

Annual Report 2016 | reganosa



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Letter from the Chairman

Dear Friends,

Building the future is one of the most inspiring actions that human beings can take; it is an opportunity to innovate and reach new horizons that allow us to constantly push our limits. Along this track, sustainable management is the principle that allows us to achieve success and bring true value to our business.

We tackled this financial year, full of challenges and achievements, based on this vision. The 2016 Annual Report that I present below, contains information on the company's social, environmental and economic performance. It has been drawn up in accordance with the GRI Global Reporting Initiative Standards and has been verified in accordance with ISAE 3000 standard.

Furthermore, in order to take yet another step with the reporting system and provide our stakeholders with comprehensive and integrated information, Reganosa has drawn up this report in accordance with the principles defined by the International Integrated Reporting Council (IIRC).

In strategic terms, 2016 has been a key year, an essential year for Reganosa; we have laid the foundations that we need to tackle future growth. During this year, the first of our 2016-2020 Strategic Plan, the company has made great progress developing and enhancing its capabilities. The commitment to expand knowledge, as a source of value creation and a way to expand our business, has led us to a four continent presence, providing operation and maintenance, engineering, consultancy and training services for gas infrastructure energy projects.

At the same time, we have developed and enhanced our role as a European TSO. Reganosa has bought into the share capital of MIBGAS to promote the efficient development of the organized gas market in Spain and Europe, bringing liquidity and transparency to the way prices are established. We have also worked with the rest of the European TSOs on European energy planning, including infrastructure that needs to be constructed in the north-west of the peninsula to improve the security of supply, take advantage of opportunities created by new logistical needs and increase the competitiveness of the companies.

As part of our strategic goals, our priority has been, and will continue to be, to invest in technological innovation and research, and in the

recruitment and ongoing training of our human team. One of the most significant aspects of any creative process are the ones related to people and their development. This year we have created a significant number of jobs, increasing our number of professionals by 40%, and this is one of our greatest sources of satisfaction.

I would like to place particular emphasis on the Prize for the best technology transfer success story in 2016, awarded to Reganosa by the Galician Royal Academy of Sciences and the Galician Innovation Agency. I firmly believe that corporate and scientific knowledge at the highest academic level create an extraordinary synergy. Our commitment has made us pioneers in the modelling and optimisation of gas transportation networks, and we have created a tool that can be applied to any gas system in the world, to which we add new functions each year.

The post-Paris Agreement scenario has set common greenhouse gas reduction goals, and companies must work actively to make these goals a reality. Reganosa has developed an energy efficiency plan to reduce CO2 emissions. Furthermore, the company has completed the actions included in the TENT-T program, co-financed by the European Commission, for the implementation of a LNG hub in the north-west of the Iberian Peninsula. This initiative continues with the participation in the European CORE LNGas Hive project to develop the LNG logistics supply chain in a safe and efficient way. This project will allow the polluting emissions of vessels to be reduced, by replacing oil-derived fuels with gas propulsion and will contribute to improving the competitiveness of our ports and their logistics supply.

We have built the

Similarly, Reganosa has joined the Climate Change Cluster run by Forética in order to draw up a plan of action in conjunction with the main Spanish companies, share strategies and participate in initiatives that allow best practices to be implemented.

In 2016, the company achieved solid financial results thanks to the growth of its business and management aimed at achieving maximum cost efficiency. The financial year ended with a 12.6% increase in equity and an 18.1% reduction in debt. Solvency ratios place us in an ideal position to continue to make progress in toward our strategic goals.

In the area of corporate social responsibility, we are still developing initiatives aimed at training people and raising cultural awareness. Among our activities, entered into an agreement with the Galician Health Service to fit out Ferrol's simulator rooms, with the aim of improving the way in which occupational accidents are dealt with and training company professionals on the topic of health and safety. Contributing to social development year after year is an exciting process. I am convinced that, driven by our roots, supporting and encouraging initiatives in our local environment will help to improve society as a whole.

We are also making progress in complying with the ten principles of the United Nations Global Compact. During this financial year we have approved new corporate policies and have reported our progress in accordance with the advanced standard.

In the future, we will continue to focus on the sustainable development of infrastructures which contribute to setting up safe and efficient gas systems. Progress will be made with our 2016-2020 Strategic Plan on the basis of three fundamental cornerstones: operational flexibility and efficiency, national and international growth according to established strategic and profitability criteria, and investment in innovation.

Finally, I would like to convey my deepest gratitude, on behalf of the BoD, which I chair, to all of you who form part of Reganosa's day to day existence. You make it possible. The trust of our customers, governments, local communities, suppliers and other stakeholders allows us to make progress and continue to improve. In this regard, I would to especially acknowledge the work of our professionals and management team. Your commitment and tireless pursuit of excellence have created a company capable of facing significant challenges. Our success belongs to you.

José María Paz Goday



The background of the slide is a photograph of a harbor at sunset. A large ship is docked on the left, and hills are visible in the distance. The sky is a warm orange color.

1

**Reganosa, natural
gas infrastructure
management
and operation**

1.1

Business model

Reganosa is an energy company that works on the development, operation and maintenance of natural gas infrastructure, in accordance with the principles of safety, efficiency and flexibility.

The company's activity is structured based on lines of business, allowing it to act in an agile and specialised manner, following the principle of separation provided for in the sector's regulations, that ensures the independence of gas transport networks.

Natural gas infrastructure management

Reganosa is certified as a transmission system operator (TSO) and manages two key access points to the natural gas system in Europe, ensuring supply diversification and security, the integration of the single market and proper operation of transport networks. [102-1]

It forms part of several national and international organizations in the sector, and cooperates with regulatory authorities for the preparation of regulations. It is a member of ENTSOG, where it works together with other European TSOs to

promote and ensure a coordinated approach and the adequate technical evolution of the transmission network in Europe. [102-13]

Provision of services

Reganosa provides O&M, network simulation, engineering, consultancy and training services related to design, construction, commissioning, operation and maintenance activities of regasification plants, gas pipelines and basic gas network infrastructure.

At present, national and international experience in this area of business ranges from conducting feasibility studies to the operation and maintenance of LNG terminals.

