the portion payable in shares, a maximum of 501,946 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 3.5 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 48 beneficiaries, notwithstanding the possibility that new recruitments due to mobility or professional level changes may include new beneficiaries during the measurement period.

The objectives set for the evaluation of the achievement of the Plan consist of:

- 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 Enagás Group 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 25% of the total objectives.

- Accumulated cash flows received from affiliates ("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 35% of the total objectives.

- 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 15% of the total objectives:

  a) The absolute TSR is measured as the acquisition of a target share price at the end of financial year 2021. The target price has been established by investing estimated share dividends and is based on profitability and market parameters.

  b) Relative TSR: relative TSR shall be understood as the difference (expressed as a percentage) between the final value of an investment in ordinary shares and the initial value of that investment, bearing in mind that the calculation of said final value will consider dividends or other similar items (i.e. script dividends) received by the shareholder for said investment during the corresponding period. This metric shall be calculated against the Comparison Group formed by fifteen companies.

- Compliance with the Sustainability Plan. It reflects the company's commitment to creating long-term value responsibly in the social and environmental backdrop. Its weight in the objectives total will be 10%, and it will consist of three indicators:

  c) Average reduction in CO_2 emissions in the 2019-2021 period vs. 2018;

  d) increase in the percentage of women on the Board of Directors, in the management team and in the staff; and

  e) investment associated with the increased presence of renewable gases in the energy mix.

Regarding the measurement period, although it will occur during the period from January 1, 2019 to December 31, 2021, 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 2021 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 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, 2019 to December 31, 2021) 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, 2021, under "Personnel expenses" in the amount of 2,127 thousands of euros and a credit to "Other equity instruments" in the consolidated balance sheet at December 31, 2021 (2,196 thousands of euros at December 31, 2020).

For the valuation of this programme, the Enagás Group used the Monte-Carlo model, widely used in financial practice for the valuation of options, in order to include the effect of market conditions in the valuation of the equity instruments granted. 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 Company until the effective delivery of the Company's shares. The breakdown and fair value of the shares at the granting date of the ILP of the Enagás Group are as follows:

	ILP 2019-2021
Total shares at the concession date[1]	501,946
Fair value of the equity instruments at the granting date (EUR)	25.94
Dividend yield	4.77%
Expected volatility	16.86%
Discount rate	0.62%

(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.

In addition, in respect of the cash incentive, the Enagás Group has recognised the provision of services corresponding to this incentive as a personnel expense amounting to 747 thousands of euros with a credit to "Provisions" under "Non-current liabilities" in the consolidated balance sheet at December 31, 2021, as well as to "Personnel" under "Current Liabilities" in accordance with the payment schedule established in the Plan (50% of which will be paid in 2022 and the remainder in 2023) (705 thousands of euros at December 31, 2020). 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 (January 1, 2019 to December 31, 2021) and the service conditions established for the period of time required for the consolidation of the remuneration.

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.

As of December 31, 2021 and 2020, the Directors have reported that they do not hold any shares in the share capital of companies with the same, similar or complementary type of activity as the Enagás Group.

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, 2021 and 2020, are as follows:

Director	Company	Positions
2021		
Marcelino Oreja Arburúa	Mibgas Derivatives, S.A.	Director
Marcelino Oreja Arburúa	Enagás Emprende, S.L.U	Joint Director
Marcelino Oreja Arburúa	Enagás Services Solutions, S.L.U	Joint Director
Marcelino Oreja Arburúa	Enagás Transporte del Norte, S.L.	Chairman
Marcelino Oreja Arburúa	Enagás Renovable, S.L.U	Joint Director
Marcelino Oreja Arburúa	Tallgrass Energy G.P.	Director
Antonio Llardén Carratalá	Enagás GTS, S.A.U.	Representative of the Sole Director of Enagás, S.A.
Antonio Llardén Carratalá	Enagás Transporte, S.A.U.	Representative of the Sole Director of Enagás, S.A.

Director	Company	Positions
2020		
Marcelino Oreja Arburúa	Mibgas Derivatives, S.A.	Director
Marcelino Oreja Arburúa	Enagás Emprende, S.L.U	Joint Director
Marcelino Oreja Arburúa	Enagás Services Solutions, S.L.U	Joint Director
Marcelino Oreja Arburúa	Enagás Transporte del Norte, S.L.	Chairman
Marcelino Oreja Arburúa	Enagás Renovable, S.L.U	Joint Director
Marcelino Oreja Arburúa	Tallgrass Energy G.P.	Director
Antonio Llardén Carratalá	Enagás GTS, S.A.U.	Representative of the Sole Director of Enagás, S.A.
Antonio Llardén Carratalá	Enagás Transporte, S.A.U.	Representative of the Sole Director of Enagás, S.A.

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 2021 year-end, neither the members of the Board of Directors of the Company nor any parties related to them, as defined in Article 229 of the Corporate Enterprises Act, had notified the remaining Board members of any conflicts of interest, direct or indirect, with those of the Company.

4.6 Other Information

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 Group has integrated protection of the environment within its policy and strategic programmes via implementation of an Environmental Management System developed and certified by AENOR, in accordance with the requisites of standard UNE EN ISO 14001, which guarantees compliance with applicable environmental legislation and continuous improvement of its environmental behaviour with respect to the activities it carries out in the LNG storage and regasification plants of Barcelona, Cartagena and Huelva, the underground storage facilities of Serrablo, Gaviota, and Yela, the basic gas pipeline network facilities, the Olmos headquarters, the Zaragoza laboratory, and management of development projects for new infrastructure.

Additionally, in an effort to improve their data transparency and commitment to the Environment, the Regasification Plants of Barcelona and Huelva have been certified since 2014 in accordance with European EMAS Regulation. In 2017, this EMAS certification was extended to the Yela and Serrablo Underground Storage Facilities, in accordance with the commitment to continuous improvement.

In 2019, the certificates referred to above were extended with the incorporation of the Energy Management System certification in accordance with the UNE EN ISO 50001 standard, guaranteeing the incorporation of Energy Efficiency criteria and ensuring the Group's commitment to continuous improvement in this field.

As part of its compliance with the Circular Economy Pact, in 2021 Enagás obtained the Zero Waste certification issued by AENOR, as such guaranteeing the orderly management of waste generated in its facilities in order to return it to the value chain. Furthermore, sustainability is one of the objectives linked to the variable remuneration of all employees, the weighting of which has increased as of 2020.

The Enagás Group incorporates environmental criteria in its relationship with suppliers and contractors, as well as in connection with decision-making with respect to the awarding of 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.

The Enagás Group remains firmly committed to energy transition and has set a target to be carbon neutral by 2040. This emission reduction target includes the commitment to reduce methane emissions within the Global Methane Alliance. The Company Enagás S.A. makes ongoing efforts to identify, characterise, and minimise the environmental impact of its activities and facilities, evaluating the related risks and strengthening eco-efficiency, responsible management of waste and discharges, minimising the impact in terms of emissions and climate change.

In the long term (time horizon 2030 - first time horizon for the fulfilment of objectives established in the Spanish National Integrated Energy and Climate Plan), the main risks and opportunities identified in the framework of climate change are:

Risks:

- Possible loss of revenue from a decrease in demand for natural gas due to policies and regulations that encourage the use of renewable energy sources.
- Possible cost overruns due to the purchase of CO_2 emission rights as a result of a higher volume of emissions or an increase in the price of these rights.
- Possible operating cost overruns due to rising global temperatures leading to natural disasters or damaging weather conditions causing potential damage to infrastructure.
- Negative public perception of companies operating in the fossil fuel sector.

Opportunities:

- The promotion of new services based on natural gas as a transitional energy to reduce emissions in various modes of transport.
- The integration of biomethane and green hydrogen into existing infrastructures.

In preparing these Consolidated Annual Accounts as well as the disclosures in the Management Report, Management has considered the impacts of climate change and the identified risks and opportunities, particularly in relation to achieving carbon neutrality by 2040. The Group has taken the following aspects into account when incorporating them:

- Useful life of assets: the regulations on the use of natural gas and the possible obsolescence of certain items of property, plant and equipment due to the modification and adaptation of current gas infrastructures to new renewable energies are monitored in order to assess any possible impact on the useful life indicated in **Note 2.4**.
- Decommissioning provisions: are subject to periodic review, in order to monitor possible modifications in the assumptions used including any impact from climate-related risks, reviewing whether possible regulatory changes may give rise to additional provisions.
- Impairment of non-financial assets: The Group monitors for any indication of impairment of assets, including possible regulatory changes that may be imposed by states to implement the Paris agreements, deterioration in economic, market or environmental conditions, technological changes, etc. In addition, it assesses the uncertainties related to climate change that could lead to changes or deterioration in the cash flow projections used to calculate the recoverable amount of the assets (reduction in terminal value, higher production costs or CO_2 rights, or change in timing of cash flows).

During 2021, environmental actions were carried out in the amount of 3,117 thousands of euros, recognised as investments under assets in the Balance Sheet (7,757 thousands of euros in 2020). The Company also assumed environmental expenses amounting to 10,993 thousands of euros in 2021, recognised under "Other operating expenses" (5,960 thousands of euros in 2020).

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 2021 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 for 2021 and 2020 were valued at 33.55 euros/right and 24.24 euros/right, respectively, the spot price on the first working day of 2021 and 2020 of SENDECO2, the European CO_2 Trading System, which resulted in additions to inventories of 1,099 thousands of euros (1,218 thousands of euros in 2020).

The allocation of expenses from greenhouse gas emissions is based on the actual allowances consumed. In relation to the emission rights assigned free of charge, at 2021 year-end the Group recorded 32,745 greenhouse gas emission rights consumed in 2021 (43,066 rights consumed in 2020) in the Income Statement, involving an expense, net of tax effect, of 823 thousands of euros in financial year 2021 (783 thousands of euros in financial year 2020).

In addition, 78,000 emission allowances were acquired for consideration in 2021 for a total amount of 5,609 thousands of euros (in 2020, 97,750 allowances were acquired for consideration in the amount of 2,286 thousands of euros). As in the case of allowances assigned for no consideration, they are recognised in the Income Statement on the basis of their actual consumption, which gave rise to an expense in 2021 of 5,609 thousands of euros (corresponding to 78,000 emission allowances), which will be removed from the Balance Sheet when they are actually delivered in the second quarter of 2022. In addition, a provision for the consumption of the rights consumed has been made in the amount of 2,882 thousands of euros.

The Enagás Group consumed 168,297 greenhouse gas emission rights during 2021 (129,707 rights during 2020).

During the first quarter of 2021, the Enagás Group presented the verified emissions reports of 2020 by the accredited entity (SGS) to the corresponding Autonomous Communities, which validated the emissions. In the second quarter of 2021, the Enagás Group delivered greenhouse gas emission allowances equivalent to the verified emissions in 2020 for all the facilities referred to.

During 2020 and 2021, 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:

	2021		2020	
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)	1,031	316	1,104	320
Other assurance services(2)	345	—	427	—
TOTAL AUDIT AND RELATED SERVICES	**1,376**	**316**	**1,531**	**320**
TOTAL PROFESSIONAL SERVICES(3)	**1,376**	**316**	**1,531**	**320**

(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 heading includes the work relating to the Annual Corporate Governance Report, the review of non-financial information included in the Management Report, the agreed-upon procedures report on the ICFR, the Audit Report for the Renewal of the Comfort letter, as well as the issuing of Agreed-Upon Procedures in relation to the regulatory costs information sent to the CNMC on June 30, 2021.
(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 33% of the audit service fees invoiced (26% 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) Primary 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 2021 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 unregulated activities and transactions relating to investments in associates and joint ventures, except those relating to BBG, Saggas, MIBGAS and Iniciativas del Gas, S.L.

The foregoing activities may be performed by Enagás, S.A., either on its own or through companies with an identical or similar purpose in which it has an ownership interest, always within the scope and limits established by applicable legislation on hydrocarbons. 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.

	Infrastructures		Technical Management of the System		Other activities		Adjustments(1)		Total Group	
Income statement	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Operating income	958,249	1,051,339	28,918	28,031	61,882	68,187	(57,876)	(63,506)	**991,173**	**1,084,051**
Third parties	955,018	1,041,865	26,545	25,015	5,414	3,168	215	160	**987,192**	**1,070,208**
Group	3,231	9,474	2,373	3,016	56,468	65,019	(58,091)	(63,666)	**3,981**	**13,843**
Provisions for amortisation of fixed assets	(247,540)	(253,902)	(6,468)	(6,070)	(9,020)	(9,915)	191	160	**(262,837)**	**(269,727)**
Return on investments accounted for using the equity method	17,295	19,764	134	(95)	145,822	104,068	—	—	**163,251**	**123,737**
Operating profit	483,351	559,994	2,687	3,602	97,191	50,916	140	62	**583,369**	**614,574**
Financial income	1,929	2,474	263	349	481,174	456,528	(463,842)	(438,787)	**19,524**	**20,564**
Financial expenses	(20,408)	(18,817)	(128)	(143)	(91,143)	(95,788)	8,670	7,227	**(103,009)**	**(107,521)**
Income tax	(113,767)	(129,007)	(866)	(748)	19,344	27,804	(29)	(23)	**(95,318)**	**(101,974)**
Net profit	350,239	413,691	1,956	3,060	506,692	458,771	(455,061)	(431,520)	**403,826**	**444,002**

(1). "Adjustments" includes the eliminations of inter-company transactions (rendering of services and credits granted).

The detail of operating income by segment, with a breakdown according to IFRS 15 of the income from contracts with customers, for 2021 and 2020 is as follows:

	Infrastructures		Technical Management of the System		Other activities		Adjustments[1]		Total Group	
IFRS 15 Operating income	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Operating income	958,249	1,051,339	28,918	28,031	61,882	68,187	(57,876)	(63,506)	**991,173**	**1,084,051**
Revenue from customer contracts	8,885	46,518	20	5	5,911	5,826	—	—	**14,816**	**52,349**
Third parties	7,834	41,366	8	—	3,297	449	—	—	**11,139**	**41,815**
Group	1,051	5,152	12	5	2,614	5,377	—	—	**3,677**	**10,534**
Other	949,364	1,004,821	28,898	28,026	55,971	62,361	(57,876)	(63,506)	**976,357**	**1,031,702**
Third parties[2]	947,184	1,000,499	26,537	25,015	2,117	2,719	215	160	**976,053**	**1,028,393**
Group	2,180	4,322	2,361	3,011	53,854	59,642	(58,091)	(63,666)	**304**	**3,309**

(1). "Adjustments" includes the eliminations of inter-company transactions (rendering of services and credits granted).
(2). Mainly revenues from regulated activities.

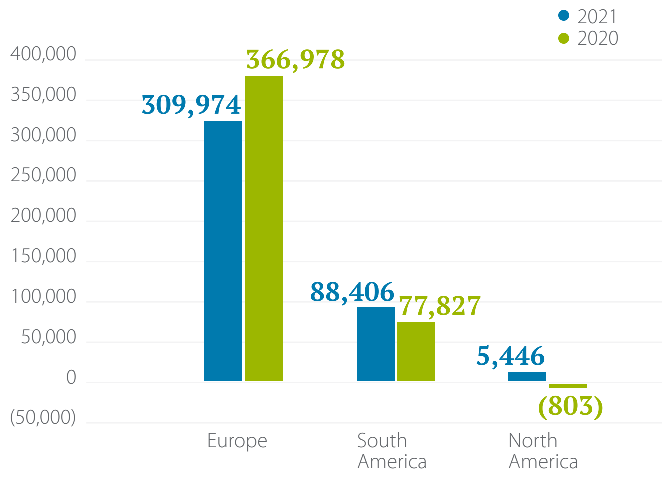
	Infrastructures		Technical Management of the System		Other activities		Adjustments[1]		Total Group	
Balance Sheet	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
TOTAL ASSETS	**5,515,885**	**5,446,325**	**224,538**	**151,530**	**8,324,574**	**7,654,186**	**(4,191,279)**	**(4,243,118)**	**9,873,718**	**9,008,923**
Acquisition of fixed assets	263,403	50,820	9,222	8,184	30,074	14,886	—	—	**302,699**	**73,890**
Investments accounted for using the equity method	148,388	169,831	613	480	2,640,683	2,488,085	—	—	**2,789,684**	**2,658,396**
Non-current liabilities[2]	495,348	460,095	(877)	(466)	(3,082)	(4,507)	(489)	(425)	**490,900**	**454,697**
Deferred tax liabilities	166,471	170,779	(969)	(977)	(4,696)	(8,442)	(489)	(425)	**160,317**	**160,935**
Provisions	291,457	250,241	92	511	807	3,139	—	—	**292,356**	**253,891**
Other non-current liabilities	37,420	39,075	—	—	807	796	—	—	**38,227**	**39,871**
Current liabilities[2]	411,465	253,846	208,559	138,197	63,837	67,877	(271,071)	(168,148)	**412,790**	**291,772**
Trade and other payables	411,465	253,846	208,559	138,197	63,837	67,877	(271,071)	(168,148)	**412,790**	**291,772**

(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 consolidated under 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 2021 and 2020, 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

Since January 1, 2022 until the date on which these Consolidated Annual Accounts were drawn up, no events have occurred that would significantly affect the profit (loss) of the Group or its equity, in addition to those described in these Annual Accounts.

