



Code of Conduct Compliance Report and Measures to Ensure Separation of Activities and the Independence of the Technical Manager of the Gas System.

Year 2023



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1. Purpose

The purpose of this report is to analyse the compliance with the Code of Conduct for the Technical System Manager and assess the additional measures implemented by the Enagás Group to ensure that the Technical Manager of the Gas System operates independently, objectively, neutrally, and transparently. This entails maintaining a clear separation of activities in line with the duties conferred by Law 34/1998 of 7 October on the Hydrocarbons Sector and its implementing legislation.

The Enagás Ethics Compliance Committee is tasked with preparing this report, in accordance with the obligation set out in Article 63.4.d) of the aforementioned Law 34/1998. In the process of compiling this report, the Committee sought input from the Executive Director of the Technical System Manager regarding the measures taken and activities conducted in this area over the course of 2023.

2. Measures to Maintain Separation of Activities and Independence in the Technical System Management

Throughout 2023, Enagás has sustained a regime of activity segregation to ensure the independent operation of the Technical Management of the Gas System, implementing several measures as indicated below.

2.1. The Technical System Manager is an independent affiliate.

The Technical System Management activity is undertaken by Enagás GTS, S.A.U. (hereinafter referred to as **Enagás GTS**), whose sole purpose is the Technical Management of the Gas System. The Company was established in compliance with the mandate set forth in the Thirty-first Additional Provision of the Hydrocarbons Sector Act, aligning with the stipulations of the National Energy Commission's Resolution of 16 February 2012. This Resolution authorised Enagás, S.A. to form two subsidiary companies, thereby segregating the assets and liabilities associated with the Transportation and Technical System Management branches of activity. This ensures a definitive legal separation and, consequently, both a



functional and an accounting distinction of the Technical System Management activity, thereby further reinforcing the independence of its execution.

Additionally, the service provision by Enagás, S.A., the parent company, to Enagás GTS, S.A.U. is conducted in line with the transfer pricing methodology presented to the National Markets and Competition Commission (hereinafter referred to as **CNMC**) for approval. This methodology is based on the principles of reasonable and proportional cost allocation with respect to the allocation of assets and resources for each activity, ensuring it does not adversely affect the performance of regulated activities.

2.2. Enagás Group's Separation of Activity Policy

On 18 December 2023, the Board of Directors of Enagás, exercising its non-transferable authority to define the general policies and strategies for both Enagás S.A. and its parent Group, and considering the various regulated and unregulated activities conducted by the Group's companies, resolved to adopt an Activity Separation Policy for the Enagás Group. This policy reaffirms the commitment to uphold functional separation principles across the Group's activities. It addresses not only regulated and unregulated activities but also extends to emerging areas such as the development of hydrogen transport infrastructure and, where appropriate, any other new ventures pursued by the Group or its affiliates, including the production or sale of renewable gases.

2.3. Monitoring the Measures Outlined in the Code of Conduct and the CNMC Supervision Report

The "Supervision Report on the Implementation of Functional Separation of Activities Measures as per Law 34/1998, of 7 October, on the Hydrocarbons Sector, for the Spanish Gas System's Technical Manager, ENAGÁS GTS, S.A.U.", was approved by the CNMC's Regulatory Supervision Chamber on 29 September 2022.

The requirements and recommendations detailed in the aforementioned Supervision Report have been operationalised and, in certain instances, specifically incorporated into the new Code of Conduct, ratified by the Enagás Board of Directors on 24 October 2022.

Throughout 2023, the Ethical Compliance Committee has overseen the measures taken to ensure the separation of activities and the independence of the Technical System Manager, as outlined below:

- a) The Ethical Compliance Committee has supervised and assured effective adherence to the Code of Conduct for the Technical System Manager:
 - i. Verification of compliance with confidentiality obligations by Enagás GTS and its employees.
 - ii. Independence of the individuals responsible for Enagás GTS's management.
 - iii. Adherence to the principles of free competition, avoiding any conduct deemed anti-competitive.
 - iv. Identification and management of any conflicts of interest that emerge during the professional duties of those governed by the Code of Conduct for the Technical System Manager, specifically between the Technical Management of the Spanish Gas System and any other tasks assigned within the gas sector.

- b) Assured compliance with the Long-Term Incentive Plan of Enagás GTS, S.A.U., ensuring that any form of variable compensation received by the Executive Director or any other individual in charge of managing Enagás GTS is not tied to the results of the natural gas transport activities conducted by Enagás, S.A. subsidiaries, nor to any other potentially conflicting activities, nor to achieving the overall goals of the Enagás Group companies.