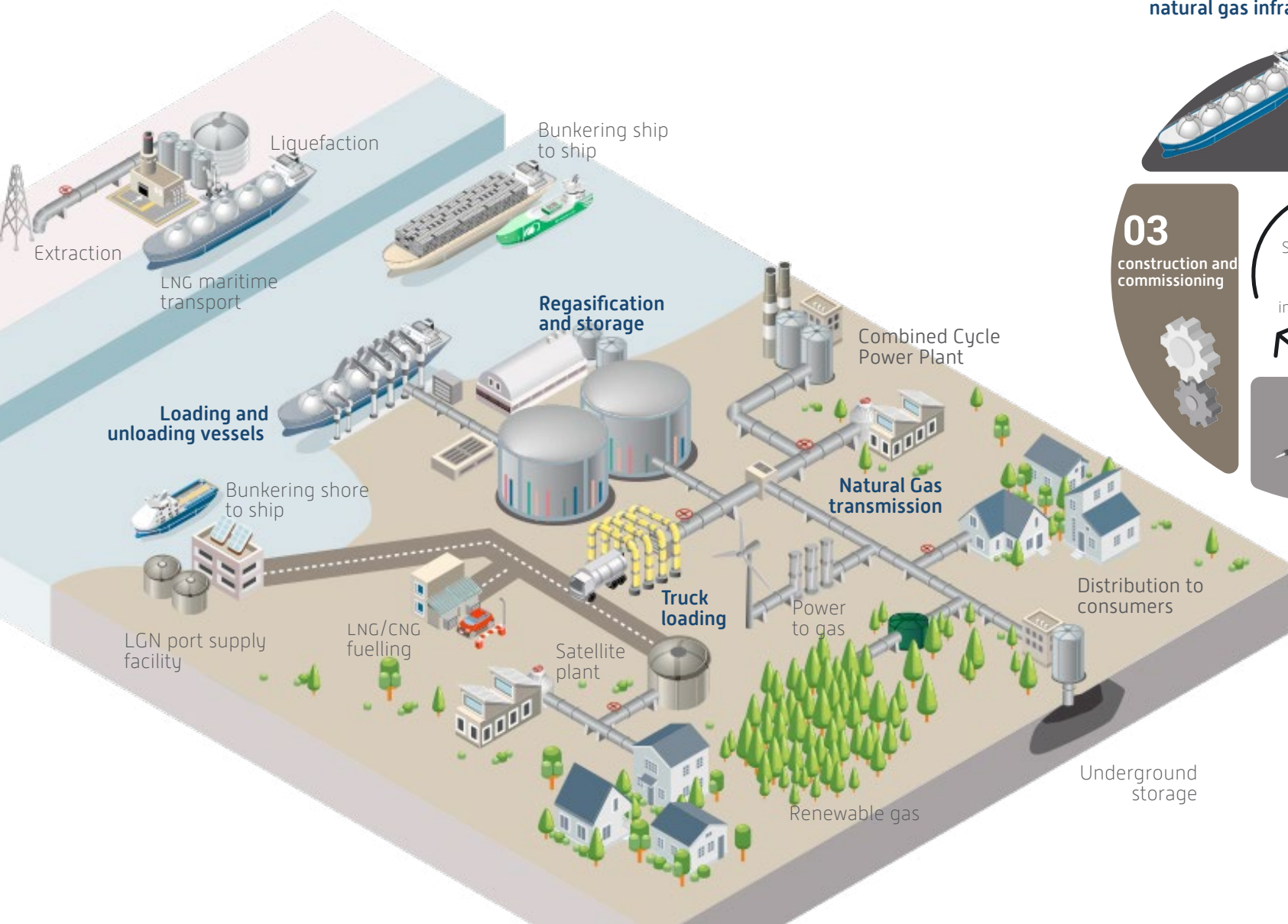
During 2016, the company participated in projects in 6 countries. The natural gas infrastructure line of services accounted for 1.6% of Reganosa's total income.

Reganosa creates value through the sustainable management and operation of gas infrastructure, contributing to the economic and social development of territories.

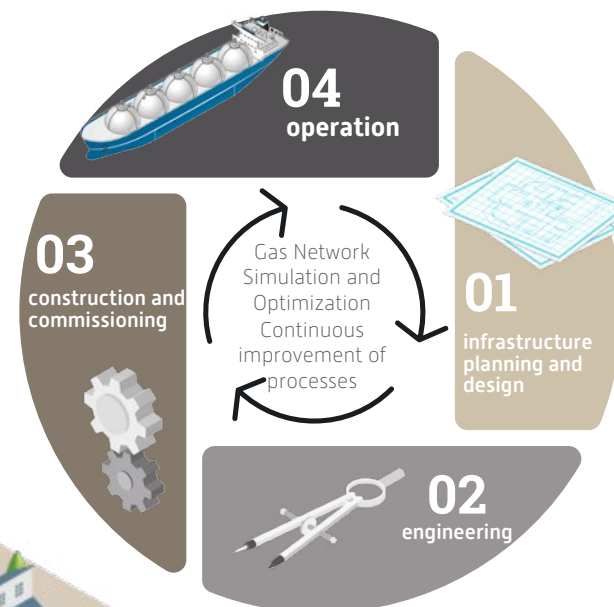


■ Reganosa in the natural gas value chain.^[103-2]

Activities carried out by Reganosa:



Reganosa is present in all phases of the natural gas infrastructure life cycle:



■ Reganosa in the world.

[102-4][102-6][102-10]



Spain
 Operation of Mugardos LNG terminal and 130 km of gas pipelines

On shore full containment type storage.
 -
 ORV and SCV vaporisation technology.

A detailed map of the northern coast of Spain. It shows the Mugardos LNG terminal, several storage tanks, and a network of gas pipelines. Labels include: Ferrol, Mugardos, CTCC As Pontes, A Coruña, CTCC Sabón, Refinería, Arteixo, Carral, Abegondo, Guitiriz, and CT Melrama.

Malta
 Operation of Delimara LNG terminal

Storage with FSU - Floating Storage Unit.
 -
 IFV vaporization technology.

A map of Malta showing the Delimara LNG terminal and the Malta Freeport. It includes illustrations of storage tanks and a ship at the terminal.

Natural gas infrastructure services

France
 -
 Kuwait
 -
 Mozambique
 -
 Colombia

■ Our infrastructure in Spain.

LSO: Development and management of Mugardos LNG terminal.

Berth capacity: 15,600 m³ / 266,000 m³

Storage capacity: 300,000 m³

Regasification capacity: 412,800 Nm³/h

TSO: Operation of 130 km of gas pipelines.