Appendices

Appendix I. Subsidiaries at December 31, 2021

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%	186,237,831 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%	383,530,442 dollars
Enagás México, S.A.	Mexico	Holding	100.00%	3,518,133 dollars
Enagás Perú, S.A.C.	Peru	Holding	100.00%	4,498,447 dollars
Enagás USA, LLC	USA	Holding	100.00%	253,412,960 dollars
Enagás Intern. USA, S.L.U.	Spain	Holding	100.00%	121,530,445 dollars
Infraestructuras de Gas, S.A.	Spain	Holding	85.00%	340,000 euros
Enagás Emprende, S.L.U.	Spain	Holding	100.00%	17,203,953 euros
Efficiency for LNG Aplications, S.L.	Spain	Development of industrial projects and activities relating to LNG terminals	95.91%	176,131 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%	4,744,944 euros
Enagás Services Solutions, S.L.	Spain	Holding	100.00%	5,881,500 euros
Hydrogen to Gas, S.L.	Spain	Development of industrial projects and activities to promote hydrogen production and transmission infrastructures	60.00%	74,750 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
Bioengas Renovables, S.L.	Spain	Development and integrated management of energy projects for the production of renewable gases from organic matter	100.00%	744,000 euros
Enagás Renovable, S.L.U.	Spain	Development of projects to promote the role of renewable gases in the energy transition	100.00%	2,003,775 euros

Subsidiaries	Country	Activity	% stake and Voting Rights controlled by the Enagás Group	Amount of Share Capital in functional currency
Roblasun 1, S.L.U.	Spain	Production of solar electric energy	60.00%	69,291 euros
Roblasun 2, S.L.U.	Spain	Production of solar electric energy	60.00%	62,650 euros
Roblasun 3, S.L.U.	Spain	Production of solar electric energy	60.00%	52,975 euros
Roblasun 4, S.L.U.	Spain	Production of solar electric energy	100.00%	39,300 euros
Roblasun 5, S.L.U.	Spain	Production of solar electric energy	100.00%	39,300 euros
Roblasun 6, S.L.U.	Spain	Production of solar electric energy	100.00%	39,300 euros
CierzoSun 1, S.L.U.	Spain	Production of solar electric energy	100.00%	13,890 euros
CierzoSun 2, S.L.U.	Spain	Production of solar electric energy	100.00%	13,890 euros
CierzoSun 3, S.L.U.	Spain	Production of solar electric energy	100.00%	13,890 euros
CierzoSun 4, S.L.U.	Spain	Production of solar electric energy	100.00%	13,890 euros
WindMusel 1, S.L.U.	Spain	Production of wind electric energy	100.00%	11,712 euros
WindMusel 2, S.L.U.	Spain	Production of wind electric energy	100.00%	9,534 euros
WindMusel 3, S.L.U.	Spain	Production of wind electric energy	100.00%	9,534 euros
Enagás Renovable Chile SpA	Chile	Holding	100.00%	—
H2Greem Global Solutions S.L.	Spain	Development of industrial projects and activities to promote hydrogen production and transmission infrastructures	79.79%	95,557 euros

Appendix II. Joint ventures, joint operations, 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	17,500	54,884	—
Subgrupo Altamira LNG, C.V.[3]	Netherlands/ Mexico	Holding/Regasification	40.00%	40.00%	46,878	2,621	—	52,423
Gasoducto de Morelos, S.A.P.I. de C.V.	Mexico	Gas transmission	50.00%	50.00%	14,576	—	—	16,205
Morelos EPC, S.A.P.I. de C.V.	Mexico	Engineering and construction	50.00%	50.00%	3	—	—	4
EC Soto La Marina S.A.P.I. de C.V.	Mexico	Natural gas compression	50.00%	50.00%	5,083	—	—	5,173
Compañía Operadora de Gas del Amazonas, S.A.C.	Peru	Operation and maintenance	51.00%	51.00%	20,605	1,228	—	23,995
Tecgas, Inc.	Canada	Holding	51.00%	51.00%	1,251	—	—	1,344
EC Soto la Marina O&M S.A.P.I. de C.V.	Mexico	Operation and maintenance	50.00%	50.00%	1	—	—	2
Morelos O&M, S.A.P.I de C.V.	Mexico	Operation and maintenance	50.00%	50.00%	128	124	—	139
Iniciativas de Gas, S.L.[4]	Spain	Holding	60.00%	60.00%	46,648	644	46,648	—
Planta de Regasificación de Sagunto, S.A.[4]	Spain	Storage and regasification	72.50%	72.50%	1,500	20,010	1,500	—
Gas to Move Transport Solutions, S.L.	Spain	Development of industrial projects related to LNG	67.18%	67.18%	6,794	—	6,794	—
Grupo Senfluga Energy Infraestructures, S.A.	Greece	Holding	18.00%	18.00%	34,157	7,578	34,157	—
Axent Inf. Tel., S.A.	Spain	Construction, maintenance and operation of a telecommunications network.	49.00%	49.00%	11,718	—	11,718	—
Vira Gas Imaging, S.L.	Spain	Development and commercialisation of technological activities	40.00%	40.00%	259	—	259	—
SUN2HY, S.L.	Spain	Development and scale-up of artificial photosynthesis technology for hydrogen production	50.00%	50.00%	600	—	600	—
The Green Vector, S.L.	Spain	Design, construction and operation of energy production projects (biogas/ biomethane)	50.00%	50.00%	10	—	10	—
Scale Gas Med Shipping, S.L.U.	Spain	Construction, design, commissioning, start-up and O&M of energy structures	50.00%	50.00%	2	—	2	—
PLATFORMCO HIDROGENO, S.L.	Spain	Development, design, financing, construction and operation of a green hydrogen hub in Spain	33.33%	33.33%	504	—	504	—
Power to Green Hydrogen Mallorca, S.L.	Spain	Management and Operation of renewable gas projects	44.00%	44.00%	44	—	44	—
Bioenergía Els Vents, S.L.	Spain	Development, Construction and Operation of Biomethane Plants	50.00%	50.00%	—	—	—	—
Bioenergía Gas Renovable IV, S.L.	Spain	Development, Construction and Operation of Biomethane Plants	50.00%	50.00%	—	—	—	—
Bioenergía Gas Renovable V, S.L.	Spain	Development, Construction and Operation of Biomethane Plants	50.00%	50.00%	—	—	—	—
UNUE Gas Renovable, S.L.	Spain	Construction of a biogas plant	49.00%	49.00%	1,060	—	1,060	—
Green Ports Project, S.L.	Spain	Small scale in ports	50.00%	50.00%	30	—	30	—
Knutsen Scale Gas, S.L.	Spain	Bunkering	50.00%	50.00%	502	—	502	—
GNL Quintero, S.A.	Chile	LNG reception, unloading, storage and regasification	45.40%	45.40%	333,124	26,383		400,908
ASSOCIATES								
Transportadora de gas del Perú, S.A.	Peru	Gas transmission	28.94%	28.94%	487,285	64,148	—	629,276
Tallgras Energy LP.	USA	Oil & Gas transmission and extraction	28.42%	28.42%	1,473,527	22,645		1,636,440
Trans Adriatic Pipeline, A.G.[3]	Switzerland[2][3]	Gas transmission	16.00%	16.00%	179,645	—	206,666	—
Mibgas Derivatives, S.A.	Spain	Operation of the (organised) gas market	28.34%	28.34%	273	—	273	—
Seab Power Ltd.	United Kingdom	Development of systems to transform waste into energy	12.75%	12.75%	252	—	252	—
Alantra Energy Transition, S.A.	Spain	Promotion of projects in the field of energy transition	29.40%	29.40%	176	—	176	—
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	—
Roblahub, S.L.	Spain	Promotion and operation of photovoltaic power generation and green hydrogen generation plants	38.80%	38.80%	10	—	10	—

(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 2021

Company	Thousands of euros								
	Figures for affiliate[(1)(2)]								
	Assets			Equity		Liabilities			
		Short-term				Long-term		Short-term	
	Long-term	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.	178,500	25,377	13,122	(4,725)	63,813	103,683	32,466	14,230	7,532
Subgrupo Altamira LNG, C.V.	296,698	21,206	26,660	—	235,169	21,035	80,188	304	7,868
Gasoducto de Morelos, S.A.P.I. de C.V.	226,678	10,023	6,442	(4,028)	51,402	113,731	67,979	294	13,765
GNL Quintero, S.A.	1,652,387	418,975	40,395	16,004	764,090	794,545	369,455	131,297	36,366
EC Soto La Marina S.A.P.I. de C.V.	60,584	5,500	1,707	—	13,116	47,383	3,374	3,003	916
Transportadora de gas del Perú, S.A.	2,561,673	150,864	88,817	—	1,546,480	848,906	307,345	9,287	89,335
Trans Adriatic Pipeline, A.G.	4,624,662	231,957	319,058	(62,289)	1,333,332	3,270,114	219,682	254,360	160,478
Compañía Operadora de Gas del Amazonas, S.A.C.	42,439	11,296	22,560	—	27,762	—	2,374	—	46,159
Tecgas, Inc.	—	40	—	—	40	—	—	—	—
Morelos O&M, S.A.P.I de C.V.	94	25	288	—	398	—	—	—	10
Iniciativas de Gas, S.L.	976	491	5,000	—	6,461	—	—	—	6
Planta de Regasificación de Sagunto, S.A.	330,140	32,594	23,792	(3,618)	165,861	125,574	57,720	22,867	17,981
Mibgas, S.A.	179	1,855	53,417	—	2,973	—	—	—	52,478
Gas to Move Transport Solutions, S.L.	5,926	487	1,128	—	1,602	2,615	5	332	3,320
Axent Inf. Tel., S.A.	38,853	959	2,648	—	19,615	16,524	—	—	6,321
Grupo Senfluga Energy Infrastructures, S.A.	815,968	114,227	86,420	(3,163)	513,450	349,606	26,975	31,580	98,167
Grupo Tallgrass Energy LP	9,886,915	139,669	571,046	—	4,823,202	4,131,981	1,036,658	—	605,788
SEaB Power Ltd.	1,649	17	568	—	1,646	277	—	241	70
UNUE Gas Renovable, S.L.	2,088	166	327		2,136	—	—	93	353
Mibgas derivatives, S.A.	—	380	2,575	—	358	—	—	—	2,597
Solatom CSP	72	360	111	—	216	—	289	—	38
Knutssen Scale Gas	54,059	1,065	1,706	—	908	20,000	35,747	170	4
SUN2HY, S.L.	147	793	22	—	828	—	—	—	134
Scale Gas Med Shipping, S.L.	—	2	1	—	3	—	—	—	—
The Green Vector, S.L.	9	11	—	—	17	—	—	—	3

(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 2021

Company	Thousands of euros						
	Figures for affiliate[(1)(2)]						
	Income statement						
	Revenue	Amortisation	Interest income	Interest expense	Income tax	Other expenses and income	Net profit/ (loss)
Bahía de Bizkaia Gas, S.L.	61,668	(15,307)	69	(6,522)	(4,568)	(17,414)	17,926
Subgrupo Altamira LNG, C.V.	51,817	(10,518)	5,355	(417)	(36,054)	19,327	29,511
Gasoducto de Morelos, S.A.P.I. de C.V.	10,835	(11,580)	24	(8,837)	—	20,392	10,835
EC Soto La Marina S.A.P.I. de C.V.	11,668	(4,485)	21	(1,487)	(402)	(3,705)	1,611
Transportadora de gas del Perú, S.A.	570,584	(147,303)	438	(51,066)	(64,474)	(159,533)	148,647
Trans Adriatic Pipeline, A.G.	761,870	(195,048)	162	(110,689)	(49,330)	(121,965)	285,000
Compañía Operadora de Gas del Amazonas, S.A.C.	108,033	(4,079)	14	(557)	(939)	(100,755)	1,716
Tecgas, Inc.	N.D.	N.D.	N.D.	N.D.	N.D.	N.D.	N.D.
Morelos O&M, S.A.P.I de C.V.	1,485	(27)	—	—	1	(1,399)	60
GNL Quintero, S.A.	199,373	(52,380)	608	(42,846)	(15,425)	(36,017)	53,314
Grupo Senfluga Energy Infrastructures, S.A.	203,069	(52,599)	68	(6,788)	(20,725)	(56,202)	66,823
Grupo Tallgrass Energy LP	591,212	(181,789)	16,474	(242,425)	11,802	(153,232)	42,042
Iniciativas de Gas, S.L.	—	—	—	—	—	(72)	(72)
Planta de Regasificación de Sagunto, S.A.	72,781	(29,492)	254	(8,056)	(4,243)	(19,743)	11,501
Mibgas, S.A.	5,129	(10)	—	—	(22)	(4,876)	221
Gas to Move Transport Solutions, S.L.	11,456	(920)	—	(135)	879	(13,918)	(2,638)
Vira Gas Imaging, S.L.	232	(12)	—	—	—	(270)	(50)
Axent Inf. Tel., S.A.	2,884	(969)	—	(76)	—	(3,018)	(1,179)
SEAB Power Ltd.	709	165	—	23	—	(1,022)	(126)
Solatom CSP, S.L.	122	(26)	—	—	—	(448)	(352)
Green Ports Project, S.L.	—	—	—	—	—	(1)	(1)
Mibgas Derivatives	401	—	—	—	—	(270)	131
UNUE Gas Renovable, S.L.	294	(29)	—	(5)	1	(266)	(4)
Knutsen-Scale Gas, S.L.	—	—	—	(4)	—	(91)	(95)
Bioenergía Els Vents, S.L.	—	—	—	—	1	(2)	(2)
Bioenergía Gas Renovable IV, S.L.	—	—	—	—	1	(2)	(2)
Bioenergía Gas Renovable V, S.L.	—	—	—	—	—	(1)	(1)
Sun2Hy, S.L.	—	—	—	—	31	(123)	(92)
The Green Vector, S.L.	—	—	—	—	1	(3)	(2)

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(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 2020

	Thousands of euros								
	Figures for affiliate[(1)(2)]								
	Assets			Equity		Liabilities			
		Short-term				Long-term		Short-term	
Company	Long-term	Cash and cash equivalents	Remaining short-term assets	Other results	Remaining equity	Financial liabilities	Remaining liabilities	Financial liabilities	Remaining liabilities
Gasoducto Al-Ándalus, S.A.		2,474	9,129	—	8,283	—	—	—	3,320
Gasoducto de Extremadura, S.A.	—	1,392	6,199	—	5,528	—	—	—	2,063
Bahía de Bizkaia Gas, S.L.	190,150	30,513	17,603	(6,370)	72,960	117,124	34,810	14,488	5,253
Subgrupo Altamira LNG, C.V.	221,722	10,169	6,642	57	144,795	18,687	52,880	16,232	5,883
Gasoducto de Morelos, S.A.P.I. de C.V.	220,016	10,876	7,966	(7,252)	37,346	112,753	71,322	187	24,502
Morelos EPC, S.A.P.I. de C.V.	—	261	20	—	134	—	—	—	146
GNL Quintero, S.A.	1,708,646	414,056	27,104	(6,925)	869,629	846,470	343,743	70,310	26,579
EC Soto La Marina S.A.P.I. de C.V.	61,057	4,091	1,195	—	12,183	46,984	4,189	2,704	283
Transportadora de gas del Perú, S.A.	2,025,692	135,371	79,809	—	1,020,515	693,799	418,382	32,876	75,300
Trans Adriatic Pipeline, A.G.	4,798,641	75,841	200,793	(170,032)	1,273,505	3,448,971	369,055	8,171	145,605
Compañía Operadora de Gas del Amazonas, S.A.C.	48,504	8,855	21,122	—	27,786	—	7,279	—	43,416
Tecgas, Inc.	—	37	—	—	37	—	—	—	—
EC Soto la Marina O&M S.A.P.I. de C.V.	1,698	191	73	—	128	1,644	—	—	189
Morelos O&M, S.A.P.I de C.V.	151	603	143	—	567	—	—	—	330
Iniciativas de Gas, S.L.	976	491	5,000	—	6,461	—	—	—	6
Planta de Regasificación de Sagunto, S.A.	334,648	41,831	29,489	(5,051)	143,642	146,902	73,541	22,273	24,662
Mibgas, S.A.	179	1,855	53,417	—	2,973	—	—	—	52,478
Gas to Move Transport Solutions, S.L.	5,231	894	1,811	—	472	3,324	2,415	—	1,726
Axent Inf. Tel., S.A.	16,355	2,668	6,355	—	7,769	1,664	—	—	15,946
Grupo Senfluga Energy Infrastructures, S.A.	821,065	170,362	69,812	(8,195)	532,104	394,044	33,061	26,902	83,323
Grupo Tallgrass Energy LP	7,665,598	345,642	316,708	—	2,917,808	4,193,037	781,774	—	435,329
SEaB Power Ltd.	1,649	17	568	—	1,646	277	—	241	70
UNUE Gas Renovable, S.L.	988	942	217	—	2,147	—	—	—	—
Mibgas derivatives, S.A.	—	322	913	—	227	—	—	1,008	—
Solatom CSP	79	756	3	—	471	—	351	—	16
Knutsen Scale Gas	2,891	138	—	—	1,000	2,000	—	29	—

(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 2020

	Thousands of euros						
	Figures for affiliate[(1)(2)]						
	Income statement						
Company	Revenue	Amortisation	Interest income	Interest expense	Income tax	Other expenses and income	Net profit / (loss)
Gasoducto Al-Andalus, S.A.	36,325	(7,269)	—	(30)	(5,550)	(6,835)	16,640
Gasoducto de Extremadura, S.A.	24,341	(2,274)	—	(17)	(4,019)	(5,984)	12,048
Bahía de Bizkaia Gas, S.L.	61,569	(15,403)	149	(7,000)	(5,647)	(16,380)	17,289
Subgrupo Altamira LNG, C.V.	65,517	(14,834)	1,951	(2,861)	(15,766)	(8,700)	25,306
Gasoducto de Morelos, S.A.P.I. de C.V.	37,556	(16,041)	20	(9,417)	(3,749)	(686)	7,683
Morelos EPC, S.A.P.I. de C.V.	—	—	—	—	—	(27)	(27)
EC Soto La Marina S.A.P.I. de C.V.	11,806	(4,629)	29	(1,640)	(1,023)	(3,118)	1,424
Transportadora de gas del Perú, S.A.	599,478	(156,364)	729	(52,702)	(67,530)	(186,040)	137,571
Trans Adriatic Pipeline, A.G.	91,132	(24,875)	59	(12,152)	(12,218)	48,928	90,874
Compañía Operadora de Gas del Amazonas, S.A.C.	117,870	(4,970)	48	(657)	(1,289)	(109,523)	1,480
Tecgas, Inc.	N.D.	N.D.	N.D.	N.D.	N.D.	N.D.	N.D.
EC Soto la Marina O&M S.A.P.I. de C.V.	1,796	—	—	—	(49)	(1,706)	41
Morelos O&M, S.A.P.I de C.V.	1,970	(21)	—	—	(24)	(1,727)	198
GNL Quintero	199,894	(53,805)	3,002	(45,634)	(15,218)	(35,297)	52,941
Subgrupo Senfluga Energy Infrastructure	230,961	(5,017)	—	(18,944)	(28,995)	(97,232)	80,773
Tallgrass Energy LP	701,514	(220,838)	—	(222,209)	9,834		30,666
Iniciativas de Gas, S.L.	—	—	—	—	—	(35)	(35)
Planta de Regasificación de Sagunto, S.A.	72,813	(29,415)	345	(9,044)	(4,759)	(15,194)	14,746
Mibgas, S.A.	4,045	(36)	—	—	—	(3,907)	102
Gas to Move Transport Solutions, S.L.	9,965	(572)	—	(80)	664	(11,969)	(1,993)
Vira Gas Imaging	150	(5)	—	—	—	(268)	(123)
Axent Inf. Tel., S.A.	1,516	(308)	—	—	—	(2,080)	(872)
SEAB Power Ltd.	445	(157)	—	(10)	65	(465)	(122)
Solatom CSP, S.L.	83	(23)	—	—	—	(148)	(89)
Green Ports Project, S.L.	N.D.	N.D.	N.D.	N.D.	N.D.	N.D.	N.D.
Mibgas Derivatives	275	—	—	—	—	(352)	(77)
Alantra Energy Transition	N.D.	N.D.	N.D.	N.D.	N.D.	N.D.	N.D.
UNUE Gas Renovable, S.L.	—	—	—	—	5	(16)	(11)

(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 will be established.