Furthermore, it is expressly recorded that in carrying out its supervisory responsibilities, the Ethical Compliance Committee has examined the minutes of the Enagás, S.A. Executive Committee meetings from the adoption of the new Code of Conduct up until 31 December 2023. It has been confirmed that, to solely preserve the functional independence of Enagás GTS from the rest of the Enagás Group's activities, the Executive Director of Enagás GTS, adhering to the Code of Conduct, temporarily



excused herself from specific sessions when issues pertaining to transportation or other activities not compatible with the Technical Management of the Gas System were discussed.

2.4. Annual Questionnaire on the Code of Conduct for the Technical System Manager and Other Measures to Ensure Separation of Activity

- Several virtual meetings were organised for the staff of Enagás GTS to address any uncertainties regarding the application of the Code of Conduct and to discuss suggestions and updates pertaining to it. All Enagás GTS employees attended these meetings.

- The Annual Questionnaire on the Code of Conduct was distributed to Enagás GTS staff and other signatories within the Enagás Group, seeking their overall evaluation of the Code and their satisfaction with it. To maximise response rates, weekly reminders were issued up until 31 December. The contents of the questionnaire are as follows:
 - ✓ Doubts on the application of the Code of Conduct.
 - ✓ Incidents arising from the application of the Code.
 - ✓ Identification of possible conflicts of interest
 - ✓ Ability to detect conflicts of interest.
 - ✓ How to proceed in case of suspicion or verification of anti-competitive conduct.
 - ✓ Restrictions on sharing confidential information with others in the Enagás Group.
 - ✓ Proposals for improvement of the Code.
 - ✓ Overall assessment of their experience with the Code of Conduct.

From the information obtained from the Annual Questionnaire, the following conclusions can be drawn:



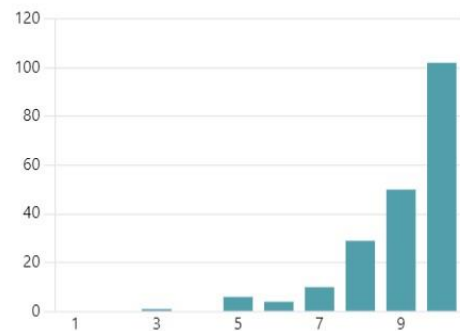
- The overall experience of staff members bound by the Code of Conduct is highly satisfactory, with a score of 9.05 out of 10. The entire staff agrees and expresses confidence, satisfaction, and assurance regarding the Code of Conduct, as all responses—save for one—rated it 5 or higher.

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9.05
Clasificación promedio



- All personnel are familiar with the contents of the Code of Conduct.
- Some less experienced employees had certain specific queries concerning the information that may be disclosed to participants in the Gas System. These queries have been resolved satisfactorily.

For future **improvement**, the forthcoming review of the Code of Conduct is suggested to incorporate guidelines on cybersecurity best practices and Artificial Intelligence (AI) usage, prioritising the creation of a secure environment and maintaining the integrity of our information systems.

3. Conflicts of interest and reported non-compliances, along with measures taken for their resolution

The Code of Conduct for the Technical System Manager prescribes the procedure for reporting conflicts of interest between Enagás GTS's activities and the other activities within the Enagás Group.

Furthermore, the Code of Conduct stipulates that any Enagás GTS employee may raise queries with GTS's Executive Director. It also provides for the submission of queries or notifications through various means, including the Enagás Group's Ethics Channel:

- Electronic mailbox: canal.etico@enagas.es
- Post addressed to the Chairman of the Ethical Compliance Committee.
- Information and contact form on the corporate Intranet.

The Ethical Compliance Committee has not received any notifications of conflicts of interest in the year 2023, nor have there been any reports of irregularities or breaches of the GTS Code of Conduct received through the Enagás Group's Ethics Channel in 2023.

Furthermore, the GTS Executive Director has reported to the Ethical Compliance Committee that no feedback concerning irregularities or breaches of the GTS Code of Conduct has been received in 2023.

In light of the foregoing, it can be concluded that suitable measures have been implemented to comply with the provisions set forth in sections a), b), and c) of Article 63.4 of Law 34/1998, dated October 7th, on the Hydrocarbons Sector, as well as in the "Instructions for the Supervision and Assessment of Compliance with the Code of Conduct for the Technical System Manager".