1 Abegondo-Sabón Gas Pipeline

Length: 44.7 km

Regulation and metering stations: 2

Valve positions: 6

Design pressure: 80 bar

Diameter: 16/10"

2 Cabanas-Abegondo Gas Pipeline

Length: 30.4 km

Valve positions: 1

Design pressure: 80 bar

Diameter: 26"

3 Mugardos-As Pontes-Guitiriz Gas Pipeline

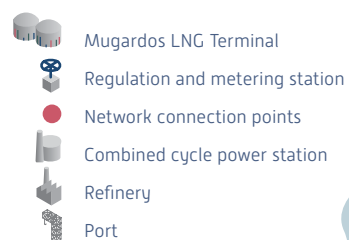
Length: 54.4 km

Regulation and metering stations: 1

Valve positions: 6

Design pressure: 80 bar

Diameter: 30/26/20/16"



■ Unique use of resources.

Reganosa uses and transforms its resources in order to optimize processes and continuously adapt to the evolution of the operating context and market needs, generating value for all its stakeholders:

The way we develop and use our resources.

People

- Highly qualified multidisciplinary teams.
- Ongoing training and education programmes.
- Performance assessment system for professional career guidance.

Assets

- Safety a priority and additional measures to those stipulated in regulations are adopted.
- Operation in line with best practices and the most demanding standards.

Knowledge

- Strategic cornerstone: investment in research and innovation platforms.
- Information systems plan.
- Systematization of management procedures and standards.

Natural resources

- Environmental certifications and audits of the facilities in line with the most restrictive international standards.
- Biodiversity monitoring plans and a commitment to invest in environmental improvements.

Financial capital

- Policy to increase asset financing capacity with own funds.
- Protection against high interest rate scenarios.

Stakeholder relationships

- Ongoing dialogue with all stakeholders.
- As part of its TSO functions, Reganosa works alongside other European agencies to create common market tools and standards, to develop innovative products that ensure the safe and efficient management of the transport network, and to plan infrastructures.

Value creation over time.

Know-how

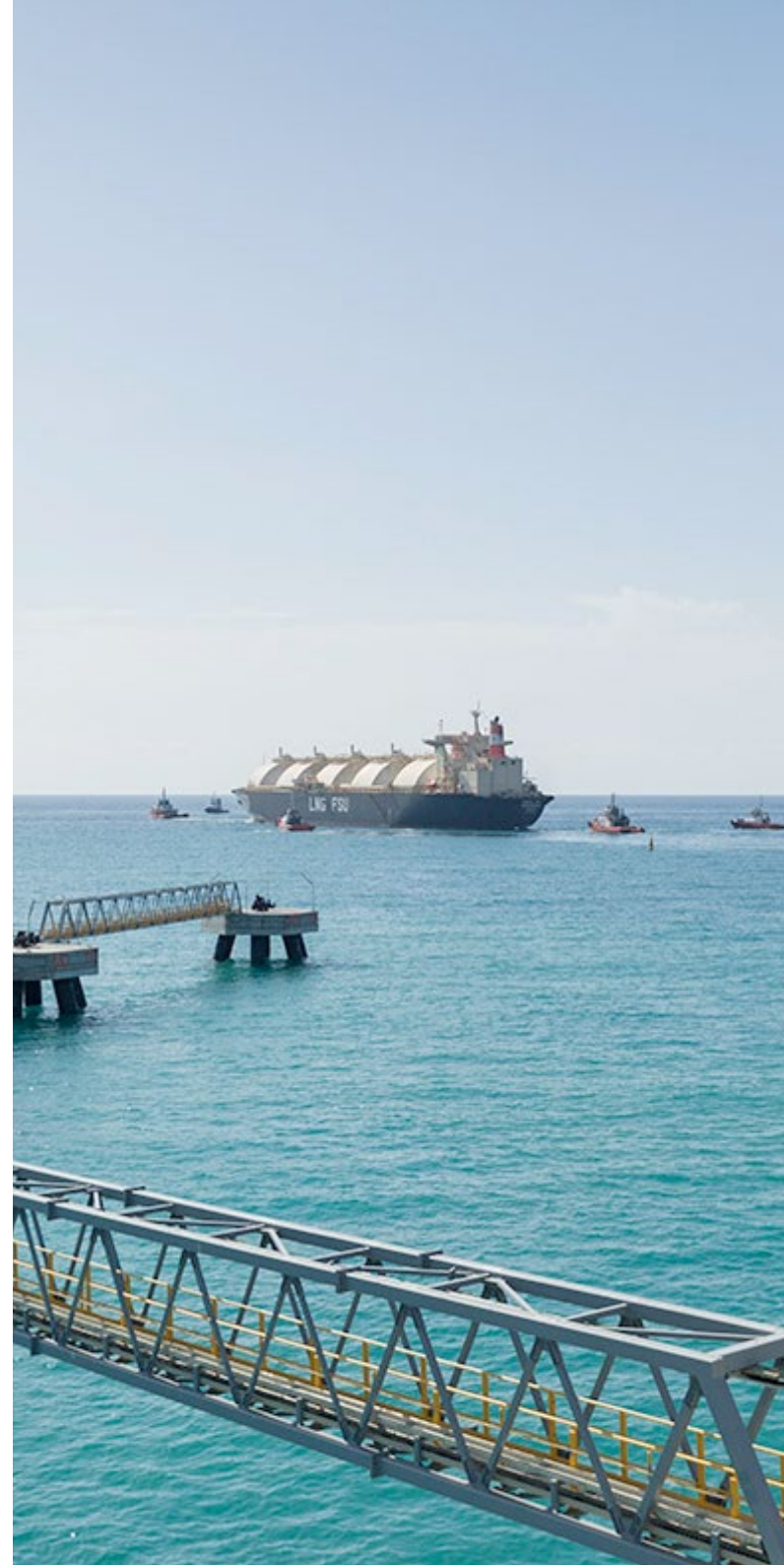
- In-house procedures for work permits management, action protocols and simulation software.
- Standardised operation anywhere in the world.

Value added services

- Operational flexibility, agile response capacity, and availability of facilities to meet customer needs at any given time.

Innovation

- Investments in innovation give Reganosa unique knowledge, allowing its customers to improve their processes, efficiency and profitability.



1.2

Services provided by Reganosa^[102-2]

The company continuously analyses the circumstances of gas systems and the global context of the sector, in order to develop valueadded services for its customers that support the logistical needs of the natural gas market.

Operational services in infrastructure with third-party access

Vessel unloading.

The terminal receives LNG carriers with storage capacities of between 15,600 m³ and 266,000 m³, which transport LNG at a temperature of -160°C.

Vessel cooling and reloading.