The process begins with the publication in the Official State Gazette - BOE of RD-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.
- GTS methodology and remuneration.
- Determining the price for use of network connection facilities.
- Approving the NGTS in relation to the balance system, programming, international connections and losses.

Furthermore, the Ministry will be responsible for:

- Establishing energy policy guidelines.
- Methodology for calculating royalties and remuneration of basic services for access to Underground Storage Facilities and approval of their values.
- Determining TUR rates.
- 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, etc.).
- Approval of the NGTS related to supply assurance, 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.

To comply with RDL 1/2019, the CNMC has established a schedule for the publication of circulars to be developed throughout 2019.

As regards remuneration, the CNMC must publish the following circulars to update, for the second regulatory period, the remuneration model in force, 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 1/2020, of January 9, establishing the remuneration methodology for the technical manager of the gas system, i.e. Enagás GTS, S.A.U.
- 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.

In the operational field, it shall publish 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 2/2020, of January 9, setting out the natural gas balance rules.
- Circular 8/2019, of December 12, establishing the access and capacity allocation mechanisms to be applied in the natural gas system.
- Circular 7/2021 of July 28, of the National Commission on Markets and Competition, which establishes 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, which establishes 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:

- Remuneration continues to be calculated individually for each facility.
- The net carrying amount 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.

What has disappeared for the second regulatory period is the mid-term review of remuneration parameters.

The new methodology shares many components with the current one, but also has new ones as well as calculation particularities in existing components.

To ensure the visibility of the joint impact of the review of the remuneration framework and the new unit values, the Justifying Memorandum of CNMC Circular 8/2020, of December 2 updated the estimate of the average annual economic impact during the period 2021-2026 of the methodology proposed in Circular 9/2019, for the gas system as a whole, using the new demand values for 2020 and the new unit values. According to the aforementioned Report, there was an average annual reduction of approximately 138 million euros over the remuneration that would result from maintaining the current methodology, which represents a reduction of 12%.

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 starts 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).
- Remuneration for 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 remuneration for investment costs incurred. The remuneration for 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 carrying amounts of the assets without restatement and accrues until the net value is zero.

  From the second regulatory period onwards, 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.

  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 foreseen 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) Production and efficiency remuneration adjustments (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 is applicable to the El Musel regasification plant whose authorisation processing is currently suspended and corresponds to a transitional remuneration sum of the financial remuneration calculated on the standard investment value and the actual audited operation and maintenance costs.

It also applies to regasification plants with a unique and temporary financial regime such as the provision of LNG logistics services, in accordance with Article 60.7 of Law 18/2014, which will be defined by the CNMC in due course.

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 fees 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 of 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 of 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 second regulatory period 2021-2026

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 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 of 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 Journal 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 million euros and the remuneration of the regulatory account at 1.667 million euros.

For 2021, the remuneration of the GTS amounts to 27.174 million euros.

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.

In the same way as for the other years since the current regulatory period came into force, for 2020 an until October 1, the same pre-tax amounts of tolls and royalties for the use of network facilities have been applied for the basic network for secondary transmission and distribution of natural gas that were set in Order IET/2446/2013, of December 27. This means that tolls have remained at the same values since 2014.

From October 1, 2020 to September 30, 2021, the toll values published by the National Commission on Markets and Competition in its Resolution of September 22, 2020, establishing the tolls for access to the transmission networks, local networks and regasification from October 2020 to September 2021, are applicable, due to the entry into force of Circular 6/2020, at which time the powers are adapted as indicated in Royal Decree 1/2019 and the National Commission on Markets and Competition is authorised to issue this resolution under Article 7.1 bis of Law 3/2013 of June 4.

The values applicable from October 1, 2021 to September 30, 2022 have been published in the Resolution of May 27, 2021, of the National Commission on Markets and Competition, which establishes the access tolls to the transmission networks, local networks and regasification for the 2022 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, 2020 to September 30, 2021, the values of the access fees published in Order TED/ 1286/ 2020, dated December 29, are applicable and from October 1, 2021 to September 30, 2022, those published in Order TED/ 1023/ 2021, dated September 27, are applicable.

f) System of settlement of costs and regulated revenues

Until September 30, 2021, the billing and collection of the remuneration of regulated activities are subject to the settlement procedure established in Ministerial Order ECO/2692/2002, of October 28, which regulates 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 will be 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.

These imbalances amounted to 27,232 thousands of euros, 90,014 thousands of euros and 24,781 thousands of euros in 2015, 2016 and 2017, respectively. Interest rates of 0.836% for 2015, 0.716% for 2016 and 0.923% for 2017 are applied in calculating the yearly amounts for these imbalances, as set forth in Order TEC/1367/2018, of December 20.

In turn, Article 9 of Order TEC/1367/2018, of December 20, establishes priority for the existence of various temporary imbalances with balances pending amortisation. In particular, it is established, on the one hand, that early repayment shall apply firstly to those with an associated higher interest rate and, on the other hand, that the distribution of the early repayment among rights-holders shall be proportional to the amount of the right they hold. Given that the mismatches corresponding to the 2015 and 2017 financial years were fully amortised on an accelerated basis against the surplus of the 2018 financial year, and taking into account that in 2019 the annual mismatch between revenues and recognised remuneration has resulted in a surplus of 353,859 thousands of euros, the collection right pending receipt for the 2016 mismatch (33,475 thousands of euros) is fully amortised and the 2014 mismatch (320,384 thousands of euros) is partially amortised.

Also, Order TEC/1367/2018, of December 20, regulated the procedure for the transfer to third parties of collection rights corresponding to the deficit accumulated at December 31, 2014. It also established the methodology for calculating the interest rate to be applied in the calculation of annual payments corresponding to collection rights, as well as the final interest rate for the accumulated deficit at December 31, 2014 (1.104%).

In this regard, the definitive settlement in 2014 was approved by the Regulatory Oversight Chamber of the CNMC in its session held on November 24, 2016, recognising 1,025,053 thousands of euros for the accumulated deficit of the natural gas system at December 31, 2014. Consequently, this deficit is being recovered in 15 consecutive years, from November 25, 2016 to November 24, 2031.

Additionally, in 2020, the annual mismatch between revenues and remuneration resulted in a surplus of 186,691 thousands of euros, which allowed a partial amortisation of the 2014 mismatch in the same amount. Thus, the 2014 mismatch that remains to be amortised at January 1, 2022 amounts to 151,399 thousands of euros, much lower than the 1,025,053 thousands of euros accumulated at December 31, 2014.

With regard to the Enagás Group 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-mentioned operation the Enagás Group 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 Directors of the Enagás Group 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 2021

The main regulatory developments applicable to the gas sector, approved in the course of 2021, were the following:

1. Supranational regulations

Gas regulation

TEN-E
European Parliament resolution of July 10, 2020 on the revision of the guidelines for trans-European energy infrastructure.

Sustainable Finance Package
Commission Delegated Regulation (EU) 2021/2178 of July 6, 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by specifying the content and presentation of information to be disclosed by companies subject to Articles 19 bis or 29 bis of Directive 2013/34/EU with respect to environmentally sustainable economic activities, and specifying the methodology for complying with the disclosure obligation.

Commission Delegated Regulation (EU) 2021/2139 of June 4, 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical selection criteria for determining the conditions under which an economic activity can substantially contribute to climate change mitigation or adaptation, and for determining whether that economic activity does not cause significant harm to any of the other environmental objectives.

Climate law
Regulation (EU) 2021/1119 of the European Parliament and of the Council of June 30, 2021 establishing the framework for achieving climate neutrality and amending Regulations. (EC) No 401/2009 and (EU) 2018/1999 ("European Climate Legislation").

GHG emissions
Commission Implementing Decision (EU) 2021/1876 of October 20, 2021 on greenhouse gas emissions covered by Decision 406/2009/EC of the European Parliament and of the Council for each Member State in 2019.

Commission Implementing Regulation (EU) 2021/447 of March 12, 2021 determining revised benchmark values for the free allocation of emission allowances in the period from 2021 to 2025 in accordance with Article 10a(2) of Directive 2003/87/EC of the European Parliament and of the Council.

Communication from the European Commission complementing the guidelines for certain State aid measures in the context of the greenhouse gas emission allowance trading scheme after 2021.

Sustainable carbon cycles
Communication from the European Commission to the European Parliament and to the Council on Sustainable Carbon Cycles.

Important Projects of Common European Interest (IPCEIs)
Communication from the European Commission Criteria for the analysis of the compatibility with the internal market of aid to promote the execution of important projects of common European interest.

TEN-T
Directive (EU) 2021/1187 of the European Parliament and of the Council of July 7, 2021 on rationalisation measures to advance the completion of the trans-European transportation network (TEN-T).

Communication from the European Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on an action plan to promote long distance and cross border passenger rail.

Communication from the European Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on the extension of the trans-European transport network (TEN-T) to neighbouring third countries.

Renewable energies
Commission Delegated Regulation (EU) 2021/2003 of August 6, 2021 supplementing Directive (EU) 2018/2001 of the European Parliament and of the Council by establishing the Union's renewable energy development platform.

Sustainable mobility
Communication from the European Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on the new EU urban mobility framework.

EU Funds, Programs and Mechanisms
Regulation (EU) 2021/1056 of the European Parliament and of the Council of June 24, 2021 establishing the Just Transition Fund.

Commission Delegated Regulation (EU) 2021/1204 of May 10, 2021 amending Delegated Regulation (EU) 2019/856 as regards the application and selection procedures under the Innovation Fund.

Regulation (EU) 2021/783 of the European Parliament and of the Council of April 29, 2021 establishing a Programme for Environment and Climate Action (LIFE) and repealing Regulation 1293/2013.

Regulation 2021/695 of April 28, 2021 establishing the Horizon Europe Programme and laying down its rules for participation and dissemination, and repealing Regulations 1290/2013 and 1291/2013.

Regulation (EU) 2021/523 of the European Parliament and of the Council of March 24, 2021 establishing the InvestEU Programme and amending Regulation 2015/1017.

Regulation (EU) 2021/241 of the European Parliament and of the Council of February 12, 2021 establishing the Resilience and Recovery Facility.

Other
Commission Recommendation (EU) 2021/1749 of September 28, 2021 on the "energy efficiency first" principle: from principles to practice - Guidelines and examples for application in decision making in the energy sector and beyond.

Communication from the European Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on a package of policy and support measures to respond to rising energy prices.

2. Spanish Regulation

In relation to the general framework of the gas system and its facilities

Energy policy
Royal Decree-Law 39/2020, of December 29, on financial measures for social and economic support and compliance with the enforcement of judgements (Castor).

Resolution of December 30, 2020, from the Directorate General for Environmental Quality and Assessment, formulating the strategic environmental declaration of the National Integrated Energy and Climate Plan 2021-2030.

Energy Storage Strategy, approved on February 9, 2021, the key to ensuring security of supply and lower energy prices.

Resolution of April 29, 2021, of the Undersecretariat, publishing the Agreement of the Council of Ministers of April 27, 2021, approving the Recovery, Transformation and Resilience Plan.

Law 7/2021, of May 20, on climate change and energy transition.

Roadmap for the Development of the electric and connected vehicle, approved by the Council of Ministers on July 13.

Royal Decree-Law 17/2021 of September 14, on urgent measures to mitigate the impact of the rise in natural gas prices on the retail gas and electricity markets.

Royal Decree-Law 23/2021, of October 26, on urgent measures to protect energy consumers and bring transparency into the wholesale and retail electricity and natural gas markets.

Royal Decree-Law 27/2021, of November 23, extending certain economic measures to support the recovery.

Resolution of November 25, 2021, of the Congress of Deputies, ordering the publication of the Agreement on the validation of

Royal Decree-Law 23/2021, of October 26, on urgent measures to protect energy consumers and bring transparency into the wholesale and retail electricity and natural gas markets.

Roadmap for the Development of offshore wind and marine energy in Spain, approved by the Council of Ministers on December 10.

Safe, Sustainable and Connected Mobility Strategy 2030, approved by the Council of Ministers on December 10.

Strategic Project for the Recovery and Economic Transformation (PERTE) of Renewable Energies, Renewable Hydrogen and Storage, approved by the Council of Ministers on December 14.

Royal Decree-Law 29/2021, of December 21, adopting urgent measures in the energy sector to promote electric mobility, self-consumption and the deployment of renewable energies.

Self-consumption Roadmap, approved by the Council of Ministers on December 21.

Remuneration framework, tolls, charges and settlement system

Order TED/65/2021, of January 11, modifying Order TED/902/2020, of September 25, modifying Order ITC/1660/2009, of June 22, establishing the methodology for calculation of the last resort natural gas tariff, in order to adapt it to the new toll structure of the gas system.

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 fees applied for their use.

Order TED/1286/2020, of December 29, which establishes the remuneration and access fees for basic underground storage facilities for 2021.

Resolution of February 11, 2021, of the National Commission on Markets and Competition, establishing remuneration for the 2021 gas year (from January 1 to September 30, 2021) of the companies that carry out the regulated activities of liquefied natural gas plants, transmission and distribution.

Resolution of May 20, 2021, of the National Commission on Markets and Competition, establishing remuneration for the 2022 gas year (from October 1, 2021 to September 30, 2022) of the companies that carry out the regulated activities of liquefied natural gas plants, transmission and distribution.

Resolution of May 27, 2021, of the National Commission on Markets and Competition, establishing the access tolls to the transmission networks, local networks and regasification for the 2022 gas year.

Circular 6/2021, of June 30, establishing the incentives of the technical manager of the gas system and the effect on its remuneration.

Circular 7/2021, of July 28, establishing the methodology for the calculation, supervision, valuation and settlement of shrinkage in the gas system.

Order TED/1022/2021, of September 27, which regulates the settlement procedures of the regulated activities remunerations, charges and fees with specific destinations of the gas sector.

Order TED/1023/2021, of September 27, establishing the gas system charges and the remuneration and fees for basic underground storage facilities for 2022 gas year.

Resolution of December 16, 2021, of the National Commission on Markets and Competition establishing the amount of remuneration for the technical manager of the gas system for 2022 and the quota for its financing.

Resolution of December 22, 2021, of the Directorate General of Energy Policy and Mines, publishing the natural gas tariff of last resort.

Spanish gas system operation

Resolution of January 15, 2021, from the Directorate General for Energy Policy and Mines, authorising the purchase of heel gas for transport pipelines.

Resolution of January 25, 2021, of the Directorate General for Energy Policy and Mines, publishing the assigned and available capacity in basic underground natural gas storage facilities for the period April 1, 2021 to March 31, 2022.

Informative Circular 5/2021, of June 2, of the National Commission on Markets and Competition, on the Spanish retail natural gas market.

Order TED/741/2021, of July 5, extending the exemption of the Maghreb-Europe gas pipeline from compliance with certain provisions regarding third-party access.

Order TED/740/2021, of July 5, extending the exemption of the Medgaz gas pipeline from compliance with certain provisions regarding third party access and the obligations of separation of activities as a transmission company.

Resolution of September 26, 2021, of the Directorate General for Energy Policy and Mines, approving the Winter Action Plan for the operation of 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.

On February 14, 2022, the Board of Directors of Enagás, S.A. prepared the Consolidated Annual Accounts for the year ended December 31, 2020, 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 8.1.b) of Spanish Royal Decree 1362/2007, of October 19, 2007, the directors state that, to the best of their knowledge, the Consolidated Annual Accounts, prepared in accordance with applicable accounting principies, provide a true and fair view of the equity, financial position and results of the Group.

CHAIRMAN (Signed the original in Spanish)	CHIEF EXECUTIVE OFFICER (Signed the original in Spanish)
Mr Antonio Llardén Carratalá	Mr Marcelino Oreja Arburúa

DIRECTORS (Signed the original in Spanish)	
Sociedad Estatal de Participaciones Industriales - SEPI (Represented by Mr Bartolomé Lora Toro)	Mr Antonio Hernández Mancha
Ms Eva Patricia Úrbez Sanz	Ms Ana Palacio Vallelersundi
Ms Natalia Fabra Portela	Mr Santiago Ferrer Costa
Ms María Teresa Arcos Sánchez	Ms Isabel Tocino Biscarolasaga
Mr Gonzalo Solana González	Mr José Blanco López
Mr Ignacio Grangel Vicente	Mr José Montilla Aguilera
Mr Cristóbal José Gallego Castillo	

DILIGENCE to record, in accordance with the provisions of Article 253.2 of the Corporate Enterprises Act and Article 366.1.2 of the Companies Registry Regulations, that the Consolidated Annual Accounts corresponding to the financial year 2020 have been prepared with the agreement of ali the members of the Board of Directors, but have not been signed by any of them, either by handwritten or electronic signature, in any case, due to material impossibility, given that the Board meeting at which the Annual Accounts and the Consolidated Management Report were prepared was held in virtual format, due to the restrictions arising from the declaration of a state of emergency in Spain by Royal Decree 956/2020 of November 3 and subsequent implementing regulations.

Electronic signature of the Secretary to the Board:

SECRETARY TO THE BOARD OF DIRECTORS (Signed the original in Spanish)

Mr Rafael Piqueras Bautista

2021

ANNUAL REPORT ON DIRECTORS' REMUNERATION

enagas

ISSUER'S PARTICULARS

Financial year-end: 31/12/2021

CORPORATE TAX CODE: A-28294726

Corporate name: ENAGÁS, S.A.

Registered office: PASEO DE LOS OLMOS, 19 MADRID

A. Company remuneration policy for the current financial year

A.1.

A.1.1 Explain the current directors' remuneration policy applicable to the current financial year. As far as is relevant, certain information referring to the remuneration policy approved by the general shareholders' meeting can be included, provided that it is clear and specific.

