

Annual Activity Report

Remuneration Committee

19/02/2024

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1 Composition, attendance and operation

On December 31, 2023, the composition of the Remuneration Committee was as follows:



CHAIRWOMAN

Ms Mª Teresa Arcos Sánchez

Independent

Appointment: 2022



MEMBER

Ms Clara Belén García Fernández-Muro

Independent

Appointment: 2022



MEMBER

Mr Manuel Gabriel González Ramos

Independent

Appointment: 2022



SECRETARY

Mr Diego Trillo Ruiz

Since July 1, 2023


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

- Stepping down of Mr Rafael Piqueras Bautista, due to his retirement, from the positions of non-director Secretary and of Legal Advisor to the Board of Directors with effect from July 1, 2023, also ceasing to perform his duties of Secretary of the Remuneration Committee.
- Appointment of Mr Diego Trillo Ruiz as Secretary and Legal Advisor to the Board of Directors, with effect from July 1, 2023, the date on which he also began to perform the duties of Secretary of the Remuneration Committee.

The members of the Remuneration Committee were appointed on the basis of their knowledge, skills and

experience in designing remuneration policies and plans.

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

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

ATTENDANCE

In accordance with the provisions of the Remuneration Committee's regulations and its agenda, the Committee met five times in the 2023 financial year. All meetings were convened to be held in person at the Company's registered office, with the option of connecting via remote channels.

These meetings were attended by all members of the Committee.

COMMITTEE OPERATION

The meetings were convened by its Chairwoman, with the assistance of internal and external advisors. In addition, at the invitation of the Committee's Chairwoman, the Committee requested the regular presence of certain members of the Company's management team to discuss matters within their competence in accordance with the agenda.

Specifically, it was attended by the People and Transformation General Manager, as well as other members of the Management Committee, and from July 1, 2023 by Ms Belén Barandiarán Odriozola in her functions of support to the General Secretariat to the Board, as head of the Corporate Governance area.

The documentation relating to each meeting, such as the agenda and the minutes from the previous meeting, were given to Committee members sufficiently in advance.

Ordinarily, after each meeting, the Chairwoman reported to the Board of Directors in a meeting held the same day, with regard to the actions taken and matters addressed in each Remuneration Committee meeting.

2 Regulations of the Remuneration Committee

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

These documents are available on the Enagás corporate website in the [Board of Directors section](#) and specifically in the [section referring to the Committee](#).

The main duties entrusted to the Committee are listed under the following basic categories:

2.1. POWERS RELATING TO THE REMUNERATION OF DIRECTORS AND SENIOR MANAGERS

- i.** To propose to the Board of Directors the remuneration policy for its members and senior management, verifying its compliance. For this purpose, the Committee shall periodically review the remuneration policy and ensure that their individual remuneration is proportionate to that of other members of the Board and senior management of the Company.
- ii.** To propose to the Board of Directors the individual remuneration and other contractual conditions of the Executive Director, verifying that they are consistent with the remuneration policies in force.
- iii.** To report to the Board of Directors, in advance, on the individual determination of the remuneration of each member in their capacity as such within the statutory framework and the remuneration policy, as well as for the performance of the executive functions attributed to them in the remuneration policy and in accordance with the provisions of their contract.
- iv.** 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.
- v.** To verify information on remuneration of Board's members and Senior Managers contained in the various corporate documents, including the Annual Report on Directors' Remuneration.

2.2. OTHER POWERS

- i.** To submit to the Board the initiatives and proposals on remuneration it deems appropriate and provide information on proposals submitted to the Board and information the Company releases to shareholders annually regarding this issue.
- ii.** To ensure that the information disseminated by the Company via its website on matters within its remit is sufficient and appropriate and complies with the recommendations on good corporate governance adopted by the Company.
- iii.** To prepare an Annual Report on the Remuneration Committee's activities, which will be published on the Company's website sufficiently in advance of the Ordinary General Shareholders' Meeting.
- iv.** 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.
- v.** In performing and exercising its duties, the Remuneration Committee shall take into account the principles and criteria established in the Technical Guide 1/2019 on Appointments and Remuneration Committees of the National Securities Market Commission of February 20, 2019, without prejudice to them being adapted to the particular circumstances and characteristics of the Company and its Group.
- vi.** The Committee shall establish an annual work plan covering the main activities of the Committee during the year in relation to the performance of its duties.

3 Activities of the Remuneration Committee in 2023

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

The most relevant activities conducted by the Remuneration Committee are summarised below.