At the terminal, the LNG stored in the tanks is transferred and cooling operations are carried out; from filling the gas carrier's tanks with natural gas (gassing up) to the gradual cooling of the tanks to their operating temperature (cool down).

LNG Storage.

The provision of services includes usage rights of any necessary operational storage, under the terms laid down in the facilities access regulations.

Regasification.

The LNG, stored in the terminal's tanks at -160°C, is transformed into its gaseous state by increasing its temperature through a physical process.

Transport of natural gas at high pressure.

The gas is transported through transport networks connecting the LNG terminal to other gas pipelines, qualified consumers connected directly to the network, and distribution networks.

Truck loading.

The truck loading service allows gas to be supplied to users that have no access to gas pipeline networks. The satellite plants allow to develop small size distribution networks for household use.



Natural gas infrastructure services.

Laboratory analysis.

Reganosa's laboratory provides natural gas and LNG analysis services to users of its facilities and to external companies and entities, using perfectly calibrated and verified equipment.

Consultancy and project management.

Knowledge of the latest technological trends and Reganosa's operational experience are the foundations on which the service provision area for gas basis all over the world are based.



Preliminary studies and design

- Energy planning.
- Technical feasibility of new infrastructures and integration with existing facilities.
- Economic feasibility, definition and evaluation of the business model.

Engineering, construction and commissioning

- Incorporation of O&M and HSQE criteria.
- Supervision, support and execution of pre-commissioning, commissioning and start activities.
- Training.

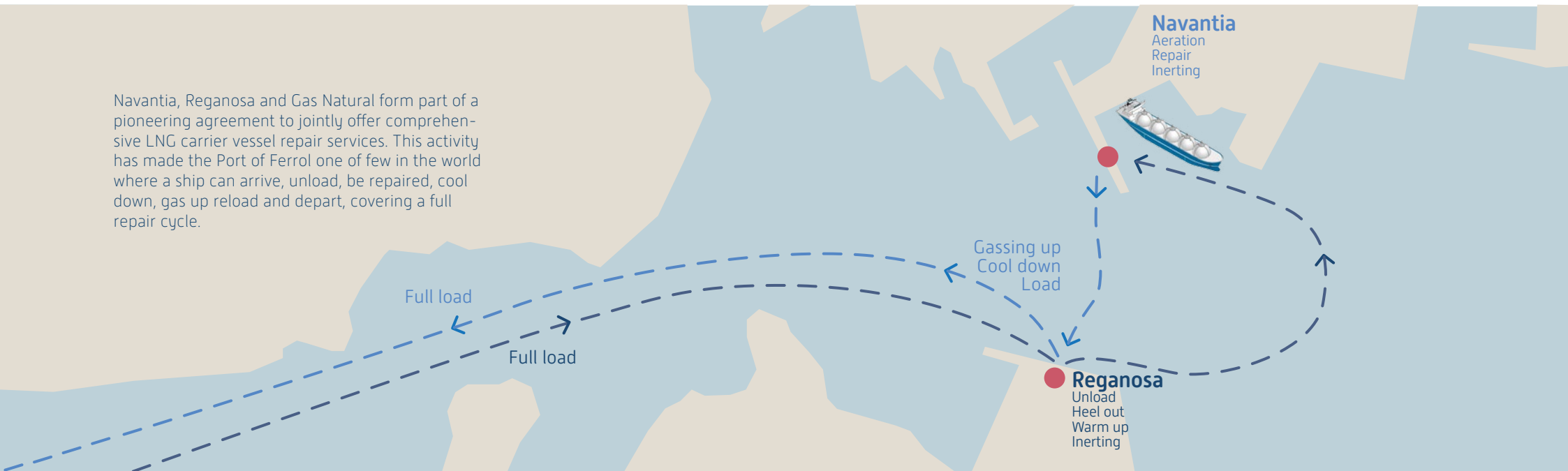
Commercial operation

- O&M and integral infrastructure management.
- Simulation and optimization. Continuous improvement.
- Management of guarantees and due diligences.



■ Successful synergies: Repair and commissioning cycle. Preliminary studies and repair design

Navantia, Reganosa and Gas Natural form part of a pioneering agreement to jointly offer comprehensive LNG carrier vessel repair services. This activity has made the Port of Ferrol one of few in the world where a ship can arrive, unload, be repaired, cool down, gas up reload and depart, covering a full repair cycle.



1.3

Managing principles

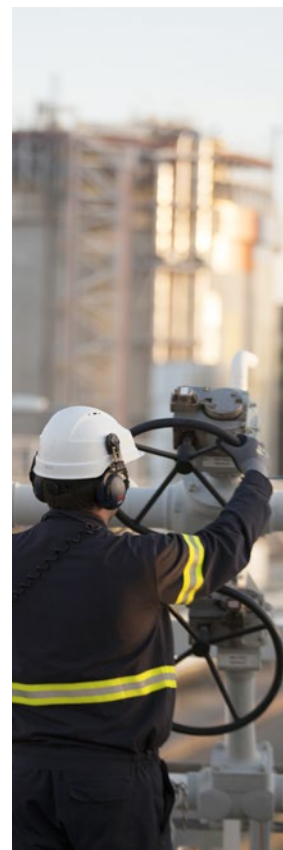
SAFETY

Zero accidents is possible.



EFFICIENCY

Optimization of processes and implementation of best practices.



FLEXIBILITY

Constant adaptation to operational requirements and customer needs



The background image shows a coastal industrial facility, likely a refinery or chemical plant, situated along a body of water. The facility features several large, cylindrical storage tanks and complex piping structures. In the foreground, a small boat is visible on the water. The sky is filled with dramatic, dark clouds, and the overall lighting suggests dusk or dawn. A large white number '2' is positioned on the left side of the image, and a vertical white line separates it from the text on the right.

2

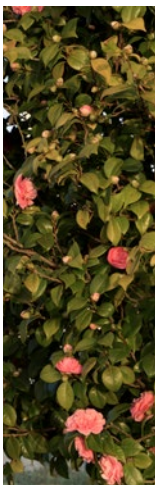
**Reganosa
in
figures**

■ Main figures from 2016.^[102-7]

Projects in progress
on **4** continents.



25.8% reduction
in CO2 emissions.

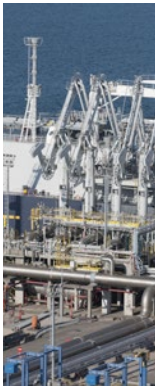


12.6% increase
in equity.



€44.6 M
of EBITDA.