Descriptions must be provided of the specific resolutions for the current financial year, both for the directors' remuneration for the role itself and for the Board's performance of executive functions in accordance with the provisions of the contracts signed with the executive directors and with the remuneration policy approved by the general meeting.

In all cases the following must be provided:

- **Description of the procedures and company bodies involved in determining, approving and applying the remuneration policy and its terms and conditions.**
- **Indicate and if necessary explain whether or not comparable companies were taken into account in setting the company's remuneration policy.**
- **Information on whether or not any external advisor was involved and their personal details.**
- **Procedures set forth in the current remuneration policy for directors in order to apply temporary exceptions to the policy, conditions under which those exceptions can be used and components that may be subject to exceptions according to the policy.**

The Rules and Regulations of the Organisation and Functioning of the Board of Directors of Enagás confers the Board the power to adopt decisions on the remuneration of Directors and Senior Management. Specifically, the Sustainability, Appointments and Remuneration Committee (hereinafter the "CSNR") is responsible for supporting the Board on matters relating to remuneration of Directors and Senior Management.

The Committee consists of seven Directors, with six being Independent Directors and one Proprietary Director: Ana Palacio Vallelersundi (Chairwoman, Independent); Ignacio Grangel Vicente (Independent); Antonio Hernández Mancha (Independent); Santiago Ferrer Costa (Proprietary); Gonzalo Solana González (Independent); Patricia Úrbez Sanz (Independent) and Cristóbal José Gallego Castillo (Independent).

The 2021 General Shareholders' Meeting approved the Remuneration Policy for the 2022-2024 period. The Policy has been proposed to the Board by the CSNR. The CSNR held meetings specifically to prepare its proposal on January 7, January 13, January 22, February 3, February 18, February 22 and April 16, 2021. At this last meeting, the text of the Policy was approved and submitted to the Board of Directors, which proposed it to the 2021 GSM, which approved it.

The Policy for the period 2022-2024 aims for continuity. It takes the criterion of prudence as one of the main bases used in its definition, and it maintains the fundamental premises that inspired the previous Policies for the periods 2016-2018 and 2019-2021. Technical improvements have been introduced to enhance the alignment of the Policy with the interests of Enagás' stakeholders, particularly those of our shareholders. Specifically: the minimum permanent shareholding requirement for Executive Directors has been formalised, the malus and clawback clauses on variable remuneration, both annual and long-term, have been formalised, and a holistic view of the market has been considered through the consideration of the aforementioned comparison groups. A new section describing the equal pay strategy has also been included.

The first premise of this Policy is the commitment made by the Board to shareholders at the Ordinary General Meeting held in 2015 to introduce a Long-Term Incentive (ILP) in the remuneration structure of Executive Directors, which will also be applicable to the Company's management team, and which complies with the remuneration recommendations of the CNMV's Good Governance Code and with the most generally accepted criteria regarding these types of remuneration.

The second premise included in this Policy is the obligation of the CSNR and the Board to maintain an adequate remuneration policy in terms of structure and amount. Achieving the targets of the Company's Strategic Plan, promoting the creation of value for Enagás' stakeholders, particularly for our shareholders, compensating capacity and effort proportionately and retaining the talent that the Company needs. These must be in accordance with general market conditions with respect to the Company's peers and its performance at all times.

For this purpose, a new analysis was carried out on the adequacy of the Directors' remuneration positioning. Three comparison groups were included, providing a complete view of the market. Specifically, the main comparison group of Ibex-35 energy companies (Acciona, Endesa, Iberdrola, Naturgy, REE, Repsol and Siemens Gamesa) was maintained, in line with previous policies. By way of contrast, the analyses was supplemented with the remuneration information of the Ibex-35 companies (also considered in previous policies), as well as European TSOs and companies with regulated revenues (Red Eléctrica, Indra, Snam, National Grid, REN, Gasunie, Fluxys Belgium, Open Grid Europe and Aena). For these purposes, the latest known public data for financial year 2020, were used.

The analysis was conducted with regard to the remuneration of the Directors in their capacity as such, the remuneration of the Executive Directors and the remuneration of the members of the Management Committee and other Company Senior Managers.

With regard to external advice, the CSNR received independent external advice from the firm Willis Towers Watson, which carried out the market analyses indicated above and presented alternatives for the design of this Policy. The CSNR also relied on the firm Garrigues, which advised on the legal and tax aspects referred to in this Policy.

In relation to temporary exceptions, the 2022-2024 Policy states that the Board of Directors, at the proposal of the CSNR, may approve the application of temporary exceptions to the Remuneration Policy in situations where it is necessary to serve the long-term interests and sustainability of the Company as a whole or to ensure its viability. In this regard, the Board of Directors shall be required to have a prior report from the CSNR assessing the circumstances that make it necessary to apply the temporary exceptions and the specific remunerations that should be subject to exception or modification. The Board, after reviewing the prior report issued by the CSNR's, will determine whether the application of the temporary exceptions is appropriate, as well as the components that are affected by it. In any case, the Company shall include in the Annual Report on Directors' Remuneration information on the exceptional situation that has led the Board to approve the application of the temporary exception, as well as the remuneration affected.

A.1.2 Relative importance of the variable remuneration components compared to the fixed items (remuneration mix) and the criteria and objectives considered when setting them and to guarantee an adequate balance between the fixed and variable remuneration components. In particular, indicate the actions taken by the company in relation to the remuneration scheme to reduce exposure to excessive risks and to align it with the long-term objectives, values and interests of the company, including, where appropriate, measures provided to ensure that the remuneration policy addresses the company's long-term results, measures adopted in relation to categories of personnel whose professional activities have a material impact on the risk profile of the entity and measures provided to avoid conflicts of interest.

Please also indicate whether or not the company has established any period for accrual or consolidation of certain variable remuneration items, in cash, shares or other financial instruments, any deferral in the payment of amounts or delivery of already accrued and consolidated financial instruments or whether there is any agreed clause on reducing the deferred remuneration not yet consolidated or requiring the director to return the remuneration received, when the remunerations have been based on data subsequently clearly shown to be inaccurate.

The Directors' Remuneration Policy for the period 2022-2024 includes a remuneration proposal for this period with the following bases:

- Maintain the level of contribution to existing social security plans.
- Maintain the annual variable remuneration.
- Maintain, during the three years of the period, the remuneration for the Executive Directors for Board membership.
- Enable the possibility of applying variations to the fixed remuneration in the terms set out below.

With regard to variable remuneration set out in the Policy, the annual variable must be differentiated from the long-term variable.

Variable annual remuneration

As variable annual remuneration, the Executive Directors have the right to receive a variable bonus for fulfilling the objectives set forth by the Board of Directors at the proposal of the CSNR for the corresponding year. The variable bonus cannot exceed 60% of the annual fixed monetary remuneration in any case.

At the beginning of each year contemplated in the Policy, the Board will approve the objectives applicable to the Executive Chairman and the Chief Executive Officer for these purposes. At year-end, the Board, on the proposal of the CSNR will evaluate the degree to which the targets have been met and decide the variable annual remuneration for the Chairman and the Chief Executive Officer. The 2022-2024 Policy formalises and clarifies the malus and clawback clauses on annual variable remuneration. However, the Board, at the CSNR's proposal, was already empowered to apply them.

Long-term variable remuneration (2022-2024 ILP)

Executive Directors may be beneficiaries of an ILP, as may members of the Management Committee and the rest of the Company's management team. The 2016-2018 Policy included an ILP as part of the Executive Director Remuneration Policy (also applicable to members of the Management Committee and the rest of the Company's management team). That Policy stated that the ILP should be maintained as part of the Company's remuneration structure and in successive Directors' remuneration policies submitted for approval at the General Shareholders' Meeting, and this was Mre in 2019. Given the continuity of this Policy, as indicated above, it is recommended that a new ILP be applied for the 2022-2024 period. The structure and content of the ILP would likewise be in continuity with respect to the previous ones. To this end, Enagás is considering the possibility of implementing a new ILP that will be submitted for approval under a specific agenda item of the General Shareholders' Meeting to be held in 2022, as well as in the Plan Regulations (hereinafter, the "Regulations"), with the following fundamental characteristics:

Targets

- Boost the sustainable achievement of the targets set out in the Company's Strategic Plan.
- Provide the opportunity of sharing the creation of value by the participants.
- Enhance the sense of pertaining to the Company and a common destiny.
- Be competitive.
- Be aligned with the requirements of the institutional investors and proxy advisors and with the best Good Corporate Governance practices, particularly those based on the recommendations of the Code of Good Governance approved by the CNMV.

Type of Plan

- A Plan for 2022-2024 with a three year targets measurement period.
- The Plan would provide for the delivery of shares linked to the targets of the Strategic Plan.
- In the case of Executive Directors, 100% of the ILP would be settled by the delivery of shares in the Company.

Duration

The period for measuring targets and permanence would be 3 years.

Period of settlement, deferral and retention of shares

At the end of the target measurement period, the First Payment Date, consisting of the immediate payment of 50% of the incentive, would take place in 2025 within 30 days following the approval of the 2024 Annual Accounts approved by the General Shareholders' Meeting. The Second Payment Date (50% deferred) would take place on the first anniversary of the First Payment Date. In addition, the Executive Directors would be entitled to receive, in the form of shares, the net dividends, if any, that they would have received between the First and Second Payment Dates (hereinafter, the "Deferral Period") if they had received all the shares on the First Payment Date. The Executive Directors would be obliged to maintain the shares received, net of tax, at the time of settlement of the Plan (mid 2025) for two (2) years for those received on the First Payment Date and one (1) year for those received on the Second Payment Date. The Executive Directors would have the right to receive, in the form of shares, the net dividends generated during the retention period as they are owners of the shares. Therefore the ILP would not have a direct effect on the Executive Directors' remuneration in 2022, 2023 and 2024, without prejudice to how the accounting is handled by the Company for the proportional part of the theoretical maximum of the same in each year.

In 2025, 50% of the ILP would be settled, and the other 50% would be deferred to 2026, thus the Executive Directors would be paid the incentive according to their Level of Attainment of targets over the multi-year period. They would receive all this Incentive in the form of shares, and they would be obliged to maintain the shares received in 2025 for two (2) years, and those received in 2026 for one (1) year. In 2026, the Executive Directors would be able to freely dispose of the shares received.

Conditions for receiving the incentive

The incentive would be linked to financial and non-financial metrics, reflecting the priorities of the Strategic Plan. Non-financial objectives linked to the sustainability strategy would be included. Some of the metrics could be measured against a comparison group of companies that are competitors or perform similar activities. Targets would be defined, so as to link one target to each of the strategic guidelines, in line with the arrangements for the annual variable remuneration.

The Board, at the proposal of the CSNR, approves the metrics, weightings, targets and, where appropriate, the comparison group at the start of the Plan to ensure continuous alignment with the Company's strategy. The Board of Directors, at the behest of the CSNR, reserves the right to modify the parameters established in the event of certain exceptional circumstances, to make them more adequate for new business circumstances, in which case they will ensure that the impact on the Plan is neutral. Reception of the incentive would also depend on the Executive Directors remaining with the Enagás Group until the date of Plan settlement, except under the special circumstances explained in the Plan regulations.

Achievement scales

Se establece una escala de logro para cada objetivo con:

- A minimum achievement level, below which no remuneration is paid.
- A 100% achievement level, for which 100% of the initial target remuneration is paid.
- A maximum total incentive which cannot exceed 125% of the initial target Incentive.
- Intermediate levels are calculated using linear interpolation.

Incentive level

For Executive Directors the annual incentive in the 100% achievement scenario would be 50% of their annual fixed remuneration in 2022.

Authorisation to implement the action plan

Regardless of the preceding description of the ILP, the Board shall submit to the General Shareholders' Meeting, in accordance with Article 219 of the Spanish Corporate Enterprises Act, an express resolution to approve the ILP which must include the delivery of shares. This agreement shall include the maximum number of shares that may be allocated in each year by this remuneration system, the value of the shares that may be taken as a reference, the term of the Plan and other characteristics of the Plan. The Board of Directors agreed to propose to the 2021 General Meeting the approval of this Policy and to postpone to the meeting to be held in 2022 the proposed resolution relating to the ILP referred to in Article 219 of the Corporate Enterprises Act so that the latter may contain the detail required by current legislation and good governance best practices, all in accordance with the provisions of this Policy. If the minimum degree of achievement of targets is not met, the incentive shall amount to zero. Details of the targets associated with 2022-2024 ILP can be found in Appendix 1.

Malus and clawback clauses

In certain circumstances, the Board, at the proposal of the CSNR, may cancel ("malus") any variable components of the variable remuneration that are pending payment and/or may reclaim ("clawback") part or all of the variable components of the remuneration paid, when there are certain exceptional circumstances that affect the Company's results, or that derive from inappropriate conduct by the Executive Director. The clawback clauses shall be applicable for a period of two years from the date of payment of the variable remuneration. Among other circumstances, the variable remuneration may be cancelled and/or its return demanded in the following cases: If the Company's financial statements have to be restated for a reason other than the modification of the applicable accounting standards. If the Executive Director is sanctioned due to serious breach of the code of conduct and other applicable internal regulations.

When any component of variable remuneration has been totally or partially settled and paid based on information which subsequently is clearly proven to be false or seriously inaccurate. Other circumstances not foreseen or assumed by the Company that have a material negative effect on the income statements for any of the years of application of the clawback clauses. When the Company's external auditor makes qualifications in the audit report that reduce the results taken into consideration to determine the amount of variable remuneration to be paid.

Minimum permanent shareholding requirement

This requirement, to which the Executive Directors were already committed, is formalised to reinforce the alignment of their interests with those of shareholders and the alignment of the Policy with corporate governance recommendations. Executive Directors are required to reach and maintain a certain number of shares in Enagás, S.A. The requirement amounts to 2 years' fixed remuneration. The deadline for meeting this requirement is five years from approval of this Remuneration Policy. For new appointments, the period shall run from the date of appointment. In order to achieve this target, the actions of non-vested incentive plan are not considered. The CSNR shall periodically review compliance with this requirement.

A.1.3 Amount and nature of the fixed components that are expected to accrue in the year to the directors in their capacity as such.

In the "Directors' Remuneration Policy for the 2022, 2023 and 2024 financial years" approved at the 2021 GSM, the amount of the fixed components of the directors' remuneration during the three years that the policy is in force remains unchanged.

The amounts and items for 2022 are the following:

Individual remuneration of Directors in their capacity as such

The individual remuneration of Directors for 2021, as set out in the 2019-2021 policy, based on the positions they hold and their attendance at meetings of the Board and its Committees is as follows: (i) a fixed annual amount of 100,000 euros for Board membership; (ii) an annual variable amount of up to 30,000 euros, depending on attendance to Board meetings; (iii) a fixed annual amount for membership in Board Committees of 25,000 euros; (iv) a variable annual amount of up to 5,000 euros, depending on attendance to Committee meetings; (v) a fixed annual amount of 15,000 euros for serving as Chairperson of each Committee; and (vi) a fixed annual amount of 15,000 euros for serving as Independent Leading Director.

These amounts would be maintained throughout the term of this Remuneration Policy (2022-2024), despite the fact that they could be revised, in all cases, observing compliance with the maximum reference indicated above, based on the Group's results and in certain circumstances such as, but not limited to, material changes in the business, mandate or responsibilities and exceptional performance of the Company. In these circumstances, the Board, at the proposal of and after a reasoned report from the CSNR, may decide to apply variations limited to 10%. This would be detailed and explained in the relevant Annual Report on Directors' Remuneration.

The maximum amount of annual remuneration to be paid to all the Directors in their capacity as such in financial year 2021, as approved by the General Shareholders' Meeting in 2020, amounts to 2,600,000 euros. This limit would be maintained during the period of validity of this Remuneration Policy (2022-2024), notwithstanding the fact that it could be revised during its term in the event that the 10% annual variations indicated above are applied.

In order to determine this limit, the maximum number of Directors established in Article 35 of the Articles of Association (sixteen) has been considered, as well as the maximum number of members on each of its Committees, which is seven, in accordance with Articles 44 and 45 of the Articles of Association. The number of ordinary meetings of the Board shall be eleven per year and there will be four meetings of each Committee.

A.1.4 The amount and type of the fixed components will accrue in the financial year for the performance of senior management functions by the executive directors.

The annual fixed remuneration of the Chairman and CEO will remain unchanged in 2022. The annual fixed remuneration of the Chairman remains unchanged from 2017 and that of the Chief Executive Officer from 2018.

The fixed remuneration of the Executive Chairman is 1,000,000 euros and that of the Chief Executive Officer is 500,000 euros.

A.1.5 The amount and type of any remuneration component in kind accrued during the year, including, but not limited to, the insurance premiums paid to the director.

In accordance with the "Directors' Remuneration Policy for the 2022, 2023 and 2024 financial years" approved by the 2021 General Shareholders' Meeting and in accordance with the terms of the contracts approved by the Board, the executive directors receive a fixed annual remuneration in kind for common items for this type of services and similar to those received by the entire Company' management team (vehicle, medical insurance, etc.).

The Executive Directors are also an insured participants in the "Company Directors' Insured Pension Plan", established by the company for its management team by means of a mixed group insurance policy for pension commitments, including benefits in the event of survival, death and disability, which the company has signed with an insurance firm.

The Executive Chairman received the following amounts for these items in 2021: payments in kind amounting to 163 thousands of euros; a life insurance premium amounting to 56 thousands of euros and contributions to the Directors' Pension Plan amounting to 210 thousands of euros.

The Chief Executive Officer received the following amounts for these items in 2021: payments in kind amounting to 28 thousands of euros; a life insurance premium amounting to 0.8 thousands of euros and contributions to the Directors' Pension Plan amounting to 159 thousands of euros.

The Directors' Remuneration Policy for the 2022, 2023 and 2024 financial years does not provide for variations in the items that make up the annual fixed remuneration in kind for 2022 and any differences in their amount will be the result of applying the price increases at all times and, where applicable, the valuation rules that apply to them.

A.1.6 Amount and type of the variable components, differentiating between those established in the short and long-term. Financial and non-financial parameters, the latter including social, environmental and climate change parameters, selected to set the variable remuneration in the current financial year, explanation of the extent to which the parameters relate to the performance of both the director and the entity and to its risk profile, and the methodology, necessary term and techniques provided for ascertaining the effective degree of compliance with the parameters used in the design of the variable remuneration at the end of the financial year, explaining the criteria and factors it applies in terms of the time required and methods for verifying that the performance or other conditions to which the accrual and consolidation of each component of variable remuneration was linked have been effectively met.