ACTIVITIES REGARDING THE REMUNERATION FOR DIRECTORS AND MEMBERS OF THE MANAGEMENT COMMITTEE

On February 15, 2023, the Committee approved the degree of achievement of the Company's targets set for 2022 and proposed that it be submitted to the Board.

Based on the level of achievement, the Committee approved, for submission to the Board, the proposed

annual variable remuneration for the 2022 financial year for the Chief Executive Officer. The proposed variable remuneration of the members of the Executive Committee for the financial year 2022 was also approved.

The Committee also approved the proposal to set the Company's annual targets for the financial year 2023 for submission to the Board.

On April 24, 2023, the Committee agreed to begin the process of preparing the proposed 2025-2027 Directors' Remuneration Policy for subsequent approval at the 2024 General Shareholders' Meeting.

To prepare the new Policy, the Committee decided to engage independent advisors to ensure that it aligns with current market trends and best practices in Corporate Governance.

In addition, an explanation and assessment of the Fair Pay Report presented was made.

On July 24, 2023, the Committee approved the approach and work plan established by the Company's Management for the preparation of the proposed 2025-2027 Remuneration Policy.

On October 23, 2023, the Committee was informed of the progress in the preparation of the proposal of the new Remuneration Policy, highlighting the developments with respect to the current policy, the new structure/format and the proposal to modify the Chief Executive Officer's remuneration in line with the recommendations of the investors and the benchmarking carried out.

During the same meeting, the Committee stressed the importance, in terms of reputation, of conducting

the analysis on the adjusted pay gap before the EU Directive is implemented. Importance was also attached to considering other aspects of diversity, including generational, LGTBI, thought-related, and cultural dimensions.

Furthermore, following the organisational changes in the Company, the Committee agreed to the proposed changes in the allocation of the 2022-2024 Long-Term Incentive, as outlined in the documentation provided.

Finally, on December 18, 2023, the Committee agreed to submit to the Board of Directors the salary review of

the Executive Committee for the financial year 2023 in accordance with the 2022-2024 Remuneration Policy.

This salary review process was supported by an independent advisor, ensuring that it aligns with market and Corporate Governance trends. At the same meeting, the Committee was briefed on the progress of the drafting of the proposed new 2025-2027 Remuneration Policy.

The Committee was also informed of the progress made in meeting the 2023 targets and the targets under the 2022-2024 Long-Term Incentive.

OTHER ACTIVITIES

Finally, on February 15, 2023, the Committee approved its 2022 Annual Activity Report, and reported to the Board on February, 20, 2023. This report was made available to shareholders on the occasion of the publication of the call of the ordinary General Shareholders' Meeting.

At its meeting on December 18, 2023, the Committee also approved the annual work plan that includes the main activities of the Committee during the financial year 2024.

4 Performance assessment of the Remuneration Committee

In accordance with the provisions of the Remuneration Committee Regulations, the Board of Directors and the Remuneration Committee underwent a quality and efficiency assessment of the performance of their functions and competencies during 2023, by an external consultant, using the applicable regulations and best practices in corporate governance as the evaluation reference framework.

During 2023, the members of the Committee assessed its performance on its areas of responsibility. The assessment was carried out by an independent third party and coordinated by the Sustainability and Appointments Committee.

The result of this evaluation highlighted the fact that the Committee performs its duties in accordance with the best corporate governance practices and the

provisions of the Committee's Regulations and the CNMV Technical Guide 3/2017.

The results of this evaluation were approved by the Board of Directors on January 22, 2024.

5 Progress made during 2023 and priorities for 2024

The Committee has improved its performance in the financial year 2023 in line with best practices and has addressed the improvements identified in the performance assessment for the financial year 2022.

As set out in Technical Guide 3/2017 on Audit Committees, as referred to in Technical Guide 1/2019, Enagás has an annual Training Programme, which, together with the “Welcome Programme” for new Committee members, ensures that all members have adequate and up-to-date knowledge in the various areas of their responsibility.

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

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

During 2024, we will continue to work in a transversal and coordinated manner with the Company's different divisions, with the aim of consolidating the Company's leadership on remuneration policies.

6 Conclusions

As reflected in this report, during the course of financial year 2023, the Remuneration 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, as well as in the Technical Guide 1/2019

on Appointments and Remuneration Committees of the National Securities Market Commission, dated February 20, 2019, reporting on the most relevant issues to the Board of Directors of the Company.

This report was drawn up by the Remuneration Committee on February 19, 2024 and approved by the Board of Directors on the same date.

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

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