40% increase in the
number of professionals



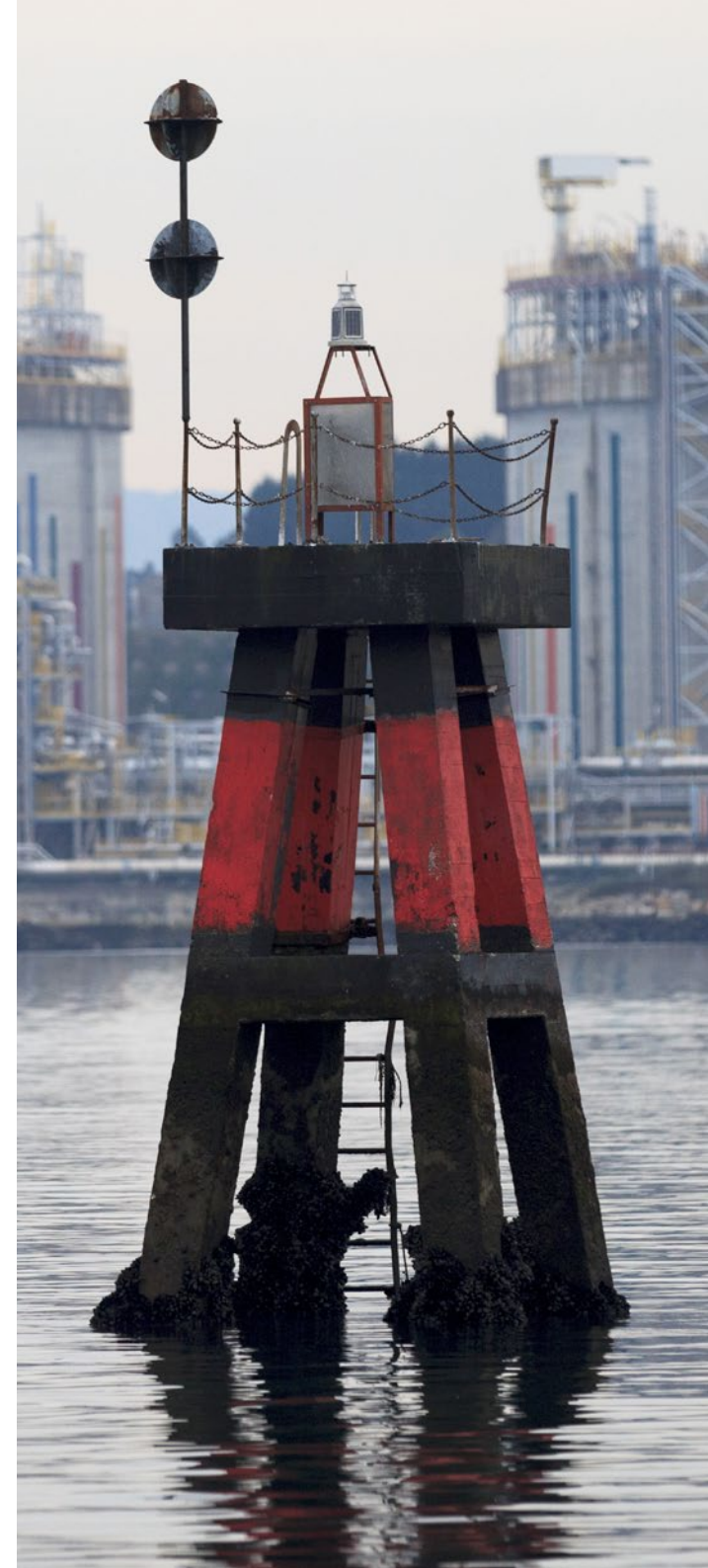
230 k dedicated
to social actions.



Activity data [102-7]	2014	2015	2016
LNG unloaded (GWh)	21,051	16,520	13,664
Production (GWh)	20,131	16,606	13,687
Gas transported in the gas pipeline network (GWh)	10,824	14,392	11,902
Projects in progress in the world (no. of countries)	1	3	6

Financial information [201-1] [201-4] [102-7]	2014	2015	2016
Net profit (€)	12,010,021	15,501,491	14,966,275
EBITDA (€)	44,882,033	47,319,143	44,619,285
Dividends (€)	2,000,000	4,000,000	0
Investments (€)	538,923	969,399	466,591
Net debt (€)	177,092,981	156,749,713	128,325,381
Equity (€)	107,051,516	118,533,008	133,518,933
Assets (€)	274,175,749	254,625,881	235,065,047
Net Debt/EBITDA Ratio	3.95	3.32	2.88
Economic aid granted by Governments (€)	253,665	100,000	731,610*

* €496,669 correspond to financial support received from the European Commission under the Connecting Europe Facilities programme for the development of the trans-European transport network.





Safety and environmental data [OG13]

	2014	2015	2016
Staff safety training (hours/employee)	48.7	33.6	25.1
Safety drills and exercises carried out (nº)	3	4	4
Investments in environmental improvements (€)	136,005	60,200	60,500
Expenditure for environmental control studies (€)	116,630	171,229	85,605
Internal and external quality and safety audits (nº)	6	7	9

Growth engine [201-1] [203-2] [204-1]

	2014	2015	2016
Financial value generated (€)	56,413,001	59,575,285	58,485,181
Distributed financial value (€)	27,744,117	29,547,304	24,516,132
Withheld economic value (€)*	28,675,943	969,049	33,969,049
Percentage of suppliers from Galicia hired (%)	50.58	52.19	49.79
Percentage of expenditure on Galician suppliers (%)	42.09	48.77	28.77
Major Galician industries supplied with natural gas (nº)	33	33	35
Financial savings for these companies through changing to natural gas*** (€)	95,630,102	30,965,233	27,783,549
Reduction of emissions by these companies through changing to natural gas*** (tCO2eq)	91,984	34,854	34,263
Development of natural gas in Galicia**** (gasification index)	8.79	9.11	9.16

* Difference between the financial value generated and the distributed economic value.

/ Estimated data. It was considered that the fuel consumed prior to the switch to natural gas was diesel.

**** Index estimated based on data on no. of gas customers (source: Sedigas;) and population (source: INE).

Social action [201-1] [203-1]	2014	2015	2016
Social expenditure related to the company's EBITDA (%)	1	4.20	0.53
Social expenditure related to the company's net profit (%)	3.75	12.90	1.57
Total social investment (€)	443,006	2,005,531	235,000
Donations and sponsorships* (€)	137,704	121,300	122,000
Amount assigned to scholarships (€)	98,924	84,572	58,000**
People participating in different entities supported by Reganosa (nº)	6,141	6,264	27,162***
Scholarships and work experience (nº of beneficiaries)	22	19	17

* Including VAT / **The scholarship program has been expanded with a plan for recruiting new graduates. / ***Includes attendees at cultural exhibitions run by Reganosa.