Indicate the range, in monetary terms, of the different variable components based on the degree of compliance with the established objectives and parameters and whether or not there is a maximum monetary amount in absolute terms.

The Executive Directors are the only Directors that receive variable remuneration.

Variable annual remuneration

In accordance with the "Directors' Remuneration Policy for the 2022, 2023 and 2024 financial years", the Executive Chairman and the Chief Executive Officer have a recognised right to receive a variable annual bonus for meeting the targets set forth by the Board of Directors at the proposal of the CSNR for the corresponding year. The variable bonus cannot exceed 60% of the annual fixed monetary remuneration in any case.

At the beginning of each year, and contemplated in the "Directors' Remuneration Policy for the 2022, 2023 and 2024 financial years", the Board will approve the targets applicable to the Executive Chairman and Chief Executive Officer for these purposes. At year-end, the CSNR will appraise the extent to which the targets have been fulfilled and decide the variable annual remuneration for the executive directors. The 2022-2024 Policy formalises and clarifies the malus and clawback clauses on annual variable remuneration. However, the Board, at the CSNR's proposal, was already empowered to apply them.

At the proposal of the CSNR, the Board established the targets that apply in 2022 to the Executive Chairman and Chief Executive Officer for these purposes, consisting of the following in general terms:

- Improvement of the economic results of the Company in the form of an increase in net profit.
- Consolidate the Company's regulated revenue.
- Consolidation of the Company's strategic plan, particularly with regard to the development of international activity.
- Sustainability and Decarbonisation.
- Promote digitalisation, entrepreneurship and the rendering of services.

Appendix 2 to this report contains details of the associated targets.

Long-term variable remuneration (2022-2024 Long-Term Incentive)

In accordance with the "Directors' Remuneration Policy for the 2022, 2023 and 2024 financial years", the Board, following a report from the CSNR, must propose an ILP for approval at the 2022 GSM that would also apply to the members of the Management Committee and the rest of the Company's management team, under the terms explained in section A.1.2 of this report.

The Executive Chairman and the Chief Executive Officer are beneficiaries of the 2022-2024 ILP and will be entitled to a number of equivalent shares up to 50% of their fixed annual remuneration for each of the three years included in the Plan, under the terms set out in the draft of the "Directors' Remuneration Policy for the 2022, 2023 and 2024 financial years" put forward to the General Shareholders' Meeting 2021. An achievement scale is established for each target with:

- A minimum achievement level, below which no remuneration is paid.
- A 100% achievement level, for which 100% of the initial target remuneration is paid.
- A maximum total incentive which cannot exceed 125% of the initial target Incentive.
- Intermediate levels are calculated using linear interpolation.

The Long-Term Incentive will not have a direct effect on the remuneration in 2022, 2023 and 2024, without prejudice to how the accounting is handled by the Company for the proportional part of the theoretical maximum of the same in each year.

The specific number of Enagás shares to be handed over on the Payment Dates, if the conditions established for this are met, will be established in accordance with the Level of Attainment of the following indicators during the target measurement period: (i) Total Shareholder Return (hereinafter, "TSR"). It will comprise two components: the absolute TSR and the relative TSR. The absolute TSR 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. Relative TSR is measured in comparison with a group of 15 companies (Centrica, Enel, Engie, E.oN, Naturgy, Iberdrola, National Grid, Pennon Group, Ren, Red Eléctrica, RWE, Severn Trent, Snam, Terna y United Utilities). (ii) Funds from Operations. (iii) Dividends from international affiliates and other businesses. (iv) Sustainability measured through metrics focused on (a) Decarbonisation and (b) Diversity and inclusion and (v) Digitalisation. Details of the specific indicators that measure these targets are included in Appendix 1.

The Long-Term Incentive will be settled in 2025 and the Executive Chairman and the Chief Executive Officer will receive up to 50% of the incentive that corresponds to the degree of achievement of the targets over the multi-year period and the remaining 50% in 2026. They will receive all this Incentive in the form of shares, and will be obliged to hold the shares received in 2025 for two years, and those received in 2026 for one year. If the minimum degree of achievement of objectives is not met, the incentive shall amount to zero.

In 2022, in accordance with the "2019-2021 Remuneration Policy", the 2019-2021 ILP will be settled, subject to the corresponding approvals and authorisations, with the Executive Chairman and Chief Executive Officer receiving up to 50% of the incentive to which they are entitled, according to the degree of achievement of the established long-term targets (details are included in Appendix 3 of this report). The remaining 50% is to be allocated to 2023. They will receive all this Incentive in the form of shares, and will be obliged to hold the shares received in 2022 for two years, and those received in 2023 for one year.

A.1.7 Main properties of long-term savings schemes. Among other information, the contingencies covered by the system will be indicated, whether it is by contribution or a defined benefit, the annual contribution that must be made to defined contribution schemes, the benefit to which beneficiaries are entitled in defined benefit schemes, the conditions of consolidation of the economic rights for directors and their compatibility with any type of payment or compensation for early termination or dismissal or arising from severance of the contractual relationship, in the terms provided, between the company and the director.

It should be indicated whether the accrual or consolidation of any of the long-term savings plans is linked to meeting certain objectives or parameters related to the director's short and long-term performance.

1. El The Directors' Pension Plan is a Mixed Plan with a defined contribution for the contingencies of retirement and permanent disability and with a defined benefit for death in active service of the Participant, the contributions being a percentage of the Participant's Fixed Remuneration. The accrual or consolidation of rights is not linked to any type of achievement of targets or performance assessment.

   The Directors' Pension Plan establishes that the Executive Chairman and the Chief Executive Officer will not have economic rights if their termination results from a decision of the policyholder due to wilful or gross misconduct in the exercise of the functions of these roles, that damages the interests of the policyholder. The insured party will nevertheless have economic rights if the termination takes place by decision of the policyholder for any reason unrelated to any serious or culpable breach of the duties of the Executive Chairman/Chief Executive Officer.

2. The Employment Pension Plan of the Enagás Group is a defined contribution plan that is endowed externally and covers the contingencies of retirement, disability and death.

   The Executive Chairman and the Chief Executive Officer are currently suspended participants of the Enagás Employment Pension Plan and their consolidated economic rights are not conditioned by any assumption; they are suspended until the redemption of the Plan for the reasons specified in its regulations.

   The Company and the Executive Chairman have mutually agreed that the rights and obligations of the parties to the Pension Plan and the Directors' Pension Plan will be extended beyond the age of 65.

A.1.8 Any type of payment or compensation for early termination or dismissal resulting from severance of the contractual relationship in the terms provided between the company and the director, whether at the behest of the company or the director, as well as any agreements entered into, such as exclusivity, post-contractual non-competition and seniority or loyalty arrangements, which give the director the right to any type of receipt.

Enagás is not required to pay out any compensation in the event of termination of the appointment as non-executive director. For executive directors, see section A.1.9 of this report.

A.1.9 Indicate the conditions to apply to the contracts of executive directors exercising senior management functions. Among them, disclose the duration, limits on the amount of termination payments, seniority requirements, notice periods, payments related to the duration of a notice period ("garden leave") and any other clauses covering hiring bonuses, as well as indemnities or "golden parachutes" in the event of early termination of the contractual arrangement between the company and the executive director. Include, inter alia, non-competition, exclusivity, seniority or loyalty and post-contractual non-competition agreements or arrangements, unless they have been explained in the previous section.

Main conditions of the Executive Chairman's contract

The relationship between Enagás and the Executive Chairman is governed by a "Contract for services associated with the position of Executive Chairman" approved by the Board of Directors with all the requirements set forth in Article 249.3 of the Corporate Enterprises Act. The contract is aimed at regulating the rights and obligations for the parties as a result of the position of Executive Chairman, which corresponds to Mr Antonio Llardén Carratalá since his appointment by the Board on January 24, 2007. The contract stipulates the period during which the Executive Chairman performs his duties as such. The contract regulates the services provided by the Executive Chairman when carrying out his functions and those of the Company. The sections above describe the corresponding remuneration in detail. The contract also regulates the circumstances for termination. In the event that the Company freely decides to terminate the contract for whatever reason, as long as this is not due to a breach or being guilty of any actions by the Executive Chairman or because the Company has failed to comply with its contractual obligations, the Executive Chairman will be entitled to an indemnity equivalent to two years' salary of his annual remuneration, understood as that held by the Chairman at the time of the termination of employment plus the remuneration in-kind and the last annual variable remuneration received. The compensation for this item was fixed at three years but the Chairman reduced this to two years in 2016 to better conform with the best practices of good governance. The contract contains an exclusive dedication agreement for the Executive Chairman, which stipulates that the latter cannot provide services of any kind to third parties or form part of any other company or legal firm without the explicit authorisation of the Board. No economic compensation for the Executive Chairman is envisioned for this concept. Neither does the contract include an economic compensation for arrangements of non-competition after contract termination. The seniority and loyalty of the Executive Chairman are motivated by the participation in the "Company Directors' Pension Plan" already described in this report.

Main conditions of the Chief Executive Officer's contract

The relationship between Enagás and the Chief Executive Officer is governed by a "Contract for services associated with the position of Chief Executive Officer" approved by the Board of Directors with all the requirements set forth in Article 249.3 of the LSC. The purpose of the contract is to regulate the rights and duties of the parties derived from the position of Chief Executive Officer that corresponds to Mr Marcelino Oreja Arburúa since his appointment by the Board on September 17, 2012. The contract stipulates the period during which the Chief Executive Officer performs his duties as such. The contract regulates the duties of the Chief Executive Officer and those of the Company. The sections above describe the corresponding remuneration in detail. The contract also regulates the circumstances for termination. In the event that the Company freely decides to terminate the contract for whatever reason, as long as this is not due to a breach or being guilty of any actions by the Chief Executive Officer or because the Company has failed to comply with its contractual obligations, the Chief Executive Officer will be entitled to an indemnity equivalent to two years' salary of his annual remuneration, understood as that held by the Chief Executive Officer at the time of the termination of employment plus the remuneration in kind and the last annual variable remuneration received. The contract establishes an exclusivity arrangement for the Chief Executive Officer, through which he cannot provide services of any nature to third parties or participate in or form part of another company or legal entity without the Board's express authorisation. No economic compensation for the Chief Executive Officer is envisioned for this concept. The contract includes a non-competition arrangement after its termination, which expires two years afterwards.

As compensation for this non-competition agreement, the Company shall pay the Chief Executive Officer 80% of the fixed annual remuneration for each of the years contemplated by the agreement. Nevertheless, the amount in his favour from the "Directors' Pension Plan" will be deducted from the resulting amount. The seniority and loyalty of the Chief Executive Officer are motivated by the participation in the "Company Directors' Pension Plan", already described in this report.

A.1.10 The nature and estimated amount of any other supplementary remuneration accrued by the directors in the current year as payment for services rendered other than those integral to their role.

Enagás Directors have not accrued any other remuneration for this item.

A.1.11 Other remuneration items such as those resulting, where applicable, from the company granting the director advances, loans and guarantees and other remunerations.

Enagás Directors have not accrued any other remuneration for this item.

A.1.12 The nature and estimated amount of any other expected supplementary remuneration not included in the previous sections, whether paid by the entity or another group entity, accrued by the directors in the current year.

Enagás Directors have not accrued any other remuneration for this item.

A.2. Explain any relevant change in the remuneration policy applicable in the current year derived from:

a) A new policy or change to the policy already approved by the Board.

b) Significant changes in the specific board resolutions for the current financial year in respect of the current remuneration policy compared to those of the previous year.

c) Proposals applicable to the current financial year that the board of directors would have agreed to submit to the general shareholders' meeting to which this annual report will be submitted.

The Directors' Remuneration Policy currently in force, which covers financial years 2022, 2023 and 2024, was approved by the 2021 GSM on May 27, 2021 and its content has not undergone any modification since its approval.

A.3. Identify the direct link to the document that outlines the current remuneration policy of the company, which must be available on the company's website.

https://www.enagas.es/enagas/en/AccionistasEInversores/GobiernoCorporativo/PropuestasDocumentacionAccionista

A.4. Explain, in the light of the information provided in section B.4, how the shareholders' vote in the general meeting to which the annual remuneration report of the previous year was submitted for a vote, in an advisory capacity was taken into account.

In view of the vote taken at the previous GSM, during the January 2022 Corporate Governance and Sustainability Roadshows, the main new features of the 2022-2024 Policy, approved by the GSM in 2021, and which comes into effect this year, were communicated and explained:

1. The minimum permanent shareholding requirement for Executive Directors has been formalised.

2. A holistic view of the market has been considered through consideration of the aforementioned comparison groups.

3. The malus and clawback clauses on variable remuneration, both annual and long-term, have been formalised. While the Board, at the proposal of the CSNR, was already empowered to implement them, this issue has been clarified in this Policy.

In addition, Enagás regularly carries out consultations with its main institutional shareholders and proxy advisors, trying to incorporate improvements in its remuneration model based on the suggestions received:

- This year, in response to the issue identified by the "proxy advisors" (ISS), where a 1-year gap was identified between the annual bonus figure reported and the detailed targets included, the criteria for reporting the amounts referring to the variable remuneration of the Executive Directors in this Report has been changed. Therefore, the amounts are recognised in the year in which they are accrued and not in the year of actual collection (see section D.). This year, in order to avoid losing information due to the change of model, details of completed targets and targets set for both annual and multi-year periods are included in annexes.
- The 2022-2024 Policy includes, for example, following a comment received from one of the main proxy advisors, a description of the process followed by the CSNR for the selection of the comparison group to be used as a reference for defining the parameters and limits of this Policy. In addition, some of the improvements introduced in this Policy with respect to the previous policy are also the result of the analysis of the recommendations of investors and benchmark indices. This is the case, for example, of the inclusion of a specific chapter dedicated to the shareholding requirements for Executive Directors.

B. Overall summary of how the remuneration policy was applied during the year

B.1.

B.1.1 Explain the process followed to apply the remuneration policy and determine the individual remunerations reflected in section C of this report. This information will include the role played by the remuneration committee, the decisions taken by the board of directors and, where appropriate, the identity and role of the external advisors whose services have been used in the process of applying the remuneration policy in the year.

The CSNR met on January 20 and February 11, 2022 to discuss the degree of achievement of the Company's 2021 targets and the degree of achievement of the Long-Term Incentive targets (2019-2021) incorporated in the 2019-2021 Directors' Remuneration Policy.

The degree of compliance with the Company's 2021 targets was presented by the Chairwoman of the CSNR to the Board of Directors and approved by the Board on February 14, 2022. The degree of achievement of the targets is 97.45%, as can be seen in Appendix IV of the present report.

The annual variable remuneration accrued in 2021 for the Chairman and Chief Executive Officer amounted to 584 thousands of euros and 292 thousands of euros, respectively, as a result of the 97.45% achievement of the Company's 2021 targets.

The degree of compliance with the 2019-2021 ILP targets was also presented by the CSNR Chairwoman to the Board of Directors and approved by the Board of Directors on February 14, 2022. The degree of achievement of the targets is 82.2%, as can be seen in Appendix III of the present report. The Executive Chairman was assigned a total of 79,090 performance shares and the Chief Executive Officer 39,545. 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 2021 annual accounts by the General Shareholders' Meeting to be held in 2022.

The other remuneration components for the Chairman and Chief Executive Officer remained unchanged compared to 2020. Specifically, the amounts accrued by the Chairman as fixed remuneration have not changed since 2017 and those of the Chief Executive Officer and non-executive directors have remained unchanged since 2018. The possible differences in the amounts associated with remuneration in kind arise from the application at any given time of the price increases and, if applicable, of the valuation rules applicable thereto, as well as the degree of achievement of the targets associated with the variable remuneration.

B.1.2 Explain any deviation from the procedure established for the application of the remuneration policy that has occurred during the year.

N.A

B.1.3 Indicate whether any temporary exception has been applied to the remuneration policy and, if so, explain the exceptional circumstances that have led to the application of these exceptions, the specific components of the remuneration policy affected and the reasons why the entity believes that these exceptions have been necessary to serve the long-term interests and sustainability of the society as a whole or ensure its viability. Similarly, quantify the impact that the application of these exceptions has had on the remuneration of each director over the year.

N.A

B.2. Explain the different actions taken by the company with respect to the remuneration scheme and how they have contributed to reducing exposure to excessive risks and adjusting it to the company's long-term targets, values or interests, including a reference to: measures in place to guarantee that the remuneration accrued takes account of the long-term results of the company and achieves an appropriate balance between the fixed and variable components of the remuneration; the measures adopted with respect to categories of personnel whose professional activities have a material effect on the entity's risk profile and what measures have been taken to avoid conflicts of interest, if any.

The 2019 General Shareholders' Meeting approved the Remuneration Policy for the 2019-2021 period. The Policy for the 2019-2021 period is in line with previous policies and therefore maintains the fundamental premises on which the previous Policy approved for the 2016-2018 period was based. The first premise of this Policy is the commitment made by the Board to shareholders at the Ordinary General Meeting held in 2015 to introduce a Long-Term Incentive (ILP) in the remuneration structure of Executive Directors, which will also be applicable to the Company's management team, and which complies with recommendations 56 to 64 of the CNMV's

Good Governance Code and with the most generally accepted criteria regarding these types of remuneration.

The Executive Directors will be beneficiaries of the 2019-2021 Long-Term Incentive Plan in the terms indicated in section A) above and which are reproduced herein as they affect them. It must be remembered that the Long-Term Incentive will not have a direct effect on the remuneration of the Chairman and the Chief Executive Officer in 2019, 2020 and 2021, without prejudice to how the accounting is handled by the Company for the proportional part of the theoretical maximum of the same in each year.

On January 20 and February 11, 2022, the CSNR reported favourably on the degree of compliance with the 2019-2021 ILP targets, which amounted to 82.2%. On February 14, 2022, the CSNR made a proposal to the Board of Directors, who approved them on the same date.

In 2022, within 30 days following the approval of the Annual Accounts at the 2022 GSM, 50% of the ILP will be settled. The other 50% will be deferred to the year 2023, with the Executive Chairman and Chief Executive Officer thus receiving their corresponding Incentives in accordance with the Degree of Achievement of the multi-year targets foreseen. They will receive all this Incentive in the form of shares, and will be obliged to hold the shares received in 2022 for two (2) years, and those received in 2023 for one (1) year. In 2024, the Executive Chairman and the Chief Executive Officer may freely dispose of the shares received.