Professional development [403-2] [102-7] [404-1] [404-3]	2014	2015	2016
Employees at 31 December (nº)	69	70	98
Turnover rate	0.01	0	0.03
Rate of new employment contracts	0.04	0.01	0.33
Employees with permanent contract (%)	92.75	91.42	71.42
Average age of workforce (years)	40.75	41.73	39.92
Professional profiles (% of employees with diplomas and degrees)	48	48.57	55.10
Frequency rate*	8.61	8.17	8.29
Severity rate**	2.29	0.56	0.07
Rate of absenteeism***	3.57	1.48	4.67
Training per employee (hours/employee)	67.62	54.00	41.79
Employees assessed for their performance (%)	91.30	90	97.96

* Frequency rate = no. of accidents with time off x 1,000,000/hours worked.

** Severity rate = no. of days lost x 1000 /hours worked.

*** Rate of absenteeism = hours lost/theoretical hours x 100.





Customers and supply chain	2014	2015	2016
Customer satisfaction [%]	76	83	75
Contracted suppliers from the approved database [%]	39	38	42
Suppliers registered in the approval database certified in accordance with the UNE 9001 standard [%]	83	82	87
Suppliers with a negative environmental impact [nº]	0	0	0
Suppliers with a negative environmental impact, with whom improvements have been agreed [%]	0	0	0
Suppliers with a negative environmental impact with whom relationships have been finalised [%]	0	0	0

Corporate governance and transparency [G4-S04] [G4-S05]	2014	2015	2016
Board members at 31 December [nº]	20	20	20
Women on the Board of Directors [%]	10	5	5
Employees who have received the Code of Ethics [%]	100	100	100
Communications received through the Ethics Channel [nº]	N/A	1	2
Incidents related to corruption [nº]	0	0	0
News about the company featured in the media [nº]	265	237	376
People who have visited the Mugardos terminal [nº]	570	268	477



3

**Mission,
vision
and values**

MISSION

We are an energy company that develops and manages natural gas infrastructure with the aim of improving the welfare of society and reducing the impact on climate change. We guarantee the safety of our environment by implementing the most recent technological progress, and we generate value by efficiently managing our resources.



VISION

Our goal is to develop and operate natural gas infrastructure using the latest technological innovations and best practices, with the aim of promoting the sustainable development and growth of people and territories, guaranteeing the availability of the necessary energy infrastructure and its safe and efficient management.

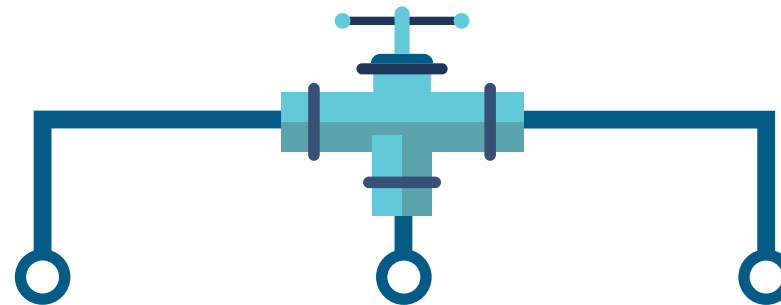


VALUES

- Integrity
- Honesty
- Transparency
- Personal effort
- Commitment to the project
- Commitment to safety
- Respect
- Local roots and global projection



REGANOSA IN ITS SURROUNDINGS



Our community:

- Supply of clean and competitive energy.
- Educational and cultural programs.
- Support for sporting and artistic entities.

People:

- Contribution to community development.
- Sustainable culture and values.
- Comprehensive training and development of our professionals.

The environment:

- Recycling and control of waste and emissions.
- Responsible consumption.
- Safety of our operations.

■ Corporate culture. [103-2] [407-1] [205-1] [205-2] [102-12] [102-16] [102-17]

Ethical Pact

Reganosa's Code of Ethics and Conduct, approved by the Board of Directors, sets out the values that guide the company's activities and operations, as well as the behaviour of all of its employees.

The Code of Ethics and Conduct expressly endorses all the principles of the United Nations Global Compact, an initiative joined by Reganosa in 2013. Furthermore, it is based on values developed and promoted by the Board of Directors, designed to achieve the highest standards of professional responsibility and integrity.

Its adoption was a significant milestone for transparency, and it attempts to extent best management practices and good governance to all entities and suppliers who work with the company. The Code can be find in the corporate website: www.reganosa.com, and is available in Spanish, English and Galician.

Ethics Committee

Reganosa's Ethics Committee reports directly to the Board of Directors. It is composed of a director, the legal counsel to the Board of Directors and members of the Management Team. According to the Internal Regulations governing its operation, this Committee has the following goals:

- Promote the inclusion of professional, ethical and responsible behaviour in Reganosa's strategy and management.
- Safeguard respect and compliance with the principles set out in the Code.
- Develop competences related to their binding interpretation and application.

Ethical Channel

An Ethical Channel is available to company stakeholders, accessible from the corporate website, which handles queries related to the application of the code and helps to solve dilemmas or concerns about ethical conduct in the workplace or in professional relationships. [102-17]

Supply chain control

Reganosa includes a clause in its General Conditions for the Procurement of Works and Services that establishes the commitment of all suppliers to respect the principles set out in Reganosa's Code of Ethics and Conduct, and in the United Nations Global Compact. All suppliers receive the Code of Ethics through the general contracting conditions, in which the source is stated so that it can be consulted.

Training

During the welcome day, new recruited professionals receive a copy of the Code of Ethics and Conduct, along with training on the principles and tools contained therein. The aim of this is to establish a culture of values, to encourage well-rounded behaviour during the course of day-to-day activities, and to ensure that the entire workforce knows about the action mechanisms within their reach.

Training sessions are organised periodically, when a need is identified by the Ethics Committee, to ensure that all the professionals are aware of the updates established in the Code of Ethics.



A scenic view of a harbor. In the center, a large dark blue and white cargo ship is docked. Numerous smaller boats, including fishing boats and yachts, are scattered across the water. The background features a steep, forested hill with some communication towers on top. The foreground shows some trees with yellowing leaves, suggesting autumn. The overall atmosphere is calm and picturesque.