The maximum total remuneration may not exceed 125% of the initial target remuneration. The annualised Incentive in the 100% attainment level scenario would be up to 50% of Executive Directors' fixed annual remuneration by 2019. A total of 79,090 shares were assigned to the Chairman and 39,545 to the Chief Executive Officer.

Clawback clauses.- If certain circumstances occur which show, at a later date, that targets have not in fact been met, then the Board may, at the proposal of the CSNR, claim back part or all of the Incentive paid. These clauses will apply to all Beneficiaries and will have an application period of two years starting from the date of each of the payment dates.

Specifically, and among other circumstances, the return of the Incentive delivered may be required in the following cases:

- If the Company's financial statements have to be restated for a reason other than the modification of the applicable accounting standards.
- Penalty to the Beneficiary for a serious breach of the code of conduct and other applicable internal regulations.
- When the Incentive has been totally or partially settled and paid based on information which subsequently is clearly proven to be false or seriously inaccurate.
- Other circumstances not foreseen or assumed by the Company that have a material negative effect on the income statements of any of the years of the clawback period.

Malus clauses.- Malus clauses are included to allow for partial or total cancellation of deferred amounts pending payment. The deferral period will be one (1) year for 50% of the unpaid Incentive, with the causes of application being the same as those referred to in the previous section for the return clauses.

B.3. Explain how the remuneration accrued and consolidated over the financial year complies with the provisions of the current remuneration policy and, in particular, how it contributes to the company's long-term and sustainable performance.

Disclose the relationship between remuneration obtained by directors and the company's profits or some other measure of enterprise results, explaining, as appropriate, how changes in the company's performance may have influenced the variation in directors' remuneration, including accruals whose payment has been deferred and how they contribute to the short and long-term results of the company.

In accordance with the 2019-2021 Remuneration Policy applicable to financial year 2021 and amended by the 2020 General Shareholders' Meeting, the maximum amount of annual remuneration payable to all the Directors in their capacity as such for that year amounts to 2,600,000 euros.

In accordance with the information reported in section C.1 of this report, the remuneration amounts actually received by the directors for this item in 2021 amounts to 2,272,000 euros.

As regards the executive directors, the 2019-2021 Remuneration Policy mentions the specific amounts that the executive directors accrue in the years in which the Policy was in force as monetary and in kind fixed remuneration, as well as the percentages of annual variable remuneration due to them and the parameters to set them, linked to financial, sustainability and development ratios of the Company's strategic plan. The variable bonus cannot exceed 60% of the annual fixed monetary remuneration in any case. The amount accrued for this concept in 2021 corresponds to the degree of compliance with the 2021 company's targets (97.45% approved by the Enagás Board of Directors). The Chairman and Chief Executive Officer have accrued for this item 58.47% of 60% of their annual fixed monetary remuneration, amounting to 584 thousands of euros for the Chairman and 292 thousands of euros for the Chief Executive Officer.

Likewise, the 2019-2021 Remuneration Policy established that the executive directors are also beneficiaries of the 2019-2021 Long-Term Incentive Plan in the terms already indicated in section B.7 of this report, which aims to link the long-term remuneration of the executive directors with the performance of a set of parameters (dividend, sustainability, etc.) guaranteeing the long-term sustainable growth of the Company. Under the terms established in the 2019-2021 Remuneration Policy, and as explained in section B.2 of this report, the Chairman has been allocated a total of 79,090 shares and the Chief Executive Officer a total of 39,545. 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 (82.2%), will be generated within thirty (30) days following the approval of the 2021 annual accounts by the General Shareholders' Meeting to be held in 2022.

B.4. Report on the result of the consultative vote at the General Shareholders' Meeting on remuneration in the previous year, indicating the number of votes in favour, votes against, abstentions and blank ballots:

	Number	% of total
Votes cast	128,275,076	100.00

	Number	% of votes cast
Votes against	6,690,196	5.44
Votes in favour	102,092,585	82.98
Blank ballots		0.00
Abstentions	14,252,494	11.58

B.5. Explain how the fixed components accrued and vested during the year by the directors in their capacity as such were determined, their relative proportion with regard to each director and how they changed with respect to the previous year.

As a result of the amendment of the "Directors' Remuneration Policy for the 2019, 2020 and 2021 financial years", approved in the GSM of 2020, the Directors fixed remuneration for the years 2020 and 2021 shall be as follows:

Individual remuneration of Directors in their capacity as such

The allocation by item and the remuneration amount for each Director in 2020 and 2021 will be as follows: (i) a fixed annual amount of 100,000 euros for Board membership; (ii) an annual variable amount of up to 30,000 euros, depending on attendance to Board meetings; (iii) a fixed annual amount for membership in Board Committees of 25,000 euros; (iv) a variable annual amount of up to 5,000 euros, depending on attendance to Committee meetings; (v) a fixed annual amount of 15,000 euros for serving as Chairperson of each Committee; and (vi) a fixed annual amount of 15,000 euros for serving as Independent Leading Director. As a result of applying the aforementioned criteria to determine, in line with the individual remuneration, the maximum remuneration figure for the Board in 2020 and 2021, the maximum annual remuneration amount to be paid to all the Directors in their position as such, and which the Board proposes for the General Meeting's approval for the purposes of Article 529 septdecies.1 of the Corporate Enterprises Act and Article 36 of the Articles of Association is 2,600,000 euros.

The remuneration actually received by the Board Members for this item in 2020 amounted to 2,272,000 euros per year. In 2021, this amounted to 2,453 thousands of euros.

B.6. Explain how the salaries accrued and consolidated during the closed financial year were determined for each of the executive directors for the performance of management functions and how they varied with respect to the previous year.

The remuneration accrued by the Executive Chairman in 2021 was approved in detail by the General Shareholders' Meeting on March 29, 2019 as part of the "Directors' Remuneration Policy for the 2019, 2020 and 2021 financial years". During financial year 2021, the Executive Chairman received fixed remuneration of 1,000 thousands of euros and accrued variable remuneration of 584 thousands of euros. The annual variable remuneration (up to 60% of annual fixed remuneration) accrued in 2021 was approved by the Board and is in proportion to the level of attainment of the 2021 company's targets reported in Appendix IV of this report; likewise, he received remuneration for membership of the Board in the amount of 130 thousands of euros, as well as other remuneration in kind in the amount of 163 thousands of euros (the variations in remuneration in kind with respect to previous years are exclusively due to valuation differences in the remuneration without receipt of remuneration in kind for new items), with an aggregate total of 1,877 thousands of euros.

The remuneration accrued by the Chief Executive Officer in 2021 was approved in detail by the General Shareholders' Meeting on March 29, 2019 as part of the "Directors' Remuneration Policy for the 2019, 2020 and 2021 financial years." During financial year 2021, he accrued and received fixed remuneration of 500 thousands of euros and accrued variable remuneration of 292 thousands of euros. The annual variable remuneration (up to 60% of annual fixed remuneration) was approved by the Board and is in proportion to the level of attainment of the 2021 company's targets reported in Appendix IV of this report; likewise, he accrued and received remuneration for membership of the Board in the amount of 130 thousands of euros, as well as other remuneration in kind in the amount of 28 thousands of euros (the variations in remuneration in kind with respect to previous years are exclusively due to valuation differences in the remuneration without receipt of remuneration in kind for new items), with an aggregate total of 950 thousands of euros.

In 2020, the Executive Chairman received 1,000 thousands of euros of fixed remuneration and accrued 588 thousands of euros of variable remuneration (in accordance with the level of attainment of the 2020 company's targets); likewise he was paid 130 thousands of euros in attendance fees (fixed remuneration plus fee for attending Board meetings) and 156 thousands of euros of remuneration in kind, with an aggregate total of 1,874 thousands of euros.

In 2020, the Chief Executive Officer received 500 thousands of euros of fixed remuneration and 294 thousands of euros of variable remuneration (in accordance with the level of attainment of the 2020 company's targets), with both components approved by the Board. In addition, the Chief Executive Officer was paid 130 thousands of euros in attendance fees (fixed remuneration plus fee for attending Board meetings) and 27 thousands of euros of remuneration in kind, with an aggregate total of 951 thousands of euros.

The differences in the amounts reported for annual variable remuneration with respect to past reports are due to the change made in this report in relation to reporting the amounts accrued in each year and not the amounts actually received during the year.

B.7. Explain the nature and main features of variable components of the remuneration schemes accrued and consolidated in the closed financial year.

In particular:

a) Identify each of the remuneration plans that have set the different variable remunerations accrued by each of the directors during the year, including information on their scope, their approval date, implementation date, conditions of consolidation (if any), accrual periods and validity, criteria used for the evaluation of performance and how this has impacted on the setting of the variable amount accrued, as well as the measurement criteria used and the time needed for suitable measurement of all the stipulated conditions and criteria. The criteria and factors it has applied in terms of the time required and methods for verifying that the performance or other conditions to which the accrual and consolidation of each component of variable remuneration were linked have been effectively met must be explained in detail.

b) In the case of share option plans or other financial instruments, the general characteristics of each plan shall include information on the conditions both for acquiring unconditional ownership (consolidation), and for the exercise of such options or financial instruments, including the price and period in which they can be exercised.

c) Each of the directors, and their class (executive, external proprietary, external independent or other external directors) that are entitled to schemes or plans that include variable remuneration.

d) Disclose, where applicable, the periods of accrual or deferral of payment established and/or any holding or lock-up periods of the shares or other financial instruments.

Explain the short-term variable components of the remuneration schemes:

The Executive Directors are the only Directors that receive variable remuneration.

Variable annual remuneration

In accordance with the 2019-2021 Remuneration Policy, the annual variable remuneration of the Executive Chairman and the Chief Executive Officer involves receipt of a variable annual bonus for meeting the objectives set forth by the Board of Directors at the proposal of the CSNR for the corresponding financial year. The variable bonus cannot exceed 60% of the annual fixed monetary remuneration in any case. At the beginning of each year, and contemplated in the "Directors' Remuneration Policy for 2019, 2020 and 2021", the Board will approve the objectives applicable to the Executive Chairman and Chief Executive Officer for these purposes. At year-end, the CSNR will appraise the extent to which the targets have been fulfilled and decide the variable annual remuneration for the executive directors.

In February 2021, the Board, at the CSNR's proposal, established the 2021 Company's targets applicable to the Chairman and Chief Executive Officer based on the degree of compliance with the same. These were also approved by the Board, and in general terms refer to:

1. Improvement of the economic results of the Company in the form of an increase in net profit.
2. Consolidate the Company's regulated revenue.
3. Consolidation of the Company's strategic plan, specifically as regards its international development through the consolidation of international assets.
4. Sustainability and decarbonisation.
5. Promote digitalisation, entrepreneurship and the rendering of services.

The amounts accrued by the executive directors in 2021 under this item are: 584 thousands of euros by the Chairman and 292 thousands of euros by the Chief Executive Officer.

Explain the long-term variable components of the remuneration schemes:

The Executive Directors are the only Directors that receive variable remuneration.

Long-term incentive (ILP 2019-2021)

The CSNR and the Board deemed it convenient to include an ILP as part of the remuneration policy of Executive Directors for the 2019-2021 period. This will also apply to the members of the Management Committee and the rest of the Company's management team. The intention of the CSNR and the Board is for the ILPs to remain as an element in the company's remuneration structure and their proposal is that they be included in subsequent remuneration policies presented to the GSM for approval.

Objectives:

- Boost the sustainable achievement of the targets set out in the Company's Strategic Plan.
- Provide the opportunity of sharing the creation of value by the participants.
- Enhance the sense of pertaining to the Company and a common destiny.
- Be competitive.
- Be aligned with the requirements of the institutional investors and proxy advisors and with the best Good Corporate Governance practices, particularly those based on the recommendations of the Code of Good Governance approved by the CNMV.

The Executive Chairman and the Chief Executive Officer are beneficiaries of the 2019-2021 Long-Term Incentive Plan in the terms set forth in the "Directors' Remuneration Policy for the 2019, 2020 and 2021 financial years", which are understood. It must be remembered that the Long-Term-Incentive will not have a direct effect on the remuneration in 2019, 2020 and 2021, without prejudice to how the accounting is handled by the Company for the proportional part of the theoretical maximum of the same in each year. The Long-Term-Incentive will be settled in 2022 once the General Shareholders' Meeting approves the annual accounts for 2021 and the Executive Chairman and the Chief Executive Officer will receive the incentive that corresponds to the degree of achievement of the targets over the multi-year period. This incentive will be received, in full, in shares, with the obligation to hold them for two (2) years on the first Payment Date and for one (1) year on the second Payment Date.

B.8. Indicate whether there has been a reduction or claim for the return of certain variable components accrued when, in the first case, the payment of amounts not consolidated was deferred or, in the second case, was consolidated and paid, based on data which has subsequently proved to be manifestly inaccurate. Describe the amounts reduced or returned under the reduction (malus) or clawback clauses, why they have been enforced and the financial years to which they correspond.

No amount was reduced or reclaimed.

B.9. Explain the main characteristics of long-term savings schemes whose amount or annual equivalent cost is shown in the tables in Section C, including retirement and any other survival benefit, which are partially or totally funded by the company, whether gifted internally or externally, indicating the type of plan, whether it is contribution-based or defined benefit, the contingencies it covers, the conditions for consolidating economic rights for the directors and their compatibility with any type of compensation for early termination or severance of the contractual relationship between the company and the director.

1. The Directors' Pension Plan is a Mixed Plan with a defined contribution for the contingencies of retirement and permanent disability and with a defined benefit for death in active service of the Participant, the contributions being a percentage of the Participant's Fixed Remuneration. The accrual or consolidation of rights is not linked to any type of achievement of targets or performance assessment.

   The Directors' Pension Plan establishes that the Executive Chairman and the Chief Executive Officer will not have economic rights if their termination results from a decision of the policyholder due to wilful or gross misconduct in the exercise of the functions of these roles, that damages the interests of the policyholder. The insured party will nevertheless have economic rights if the termination takes place by decision of the policyholder for any reason unrelated to any serious or culpable breach of the duties of the Executive Chairman/Chief Executive Officer.

   In 2021, the Company contributed 210 thousands of euros to the Chairman for this item and 159 thousands of euros to the Chief Executive Officer.

2. The Employment Pension Plan of the Enagás Group is a defined contribution plan that is endowed externally and covers the contingencies of retirement, disability and death.

   The Executive Chairman and the Chief Executive Officer are currently suspended participants of the Enagás Employment Pension Plan and their consolidated economic rights are not conditioned by any assumption; they are suspended until the redemption of the Plan for the reasons specified in its regulations.

The Company and the Executive Chairman have mutually agreed that the rights and obligations of the parties to the Pension Plan and the Directors' Pension Plan will be extended beyond the age of 65.

B.10. Explain, where appropriate, compensation or any other type of payment derived from the early termination, whether decided by the company or the director, or cancellation of contract, in the terms provided therein, accrued and/or received by the directors during the year closed.

No director of Enagás has received or accrued any amount under this item during 2021.

B.11. Indicate whether there have been significant changes in the contracts of those with senior management functions as executive directors and, where appropriate, explain them. In addition, explain the main conditions of the new contracts signed with executive directors during the year, unless these have already been explained in Section A.1.

The contracts of the Chairman and the Chief Executive Officer were not modified during 2021.

B.12. Explain any supplementary remuneration accrued by directors as compensation for services provided other than those inherent in their post.

The Enagás Directors do not receive any remuneration under this item.

B.13. Explain any remuneration derived from advances, loans or guarantees granted, along with the rate of interest, essential features and any amounts returned, as well as the obligations assumed on their behalf in the form of guarantees.

The Enagás Directors do not receive any remuneration under this item.

B.14. Detail the remuneration in kind accrued by the directors during the year, briefly explaining the nature of the different salary components.

Executive Chairman

In accordance with the 2019-2021 Remuneration Policy and with the terms of the contract approved by the Board, the Chairman receives an annual fixed remuneration in kind for items that are normal in these cases and similar to those of the entire management team of the Company (vehicle, medical insurance, etc., including the account deposits that correspond to personal income tax). The Executive Chairman is also an insured participant in the "Company Directors' Insured Pension Plan", established by the company for its management team by means of a mixed group insurance policy for pension commitments, including benefits in the event of survival, death and disability, which the company has signed with an insurance firm.

The Executive Chairman received the following amounts for these items in 2021: payments in kind amounting to 163 thousands of euros (variations in remuneration in kind in relation to previous years are exclusively the result in differences in valuation of said remuneration, with no further remuneration in kind paid for other items); a life insurance premium totalling 56 thousands of euros.

In addition, contributions were made to the Directors' Pension Plan amounting to 210 thousands of euros. The Executive Chairman is a member of the group insured by the civil liability policy that covers the contractual and non-contractual responsibilities that correspond to the activities undertaken in their posts. The Company compensates the Executive Chairman for the amounts incurred as travel, accommodation, board and other similar expenses as a result of carrying out the functions of the post, in accordance with the expense and travel policy prevailing at the Company at any given time.

Chief Executive Officer

In the terms of the contract approved by the Board, the Chief Executive Officer receives an annual fixed remuneration in kind for items that are normal in these cases and similar to those of the entire management team of the company (vehicle, medical insurance, etc., including the account deposits that correspond to personal income tax). Furthermore, the Chief Executive Officer is also an insured participant in the "Company's Directors' Pension Plan" which the Company established for its management team by means of a mixed group insurance policy. In addition to pension obligations, the cover provides benefits in the cases of life expectancy, death or disability, which the Company has signed with an insurance company.

The Chief Executive Officer received the following amounts for these items in 2021: payments in kind amounting to 28 thousands of euros (variations in remuneration in kind in relation to previous years are exclusively the result in differences in valuation of said remuneration, with no further remuneration in kind paid for other items); a life insurance premium totalling 0.8 thousands of euros and contributions to the Directors' Pension Plan totalling 159 thousands of euros. The Chief Executive Officer forms part of the group insured by the civil liability policy that covers the contractual and non-contractual liabilities that correspond to the activities undertaken in their posts. The Company will compensate the Chief Executive Officer for the amounts incurred as travel, accommodation, board and other similar expenses as a result of carrying out his functions, in accordance with the expense and travel policy prevailing at the Company at any given time.

B.15. Explain the remuneration accrued by the director by virtue of payments made by the listed company to another entity at which the director is employed where such payments are designed to remunerate the services provided by the director at the listed company.

Enagás Directors have not accrued any other remuneration for this item.

B.16. Explain and detail the amounts accrued in the year in relation to any other remuneration concept other than that set forth above, whatever its nature or the group entity that pays it, including all benefits in any form, such as when it is considered a related-party transaction or, especially, when it significantly affects the true image of the total remuneration accrued by the director. Explain the amount granted or pending payment, the nature of the consideration received and the reasons for those that would have been considered, if applicable, that do not constitute remuneration to the director or in consideration for the performance of their executive functions and whether or not has been considered appropriate to be included among the amounts accrued under the "Other concepts" heading in Section C.

Enagás Directors have not accrued any other remuneration for this item.

C. Itemised individual remuneration corresponding to each director

Name	Type	2021 accrual period
Mr ANTONIO LLARDÉN CARRATALÁ	Executive Chairman	From 01/01/2021 to 31/12/2021
Mr MARCELINO OREJA ARBURÚA	Chief Executive Officer	From 01/01/2021 to 31/12/2021
Ms MARÍA TERESA ARCOS SÁNCHEZ	Independent Director	From 27/05/2021 to 31/12/2021
Mr JOSÉ BLANCO LÓPEZ	Independent Director	From 01/01/2021 to 31/12/2021
Ms NATALIA FABRA PORTELA	Independent Director	From 27/05/2021 to 31/12/2021
Mr SANTIAGO FERRER COSTA	Proprietary Director	From 01/01/2021 to 31/12/2021
Mr CRISTÓBAL JOSÉ GALLEGO CASTILLO	Independent Director	From 01/01/2021 to 31/12/2021
Mr LUIS GARCÍA DEL RÍO	Independent Director	From 01/01/2021 to 27/05/2021
Mr IGNACIO GRANGEL VICENTE	Independent Director	From 01/01/2021 to 31/12/2021
Mr ANTONIO HERNÁNDEZ MANCHA	Independent Director	From 01/01/2021 to 31/12/2021
Mr JOSÉ MONTILLA AGUILERA	Independent Director	From 01/01/2021 to 31/12/2021
Ms ANA PALACIO VALLELERSUNDI	Independent Leading Director	From 01/01/2021 to 31/12/2021
Mr MARTÍ PARELLADA SABATA	Other External Director	From 01/01/2021 to 27/05/2021
Ms ROSA RODRÍGUEZ DÍAZ	Independent Director	From 01/01/2021 to 27/05/2021
SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES (SEPI)	Proprietary Director	From 01/01/2021 to 31/12/2021
Mr GONZALO SOLANA GONZÁLEZ	Independent Director	From 01/01/2021 to 31/12/2021
Ms EVA PATRICIA ÚRBEZ SANZ	Independent Director	From 01/01/2021 to 31/12/2021
Ms ISABEL TOCINO BISCAROLASAGA	Independent Director	From 01/01/2021 to 31/12/2021

C.1. **Complete the following tables regarding the individual remuneration accrued by each director (including remuneration received for the discharge of executive duties) during the year.**

a) Remuneration accrued at the reporting company:

i) Remuneration accrued in cash (in thousands of euros).

Name	Fixed remuneration	Per diems	Remuneration for membership of board committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Termination benefits	Other items	Total 2021	Total 2020
Mr ANTONIO LLARDÉN CARRATALÁ	100	30		1,000	584				1,714	1,730
Mr MARCELINO OREJA ARBURÚA	100	30		500	292				922	930
Ms MARÍA TERESA ARCOS SÁNCHEZ	54	16	15						85	
Mr JOSÉ BLANCO LÓPEZ	100	35	25						160	69
Ms NATALIA FABRA PORTELA	54	16	15						85	
Mr SANTIAGO FERRER COSTA	100	35		25					160	160
Mr CRISTÓBAL JOSÉ GALLEGO CASTILLO	100	35	25						160	69
Mr LUIS GARCÍA DEL RÍO	45	14	14						73	160
Mr IGNACIO GRANGEL VICENTE	100	35	25						160	160
Mr ANTONIO HERNÁNDEZ MANCHA	100	35	25						160	160
Mr JOSÉ MONTILLA AGUILERA	100	35	31						166	69
Ms ANA PALACIO VALLELERSUNDI	100	35	40					15	190	190
Mr MARTÍ PARELLADA SABATA	45	14	14						73	160
Ms ROSA RODRÍGUEZ DÍAZ	45	14	14						73	160
SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES (SEPI)	100	35	25						160	160
Mr GONZALO SOLANA GONZÁLEZ	100	35	25						160	160
Ms EVA PATRICIA ÚRBEZ SANZ	100	35	25						160	160
Ms ISABEL TOCINO BISCAROLASAGA	100	35						33	168	175

Observations

iven the change made in this report in relation to the data reporting criteria (see section D), and in order to make the data comparable, the historical data are updated.

The differences in the amounts reported with respect to past reports are due to the fact that in this report, the amounts accrued in each year are reported and not the amounts actually collected during the year, impacting the annual variable remuneration items.

Total 2020:

Mr Antonio Llardén: 1,730 (reported in 2020 Report on Directors' Remuneration on a cash basis), 1,728 (on an accrual basis).

Mr Marcelino Oreja: 930 (reported in 2020 Report on Directors' Remuneration on a cash basis), 924 (on an accrual basis).

ii) Table of movements in remuneration systems based on shares and gross profit of shares or consolidated financial instruments.

		Financial instruments at the beginning of 2021		Financial instruments granted during 2021		Financial instruments consolidated during the year				Instruments maturing but not exercised	Financial instruments at the end of 2021	
Name	**Name of the Plan**	**No. of instruments**	**No. of equivalent shares**	**No. of instruments**	**No. of equivalent shares**	**No. of instruments**	**No. of equivalent / consolidated shares**	**Price of the consolidated shares**	**Gross profit of consolidated shares or financial instruments (thousands of euros)**	**No. of instruments**	**No. of instruments**	**No. of equivalent shares**
Mr ANTONIO LLARDÉN CARRATALÁ	2019-2021 Long-Term Incentive Plan	79,090	79,090					0.00			79,090	79,090
Mr MARCELINO OREJA ARBURÚA	2019-2021 Long-Term Incentive Plan	39,545	39,545					0.00			39,545	39,545
Ms MARÍA TERESA ARCOS SÁNCHEZ	Plan							0.00				
Mr JOSÉ BLANCO LÓPEZ	Plan							0.00				
Ms NATALIA FABRA PORTELA	Plan							0.00				
Mr SANTIAGO FERRER COSTA	Plan							0.00				
Mr CRISTÓBAL JOSÉ GALLEGO CASTILLO	Plan							0.00				
Mr LUIS GARCÍA DEL RÍO	Plan							0.00				
Mr IGNACIO GRANGEL VICENTE	Plan							0.00				
Mr ANTONIO HERNÁNDEZ MANCHA	Plan							0.00				
Mr JOSÉ MONTILLA AGUILERA	Plan							0.00				
Ms ANA PALACIO VALLELERSUNDI	Plan							0.00				
Mr MARTÍ PARELLADA SABATA	Plan							0.00				
Ms ROSA RODRÍGUEZ DÍAZ	Plan							0.00				
SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES (SEPI)	Plan							0.00				
Mr GONZALO SOLANA GONZÁLEZ	Plan							0.00				
Ms EVA PATRICIA ÚRBEZ SANZ	Plan							0.00				
Ms ISABEL TOCINO BISCAROLASAGA	Plan							0.00				

Observations

As stated in the sections of this report, the 2019-2021 Remuneration Policy establishes that the executive directors are also beneficiaries of the 2019-2021 ILP under the terms indicated. 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 2021 annual accounts by the General Shareholders' Meeting to be held in 2022.

iii) Long-term savings schemes.

Name	Remuneration through consolidation of rights to savings schemes
Mr ANTONIO LLARDÉN CARRATALÁ	210
Mr MARCELINO OREJA ARBURÚA	159
Ms MARÍA TERESA ARCOS SÁNCHEZ	
Mr JOSÉ BLANCO LÓPEZ	
Ms NATALIA FABRA PORTELA	
Mr SANTIAGO FERRER COSTA	
Mr CRISTÓBAL JOSÉ GALLEGO CASTILLO	
Mr LUIS GARCÍA DEL RÍO	
Mr IGNACIO GRANGEL VICENTE	
Mr ANTONIO HERNÁNDEZ MANCHA	
Mr JOSÉ MONTILLA AGUILERA	
Ms ANA PALACIO VALLELERSUNDI	
Mr MARTÍ PARELLADA SABATA	
Ms ROSA RODRÍGUEZ DÍAZ	
SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES (SEPI)	
Mr GONZALO SOLANA GONZÁLEZ	
Ms EVA PATRICIA ÚRBEZ SANZ	
Ms ISABEL TOCINO BISCAROLASAGA	

	Contribution by the company in the year (thousands of euros)				Cumulative amount of funds (thousands of euros)			
	Savings schemes with consolidated economic rights		Savings schemes with unconsolidated economic rights		Savings schemes with consolidated economic rights		Savings schemes with unconsolidated economic rights	
Name	2021	2020	2021	2020	2021	2020	2021	2020
Mr ANTONIO LLARDÉN CARRATALÁ	210	236			3,502	2,981		
Mr MARCELINO OREJA ARBURÚA	159	136			920	742		
Ms MARÍA TERESA ARCOS SÁNCHEZ								
Mr JOSÉ BLANCO LÓPEZ								
Ms NATALIA FABRA PORTELA								
Mr SANTIAGO FERRER COSTA								
Mr CRISTÓBAL JOSÉ GALLEGO CASTILLO								
Mr LUIS GARCÍA DEL RÍO								
Mr IGNACIO GRANGEL VICENTE								
Mr ANTONIO HERNÁNDEZ MANCHA								
Mr JOSÉ MONTILLA AGUILERA								
Ms ANA PALACIO VALLELERSUNDI								
Mr MARTÍ PARELLADA SABATA								
Ms ROSA RODRÍGUEZ DÍAZ								
SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES (SEPI)								
Mr GONZALO SOLANA GONZÁLEZ								
Ms EVA PATRICIA ÚRBEZ SANZ								
Ms ISABEL TOCINO BISCAROLASAGA								

Observations

iv) Details of other items.

Name	Category	Remuneration amount
Mr ANTONIO LLARDÉN CARRATALÁ	life insurance premium	56
Mr MARCELINO OREJA ARBURÚA	life insurance premium	1
Ms MARÍA TERESA ARCOS SÁNCHEZ	Concept	
Mr JOSÉ BLANCO LÓPEZ	Concept	
Ms NATALIA FABRA PORTELA	Concept	
Mr SANTIAGO FERRER COSTA	Concept	
Mr CRISTÓBAL JOSÉ GALLEGO CASTILLO	Concept	
Mr LUIS GARCÍA DEL RÍO	Concept	
Mr IGNACIO GRANGEL VICENTE	Concept	
Mr ANTONIO HERNÁNDEZ MANCHA	Concept	
Mr JOSÉ MONTILLA AGUILERA	Concept	
Ms ANA PALACIO VALLELERSUNDI	Concept	
Mr MARTÍ PARELLADA SABATA	Concept	
Ms ROSA RODRÍGUEZ DÍAZ	Concept	
SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES (SEPI)	Concept	
Mr GONZALO SOLANA GONZÁLEZ	Concept	
Ms EVA PATRICIA ÚRBEZ SANZ	Concept	
Ms ISABEL TOCINO BISCAROLASAGA	Concept	

Observations

b) Remuneration of directors of the listed company for seats on the boards of other subsidiary companies:

i) Remuneration accrued in cash (in thousands of euros).

Name	Fixed remuneration	Per diems	Remuneration for membership of board committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Termination benefits	Other items	Total 2021	Total 2020
Mr ANTONIO LLARDÉN CARRATALÁ										
Mr MARCELINO OREJA ARBURÚA										
Ms MARÍA TERESA ARCOS SÁNCHEZ										
Mr JOSÉ BLANCO LÓPEZ										
Ms NATALIA FABRA PORTELA										
Mr SANTIAGO FERRER COSTA										
Mr CRISTÓBAL JOSÉ GALLEGO CASTILLO										
Mr LUIS GARCÍA DEL RÍO										
Mr IGNACIO GRANGEL VICENTE										
Mr ANTONIO HERNÁNDEZ MANCHA										
Mr JOSÉ MONTILLA AGUILERA										
Ms ANA PALACIO VALLELERSUNDI										
Mr MARTÍ PARELLADA SABATA										
Ms ROSA RODRÍGUEZ DÍAZ										
SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES (SEPI)										
Mr GONZALO SOLANA GONZÁLEZ										
Ms EVA PATRICIA ÚRBEZ SANZ										
Ms ISABEL TOCINO BISCAROLASAGA										

Observations

ii) Table of movements in remuneration systems based on shares and gross profit of shares or consolidated financial instruments.

		Financial instruments at the beginning of 2021		Financial instruments granted during 2021		Financial instruments consolidated during the year				Instruments maturing but not exercised	Financial instruments at the end of 2021	
Name	**Name of the Plan**	**No. of instruments**	**No. of equivalent shares**	**No. of instruments**	**No. of equivalent shares**	**No. of instruments**	**No. of equivalent/ consolidated shares**	**Price of the consolidated shares**	**Gross profit of consolidated shares or financial instruments (thousands of euros)**	**No. of instruments**	**No. of instruments**	**No. of equivalent shares**
Mr ANTONIO LLARDÉN CARRATALÁ	Plan							0.00				
Mr MARCELINO OREJA ARBURÚA	Plan							0.00				
Ms MARÍA TERESA ARCOS SÁNCHEZ	Plan							0.00				
Mr JOSÉ BLANCO LÓPEZ	Plan							0.00				
Ms NATALIA FABRA PORTELA	Plan							0.00				
Mr SANTIAGO FERRER COSTA	Plan							0.00				
Mr CRISTÓBAL JOSÉ GALLEGO CASTILLO	Plan							0.00				
Mr LUIS GARCÍA DEL RÍO	Plan							0.00				
Mr IGNACIO GRANGEL VICENTE	Plan							0.00				
Mr ANTONIO HERNÁNDEZ MANCHA	Plan							0.00				
Mr JOSÉ MONTILLA AGUILERA	Plan							0.00				
Ms ANA PALACIO VALLELERSUNDI	Plan							0.00				
Mr MARTÍ PARELLADA SABATA	Plan							0.00				
Ms ROSA RODRÍGUEZ DÍAZ	Plan							0.00				
SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES (SEPI)	Plan							0.00				
Mr GONZALO SOLANA GONZÁLEZ	Plan							0.00				
Ms EVA PATRICIA ÚRBEZ SANZ	Plan							0.00				
Ms ISABEL TOCINO BISCAROLASAGA	Plan							0.00				

Observations

iii) Long-term savings schemes.

Name	Remuneration through consolidation of rights to savings schemes
Mr ANTONIO LLARDÉN CARRATALÁ	
Mr MARCELINO OREJA ARBURÚA	
Ms MARÍA TERESA ARCOS SÁNCHEZ	
Mr JOSÉ BLANCO LÓPEZ	
Ms NATALIA FABRA PORTELA	
Mr SANTIAGO FERRER COSTA	
Mr CRISTÓBAL JOSÉ GALLEGO CASTILLO	
Mr LUIS GARCÍA DEL RÍO	
Mr IGNACIO GRANGEL VICENTE	
Mr ANTONIO HERNÁNDEZ MANCHA	
Mr JOSÉ MONTILLA AGUILERA	
Ms ANA PALACIO VALLELERSUNDI	
Mr MARTÍ PARELLADA SABATA	
Ms ROSA RODRÍGUEZ DÍAZ	
SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES (SEPI)	
Mr GONZALO SOLANA GONZÁLEZ	
Ms EVA PATRICIA ÚRBEZ SANZ	
Ms ISABEL TOCINO BISCAROLASAGA	

	Contribution by the company in the year (thousands of euros)				Cumulative amount of funds (thousands of euros)			
	Savings schemes with consolidated economic rights		Savings schemes with unconsolidated economic rights		Savings schemes with consolidated economic rights		Savings schemes with unconsolidated economic rights	
Name	2021	2020	2021	2020	2021	2020	2021	2020
Mr ANTONIO LLARDÉN CARRATALÁ								
Mr MARCELINO OREJA ARBURÚA								
Ms MARÍA TERESA ARCOS SÁNCHEZ								
Mr JOSÉ BLANCO LÓPEZ								
Ms NATALIA FABRA PORTELA								
Mr SANTIAGO FERRER COSTA								
Mr CRISTÓBAL JOSÉ GALLEGO CASTILLO								
Mr LUIS GARCÍA DEL RÍO								
Mr IGNACIO GRANGEL VICENTE								
Mr ANTONIO HERNÁNDEZ MANCHA								
Mr JOSÉ MONTILLA AGUILERA								
Ms ANA PALACIO VALLELERSUNDI								
Mr MARTÍ PARELLADA SABATA								
Ms ROSA RODRÍGUEZ DÍAZ								
SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES (SEPI)								
Mr GONZALO SOLANA GONZÁLEZ								
Ms EVA PATRICIA ÚRBEZ SANZ								
Ms ISABEL TOCINO BISCAROLASAGA								

Observations

iv) Details of other items

Name	Category	Remuneration amount
Mr ANTONIO LLARDÉN CARRATALÁ	Concept	
Mr MARCELINO OREJA ARBURÚA	Concept	
Ms MARÍA TERESA ARCOS SÁNCHEZ	Concept	
Mr JOSÉ BLANCO LÓPEZ	Concept	
Ms NATALIA FABRA PORTELA	Concept	
Mr SANTIAGO FERRER COSTA	Concept	
Mr CRISTÓBAL JOSÉ GALLEGO CASTILLO	Concept	
Mr LUIS GARCÍA DEL RÍO	Concept	
Mr IGNACIO GRANGEL VICENTE	Concept	
Mr ANTONIO HERNÁNDEZ MANCHA	Concept	
Mr JOSÉ MONTILLA AGUILERA	Concept	
Ms ANA PALACIO VALLELERSUNDI	Concept	
Mr MARTÍ PARELLADA SABATA	Concept	
Ms ROSA RODRÍGUEZ DÍAZ	Concept	
SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES (SEPI)	Concept	
Mr GONZALO SOLANA GONZÁLEZ	Concept	
Ms EVA PATRICIA ÚRBEZ SANZ	Concept	
Ms ISABEL TOCINO BISCAROLASAGA	Concept	

Observations

c) Summary of remuneration (in thousands of euros):

Should include amounts for all remuneration components referred to in the present report accrued by the director, in thousands of euros.