4

Operating
environment,
risks and
opportunities

4.1

Operating environment and business perspectives

Natural gas demand evolution

- New producing countries in the LNG chain, including the United States, Iran, Egypt and Australia, have contributed to creating a not an low price environment. In addition, they will produce enough supply in the medium term to keep gas prices at a competitive level.
- It is expected that LNG will slowly and gradually be implemented as a marine fuel, with demand reaching to 2.4 TWh by 2025.
- Demand in Europe has continued through the recovery path with growth close to 6% when compared to 2015 due to the increased use of gas in the electricity sector, as well as higher levels of industrial activity

driven by the economic recovery. The mid-term evolution is expected to be practically flat, with a 1% increase by 2025.

- Total demand in Spain grew by 2.1% compared to the previous year, with a notable increase conventional demand (3.25%).

Organized gas market in Spain

The organized gas market in Spain (MIBGAS) began operations in December 2015. Since then, there has been a gradual increase in the number of participants and the volumes traded every day. Progress along with the development level of gas infrastructures in Spain will allow the creation of a transparent price reference in the Iberian Peninsula. This will facilitate access to a greater number of retailers, increasing competition and optimising prices.

Reganosa continually analyses global market trends and circumstances for the purpose of developing logistic products and innovative operational solutions that create added value to final users.



Reganosa's business model has proven to be solid, being able to take advantage of new opportunities and commence the diversification of the economic activity.

Perspectives

LNG Hub.

The strategic location the terminals operated by Reganosa, in the centre of the Atlantic sea routes and in the Mediterranean Sea, and their operational flexibility, enable the company to provide value-added logistic services to the LNG supply chain and diversify the sources of gas supplied to Europe.

In addition, the terminals are located close to ECA (Emission Control Areas), which will promote the development of *small scale market*. The IMO, the International Maritime Organization with responsibility for the safety and security of shipping and prevention of marine pollution, has approved a reduction in sulphur emissions by ships to a global level of 0.5%. In Spain, the National Action Framework for alternative energy has laid, in December 2016, the foundations for the design of a supply network for LNG as a marine fuel in Spain.



LNG is the only clean and competitive (alternative) fuel that is worldwide available. Therefore, the efforts of the main gas agents are currently focused on designing an efficient supply chain. Reganosa participates in the major/key initiatives promoted and co-financed by the European Commission; TEN-T and CEF.

Single market in Europe.

In February 2016, the European Commission published the LNG and gas storage strategy, the main objectives are to reduce the European Union's dependence on single point gas sources, support the energy transition process and complete the construction of the infrastructure needed to efficiently develop the single market. In this sense, one of the fundamental

purposes will be the development of new LNG terminals, the expansion of existing ones and the implementation of PCIs (Projects of Common Interest), including the LNG hub in the north-west of the Iberian Peninsula.

Reganosa is present throughout the value chain of natural gas infrastructures, and its activities range from planning, design and construction to operation and maintenance.

4.2

Risk management

[102-11] [102-30]
[103-2] [103-3]

Reganosa has an integral key risk management method in its areas of activity. Ensuring that its strategic goals and actions are achieved within a framework of certainty.

The risk control mechanism is based on two fundamental cornerstones; the creation of rigorous procedures for the activity and the organisational model.

Internal regulations:

Reganosa has developed a set of internal regulations to ensure an appropriate risk treatment, to guarantee compliance with the existing regulation and to mitigate possible adverse effects. These regulations, including manuals, policies, procedures and instructions, among other documents, together with current operational processes, guarantee the control and efficient segregation of functions in financial, business and regulatory areas.

Main manuals, procedures and policies:

- Code of Ethics and Conduct.
- Integrated Management System Manual.
- Criminal risk prevention manual.
- Policy against corruption and fraud.
- Conflict of interest policy.
- Health, Safety, Environment and Quality Policy.
- Procedures for dealing with project risks; operational, legal, tax and occupational contingencies.
- Quality, administration and finance procedures, operations control, supplier evaluation and approval, training and IT systems.



The main types of risks associated with the activity and the management and mitigation measures in place in the company are identified below:

Type of risk	Description of the type of risk	Preventive measures and corrective actions [102-15]
Regulatory	In Spain, Reganosa operates in a regulated sector, so changes in the regulatory framework could have an impact on its results.	Fluent communication with regulatory bodies and national and international governments in a collaborative framework.
		Continuous monitoring of legal amendments approved at any given time and the drafting of regulatory development proposals.
		Participation in associations, discussion forums and working groups, as well as actively interacting with all other players in the sector.
		Legal defence of the company's interests in any cases where it is necessary.
		Design of an energy efficiency plan to allow the operation to be optimised and adequately meet the requirements of the remuneration framework.
		Addition of new functionalities to the GANESO gas transport network simulation software, to allow the application of many different policies to be simulated and to plan the development of gas infrastructure in accordance with the principles of efficiency, sustainability and security of supply.
Business	Health, safety and the environment Rigorous management ensures that impacts and risks are minimised or eliminated.	Active participation in ENTSOG working groups for the development of European Network Codes, which will allow the efficient operation and adequate development of the internal gas market.
		Implementation and maintenance of the Integrated quality, environmental and occupational health and safety management system (ISO 9001, OHSAS 18001, ISO 14001 and EMAS).
		The Occupational Hazards Prevention Plan sets out the preventive actions to be integrated into the entire organisational structure.
		Preventive activity plans are drawn up each year to establish the measures to be implemented to control, reduce and eliminate risks detected by the periodic risk assessments.
		Periodic review of the Self-Protection Plan and conducting simulations to establish the effectiveness actions described both in this plan and in the External Emergency Plan.
		Contracting of an insurance package with companies of recognised prestige and international experience in the energy sector, to cover any contingencies that may arise. [201-1]
	Market Demand evolution uncertainty can affect (might affect) the company's results.	Constant monitoring of the behaviour of demand, and participation in initiatives to develop new uses for natural gas.
		Participation in initiatives to promote the use of natural gas for transportation.
		Constant analysis of the natural gas market in Europe and the rest of the world, to assess possible impacts on Reganosa's future business.