	Remuneration accrued in the Company					Remuneration accrued in group companies					
Name	**Total remuneration in cash**	**Gross profit of consolidated shares or financial instruments**	**Remuneration through savings schemes**	**Remuneration through other items**	**Total 2021 company**	**Total remuneration in cash**	**Gross profit of consolidated shares or financial instruments**	**Remuneration through savings schemes**	**Remuneration through other items**	**Total 2021 group**	**Total 2021 company + group**
Mr ANTONIO LLARDÉN CARRATALÁ	1,714		210	219	2,143						2,143
Mr MARCELINO OREJA ARBURÚA	922		159	29	1,110						1,110
Ms MARÍA TERESA ARCOS SÁNCHEZ	85				85						85
Mr JOSÉ BLANCO LÓPEZ	160				160						160
Ms NATALIA FABRA PORTELA	85				85						85
Mr SANTIAGO FERRER COSTA	160				160						160
Mr CRISTÓBAL JOSÉ GALLEGO CASTILLO	160				160						160
Mr LUIS GARCÍA DEL RÍO	73				73						73
Mr IGNACIO GRANGEL VICENTE	160				160						160
Mr ANTONIO HERNÁNDEZ MANCHA	160				160						160
Mr JOSÉ MONTILLA AGUILERA	166				166						166
Ms ANA PALACIO VALLELERSUNDI	190				190						190
Mr MARTÍ PARELLADA SABATA	73				73						73
Ms ROSA RODRÍGUEZ DÍAZ	73				73						73
SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES (SEPI)	160				160						160
Mr GONZALO SOLANA GONZÁLEZ	160				160						160
Ms EVA PATRICIA ÚRBEZ SANZ	160				160						160
Ms ISABEL TOCINO BISCAROLASAGA	168				168						168
TOTAL	**4,829**		**369**	**248**	**5,446**						**5,446**

Observations

Of the 219 thousands of euros under the heading "through other items" of the remuneration paid to Mr Antonio Llardén Carratalá, 163 thousands of euros correspond to remuneration in kind and 56 thousands of euros to the life insurance premium. In the case of the remuneration paid to Mr Marcelino Oreja Arburúa, of the 29 thousands of euros under the heading "through other items", 28 correspond to remuneration in kind and 0.8 to the life insurance premium.

C.2. **Indicate the evolution in the last five years of the amount and percentage variation of the remuneration accrued by each of the directors of the listed company who have held this position during the year, the consolidated results of the company and the average remuneration on an equivalent basis with regard to full-time employees of the company and its subsidiaries that are not directors of the listed company.**

TOTAL AMOUNTS ACCRUED AND % ANNUAL VARIATION

	2021	% Variation 2021/2020	2020	% Variation 2020/2019	2019	% Variation 2019/2018	2018	% Variation 2018/2017	2017
Executive directors									
Mr MARCELINO OREJA ARBURÚA	1,110	1.46	1,094	-33.86	1,654	78.81	925	13.08	818
Mr ANTONIO LLARDÉN CARRATALÁ	2,143	-2.06	2,188	-37.34	3,492	84.18	1,896	5.74	1,793
External directors									
Ms MARÍA TERESA ARCOS SÁNCHEZ	85	—	0	—	0	—	0	—	0
Mr JOSÉ BLANCO LÓPEZ	160	131.88	69	—	0	—	0	—	0
Ms NATALIA FABRA PORTELA	85	—	0	—	0	—	0	—	0
Mr SANTIAGO FERRER COSTA	160	0.00	160	0.00	160	332.43	37	—	0
Mr CRISTÓBAL JOSÉ GALLEGO CASTILLO	160	131.88	69	—	0	—	0	—	0
Mr LUIS GARCÍA DEL RÍO	73	-54.38	160	0.00	160	0.00	160	63.27	98
Mr IGNACIO GRANGEL VICENTE	160	0.00	160	0.00	160	37.93	116	—	0
Mr ANTONIO HERNÁNDEZ MANCHA	160	0.00	160	0.00	160	1.91	157	9.03	144
Ms ANA PALACIO VALLELERSUNDI	190	0.00	190	0.00	190	0.00	190	14.46	166
Mr MARTÍ PARELLADA SABATA	73	-54.38	160	0.00	160	0.00	160	8.11	148
Ms ROSA RODRÍGUEZ DÍAZ	73	-54.38	160	0.00	160	0.00	160	11.11	144
SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES (SEPI)	160	0.00	160	0.00	160	3.23	155	10.71	140
Mr GONZALO SOLANA GONZÁLEZ	160	0.00	160	0.00	160	0.00	160	11.11	144
Ms ISABEL TOCINO BISCAROLASAGA	168	-4.00	175	0.00	175	1.74	172	9.55	157
Ms EVA PATRICIA ÚRBEZ SANZ	160	0.00	160	39.13	115	—	0	—	0
Mr JOSÉ MONTILLA AGUILERA	166	140.58	69	—	0	—	0	—	0
CONSOLIDATED RESULTS OF THE COMPANY	**499,957**	**-8.58**	**546,895**	**1.27**	**540,033**	**-7.91**	**586,435**	**-7.09**	**631,166**
AVERAGE EMPLOYEE REMUNERATION	**73**	**1.39**	**72**	**-6.49**	**77**	**13.24**	**68**	**6.25**	**64**

Observations

The remuneration accrued during 2019 for Executive Directors is not comparable with the rest of the years, due to the accrual of the last long-term incentive (2016-2018) in that year.

The amount accrued in this area for Executive Directors: Executive Chairman 1,399 thousands of euros and Chief Executive Officer 557 thousands of euros, showing the following evolution of the total accrued and its variation during the last years (thousands of euros):

Executive Chairman (1,793; 1,896; 2,093; 2,188; 2,143) presenting a % annual change from 2017 of (5.74; 10.39; 4.55; -2.06).

Chief Executive Officer (818; 925; 1,097; 1,094; 1,110) presenting a % annual change from 2017 of (13.08; 18.59; -0.27; 1.46).

D. Other information of interest

If any material aspect of directors' remuneration exists that has not been addressed in this report, which you feel is necessary to provide a fuller view of the company's director remuneration practices, please explain these details briefly.

The amounts referring to the variable remuneration of Executive Directors are reported in this report on an accrual basis so that the amounts are recognised in the year in which they are accrued and not in the year in which they are actually received. This represents a change in the way the Company had been reporting this information, since in previous years' reports, the criterion used was the collection criterion.

This Annual Report on Directors' Remuneration was approved by the company's board of directors at its meeting held on:

14/02/2022

List whether any directors voted against or abstained from voting on the approval of this Report.

[√] Yes [ ] No

Name or corporate name of board members who voted against or abstained from voting on the approval of this report	Reasons (voted against, abstention, non-attendance)	Explain the reasons
Mr CRISTÓBAL JOSÉ GALLEGO CASTILLO	Abstention	Mr Cristóbal José Gallego Castillo abstained from voting on this report, stating that he has no experience in remuneration issues in the private sector.
Mr SANTIAGO FERRER COSTA	Abstention	Mr Santiago Ferrer Costa, Proprietary Director at the proposal of the shareholder Sociedad Estatal de Participaciones Industriales (SEPI), abstained from voting on the current report, expressing that the SEPI Board of Directors must determine whether SEPI´s vote, as an Enagás, S.A. shareholder, matters on this and other proposals for discussion at the 2022 General Shareholders' Meeting.
SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES (SEPI)	Abstention	Mr Bartolomé Lora Toro, natural person representative of the Director for the Sociedad Estatal de Participaciones Industriales (SEPI), abstained from voting on the current report, expressing that the SEPI Board of Directors must determine whether SEPI´s vote, as an Enagás, S.A. shareholder, matters on this and other proposals for discussion at the 2022 General Shareholders' Meeting.

Appendices

Appendix I

2022-2024 ILP Targets – Enagás, S.A.

Targets	Long-term targets	Indicators	Target value (100%)	Supertarget value (125%)	Weight(*)(**)
Shareholder remuneration	**Total shareholder return ("TSR")**	a) Relative TSR: Enagás position in the ranking of the Comparison Group b) Absolute TSR: the acquisition of a target share price in 2024	a) 4th (100%) b) 18.5 €/share	a) 1st-2nd (125%) b) 19.1 €/share	25% (12.5% / 12.5%)
Global Business	**Funds from Operations**	Accumulated results corresponding to the Company's Funds From Operations (FFO)	2,195 M€	2,315 M€	20%
International and Diversification	**Dividends**	Dividends from international affiliates and other businesses	795 M€	915 M€	20%
Sustainability	**a) Decarbonisation** **b) Diversity and inclusion**	**a) Decarbonisation:** a_1) **Reduction of CO_2** emissions in line with the decarbonisation pathway *(emissions 2024 vs. emissions 2021)* a_2) **Investment in renewable gases:** Investment and studies associated with the adaptation of infrastructure to transmit renewable gases and the development of infrastructure dedicated to the transmission and storage of renewable gases **b) Diversity and inclusion:** b_1) Percentage of **women on the Board of Directors** b_2) Percentage of **women in managerial and pre-managerial positions** b_3) Percentage of **promotions that are women** in managerial and pre-managerial positions	a_1) 13.5% vs. 2021 a_2) 53 M€ b_1) 40% b_2) 40% b_3) 50%	a_1) 18.4% vs. 2021 a_2) 73 M€ b_1) 43% b_2) 43% b_3) 55%	20% (6%-6% / 2%-3%-3%)
Digitalisation	**a) Implementation of Digital Transformation Strategy and improvement of indicators** **b) Strengthen the positioning of Enagás' digital assets**	**a)** Development of priority initiatives from the **Roadmap of the 2022-2024 Digital Transformation Framework** and improvement of the 2022-2024 Digital Transformation **indicators** **b)** Development and execution of the company's **digital asset strategy** for 2022-2024 and improvement of indicators	a) 100% / 10% b) 100% / 10%	a) 100% + 25% non-priority / 15% b) 100% + 25% non-priority / 15%	15% (7.5% / 7.5%)

(*). Insofar as Law 34/1998, of October 7, 1998, on the Hydrocarbons Sector, attributes to Enagás the activities of transmission and Technical Management of the Gas System, for the Beneficiaries of the Plan that occupy positions related to the Technical Management of the System, the use of 4 targets is proposed (40% FFO, 25% TSR, 20% Sustainability and 15% Digitalisation), given that they do not have the capacity to influence the dividend target of international activity and other businesses.
(**). Note: Non-compliance with the absolute TSR target cannot be offset by over-compliance with the rest of the indicators above 100%, so that the maximum Final Incentive would go from 125% to 87.5% of the sum of the Performance Shares and Target Cash Incentive.

Appendix II

2022 Company Targets – Enagás, S.A.

Targets	Annual targets	Indicators	Target value	Weight
C1: Economic Results	**a) Net profit growth**	**a) Net profit** at December 31, 2022	a) 429.3 M€	25%
C2: Regulated Revenues	**a) COPEX investments in Infrastructure projects**	**a) COPEX investments made** in 2022 in infrastructure projects	a) 42.53 M€	20%
C3: International	**a) Development of international activity**	a_1) Compliance with the subsidiary **budgets** a_2) Fulfilment of subsidiary **business plans** and promotion of growth a_3) Monitoring of strategic **markets** and **stakeholder** management	a_1) 100% a_2) 100% a_3) 100%	20%
C4: Sustainability and Decarbonisation	**a) Enagás Positioning** vis-à-vis **socially responsible investors** **b)** Advancing the **Ecological Transition:** Climate action **c) H_2 and biomethane:** c_1) Promotion of identified projects c_2) Actions associated with projects related to mobility with renewable gases in the port and railway sectors **d) People and cultural transformation:** d_1) Diversity and equal opportunities d_2) Fostering people and cultural transformation **e) Consolidation of Enagás' positioning** as a **key player committed** to decarbonisation, the development of renewable gases and diversity and equal opportunities, through the media, digital assets and social networks, participation in forums and events, and internal communication	a) Continued presence in sustainability indices (DJSI) b_1) Reduction of greenhouse gas emissions (Scope 1 and 2) b_2) Methane emission reductions: quantitative / qualitative c_1) Degree of compliance with identified projects c_2) Promotion and boosting of mobility projects d_1) Percentage of women in managerial and pre-managerial positions and degree of achievement regarding the associated action plan on diversity and equal opportunities d_2) Degree of compliance with the People and Resources Plan and the Agility and New Ways of Working Programme e_1) Degree of compliance with the action plan e_2) Improvement of positioning through indicators	a) Continued presence in DJSI b_1) 253,559 t CO_2e b_2) 2,113 t CH_4 / 100% c_1) 100% c_2) 100% d_1) 35% / 100% d_2) 100% /100% e_1) 100% e_2) Average increase 10%	20%
C5: Digitalisation and Diversification	**a) Digitalisation boost** **b) Corporate Innovation** **c) Rendering of services**	a_1) Strategic update on **Digital Transformation** and **Enagás Data Driven** a_2) Degree of compliance **Annual Digitalisation Initiatives Plan** and improvement of **indicators** **b)** Degree of compliance with the **Open Innovation and Corporate Entrepreneurship** strategic plan **c)** Development of other actions to contribute to **diversification**	a_1) Committee approval / 100% a_2) 100% / 100% b) 100% c) 100%	15%

Appendix III

2019-2021 ILP Targets – Enagás, S.A.

Targets	Long-term targets	Indicators	Target value (100%)	Supertarget value (125%)	Weight(*)(**)	Result	Percentage achieved
Shareholder remuneration	**Total shareholder return ("TSR")**	a) Relative TSR: Enagás position in the ranking of the Comparison Group b) Absolute TSR: the acquisition of a target share price in 2021	a) 5th (104%) b) 24.3 €/share	a) 1st-4th (125%) b) 25.2 €/share	30% (15% / 15%)	a) 15th b) 20.2 €/share	0%
Regulated assets	**Funds from Operations**	Accumulated results corresponding to the Company's Funds From Operations (FFO)	2,110 M€	2,140 M€	25%	2,193 M€	125%
International growth	**Accumulated cash flows received from affiliates**	Accumulated cash flows received from affiliates (Dividend)	353 M€	413 M€	35%	a) 395 M€	118%
Sustainability	**Sustainability Plan**	a) Average reduction in CO_2 emissions in the 2019-2021 period vs. 2018 b) Percentage of women on: b_1) Board of Directors b_2) Managerial and pre-managerial positions b_3) Staff c) Investment associated with the increased presence of renewable gases in the energy mix	a) 5.5% b_1) 30% b_2) 35% b_3) 35% c) 100%	a) 7.5% b_1) 35% b_2) 40% b_3) 40% c) 125%	10%	a) 14% b_1) 33% b_2) 37% b_3) 29% c) 92%	98%
							TOTAL ACHIEVEMENT: 82.2%

(*). Insofar as Law 34/1998, of October 7, 1998, on the Hydrocarbons Sector, attributes to Enagás the activities of transmission and Technical Management of the Gas System, for the Beneficiaries of the Plan that occupy positions related to the Technical Management of the System, the use of 3 targets is proposed (60% FFO, 30% TSR and 10% Sustainability Plan), given that they do not have the capacity to influence the dividend target of international activity.
(**). Note: Non-compliance with the absolute TSR target cannot be offset by over-compliance with the rest of the indicators above 100%, so that the maximum Final Incentive would go from 125% to 85% of the sum of the Performance Shares and Target Cash Incentive.

Appendix IV

2021 Company Targets – Enagás, S.A.

Targets	Annual targets	Indicators	Target value	Weight	Result	Percentage achieved
C1: Economic Results	**a) Net profit growth**	**a) Net profit** at December 31, 2021	a) 377.5 M€	25%	a) 403.8 M€	100%
C2: Regulated Revenues	**a) COPEX investments in Infrastructure projects**	**a) COPEX investments made** in 2021 in infrastructure projects	a) 38,839 K€	20%	a) 37,977 K€	97%
C3: International	**a) Consolidation of international assets**	a_1) Compliance with the subsidiary **budgets** a_2) Fulfilment of subsidiary **business plans** and promotion of growth a_3) Monitoring of strategic **markets** and **stakeholder** management	a_1) 100% a_2) 100% a_3) 100%	20%	a_1) 100% a_2) 100% a_3) 100%	100%
C4: Sustainability and Decarbonisation	**a) Enagás Positioning** vis-à-vis **socially responsible investors** **b)** Advancing the **Ecological Transition:** b_{1-2}) **Climate action** b_{3-4}) **Circular economy** **c) H_2 and biomethane:** c_1) Boosting H_2 and other renewable gases through the consolidation of the 2021-2026 project pipeline c_2) Positioning in renewable gases: Green Link **d) People and cultural transformation:** d_1) Diversity and equal opportunities d_2) Fostering people and cultural transformation	a) Continued presence in sustainability indices (DJSI) b_1) Reduction of greenhouse gas emissions (Scope 1 and 2) b_2) Methane emission reductions: quantitative / qualitative b_3) Zero Waste Certification and percentage of waste with recovery / recycling treatments b_4) Percentage of self-generation of electrical energy with respect to total electrical consumption c_1) Presentation of green H₂ and other renewable gases portfolio by minimum amount for Enagás c_2) Degree of Green Link compliance d_1) Percentage of women in managerial and pre-managerial positions and degree of achievement regarding the associated action plan on diversity and equal opportunities d_2) Degree of compliance with the People and Resources Plan and the Agility and New Ways of Working Programme	a) Continued presence in DJSI b_1) 264,468 t CO_2e b_2) 55,714 t CO_2e / 100% b_3) Certification and >90% b_4) 35,106,600 KWh c_1) 100% c_2) 100% d_1) 35% / 90% d_2) 90% / 90%	20%	a) Continued presence in DJSI b_1) 263,571 t CO_2e b_2) 58,521 t CO_2e / 100% b_3) Certification and 95.59% b_4) 32,924,620 KWh c_1) 100% c_2) 100% d_1) 37% / 100% d_2) 99% /100%	93%
C5: Digitalisation and Diversification	**a) Digitalisation boost** **b) Entrepreneurship** **c) Rendering of services**	**a)** Degree of compliance with cross-cutting digital initiatives **(O&M Portal and PLATIOM)** **b)** Fulfilment of the **Enagás Emprende** action plan **c)** Fulfilment of the actions associated with **fibre optic** projects and the rendering of **services**	a) 100% / 100% b) 100% c) 100%	15%	a) 84% / 100% b) 94% c) 100%	95%

TOTAL ACHIEVEMENT: 97.45%