Type of risk	Description of the type of risk	Preventive measures and corrective actions [102-16]
Business	<p>Operation This refers to infrastructure risk, such as failures or unavailability.</p>	<p>Development and implementation of procedures and actions according to quality, environmental and prevention criteria (ISO 9001, OHSAS 18001, ISO 14001 and EMAS certifications).</p> <p>Approval system of the internal analytical methods used in a certified laboratory, according to the ISO 17025.</p> <p>Preventive and predictive review of equipment, according to specific maintenance programs.</p> <p>Use of the latest calibration equipment technologies to allow shrinkage to be adequately controlled.</p> <p>In addition to the preventive actions, the industrial incident management procedure sets out the process methodology for investigating conduct or factors that have led to the occurrence of incidents. Based on the conclusions, specific corrective and preventive measures are implemented and monitored to prevent the repetition of incidents.</p> <p>Establishment of a suppliers approval procedure for contracting services, projects and supplies; the procedure ensures that the best qualified suppliers are selected.</p>
	<p>International projects area Geopolitical and operational risks in countries where Reganosa provides services.</p>	<p>Project selection based on a detailed analysis of the customer, country, business model, and margins and risks.</p> <p>Limitation of liability in projects.</p>
Financial	<p>Interest rate risk</p>	<p>Policy to hedge investments by keeping fixed interest rates for at least 50% of the debt.</p> <p>Contracting of interest rate hedging systems to protect the business from high interest rate scenarios.</p>
	<p>Cash flow</p>	<p>Maintenance of the necessary liquidity to meet financial commitments.</p> <p>Maintain a solid balance sheet and adequate lines of financing to ensure solvency to take on projects.</p> <p>Comprehensive monitoring and estimate of the future evolution of the gas sector's deficit in Spain.</p>
	<p>Tax</p>	<p>Tax procedures.</p> <p>Advice by tax experts on the taxation criteria for all of the company's operations.</p>
Reputation	<p>The company's reputation influences its results</p>	<p>Periodic tracking of information about the company in the media and on-line.</p> <p>Issuing press releases and periodic meetings with stakeholders</p> <p>Code of Ethics and Conduct and internal regulations to ensure compliance with legislation and that professionals behave ethically.</p>

The background image shows an industrial setting. On the left, there are large, vertical, metallic pipes with yellow labels. A yellow railing is visible in the background. On the right, there is a rack filled with bundles of orange and blue cables. The scene is lit with industrial lights, and a concrete pillar is visible on the right side.

5

Strategy

■ Strategic plan 2016 - 2020. [103-2] [103-3]

Reganosa's Board of Directors approved the Strategic Plan for the 2016 - 2020 period, which sets out the company's focus and lines of action for tackling future challenges.

Strategic lines

Business as usual

As a TSO, a significant proportion of Reganosa's goals focus on optimizing the development, operation and maintenance of Spanish gas system infrastructure, and particularly on the integration of the European single market. It adapts its operations to the requirements of the sector and pays particular attention to the monitoring and development of the regulatory framework and to efficient asset management.

Innovation

The company's priority is to invest in innovation platforms and R&D projects that add value to the current business and continue to provide Reganosa with unique knowledge.

Domestic and international growth

Reganosa will continue to participate in projects on domestic and international markets, contributing its experience and knowledge, and will examine new gas asset investment opportunities.

Strategic actions:

- During planning processes, the development of a safe, efficient and flexible system ready to take on the challenges of the future.
- Promotion of the development of the infrastructure that makes it possible to implement a LNG hub in the north-west of the Iberian Peninsula, providing access to a cleaner and more competitive fuel.
- Expansion of the business by developing non-regulated activities related to the design, construction, operation and maintenance of gas infrastructure, participating in projects in Spain and other growing markets.



Strategic areas

Sustainability

A fundamental criterion for decision making in the company, ensuring robust, flexible and efficient business that is both environmentally and economically sustainable.

Energy efficiency plan

- Progressive reduction in energy consumption (up to 20%) and emissions (target zero).
- Implementation of technical improvements/enhancements

Information systems plan

Continuous improvement in business backing processes and regulatory and operational information procedures.

Human resources plan

- Hiring of professionals to develop the actions in the 2016 - 2020 Strategic Plan.
- Training and education.

■ Strategic plan 2016 - 2020.^{[103-2] [103-3]}

Progress made with achieving our strategic goals

1. BUSINESS:

- By submitting regulatory proposals, work together with the sector's different players and stakeholders on the process to implement the gas market and its secondary legislation.
- Cooperation with other TSOs on the european energy plan, which includes the infrastructure (TYNDP 2017), which has included infrastructure that needs to be developed in the north-west of the Iberian Peninsula to improve supply guarantee and safety, and to meet the new logistical needs.
- During its first year of operation, the services department has developed projects on four continents.

2. RESOURCES:

- Development of the human resources plan to increase the number of professionals by 40%
- Progress with the development of the Systems Plan.

3. SUSTAINABLE MANAGEMENT:

- Achieve a 25.8 % reduction in CO2 emissions after the implementation of the energy efficiency plan.
- Contribute to the cultural and educational development of the region, through the social action plan.

2017 Goals

- Maintain excellence and efficiency as a plant operator and TSO.
- Manage the regulatory, operational and financial risks and opportunities of the business, while maintaining financial solvency ratios.
- Invest in assets aligned with system and market needs, by developing the investment plan in accordance with budget forecasts and within the established period.

- The human resources plan sets out a personalised development plan for the company's professionals.
- Investment in technological innovation, processes and the business model, to develop the key projects defined in the Strategic Plan.

- Perform company's activities with exactitude/precision while protecting people and environment safety by means of physical and logical safety plan execution.
- Continue providing support to the social and economic environment in which Reganosa runs its business.



6

**Sustainable
management:
performance
and goals**

6.1

Business as usual

6.1.1 Safety first

Performance in 2016

Health and safety

- Development of the action plan defined following the drafting of the Health and Safety Commitment Plan.
- Development of a drill development plan for the Mugardos terminal, aimed to optimize technical work done by in-house and outsourced personnel in the event of possible accident scenarios.
- Implementation of the Integrated Management System at Reganosa Servicios, S.L. Certifications according to ISO 9001, 14001 and OHSAS 18001.
- Reduction in cumulative frequency and severity rates of in-house personnel.

Environment

- Maintenance of the plan for monitoring sediments and organisms on the coast close to the Mugardos terminal.
- Design and implementation of the energy efficiency plan.
- Reduction in CO2 emissions by 25.8 %.
- Inclusion of medical criteria, first aid practice and protocols for taking action in the event of incidents in the workplace.
- Sign a contract for the management of waste related to lighting sources.
- 5% reduction in the generation of hazardous waste.
- 5% reduction in the generation of non-hazardous waste.

Goals for 2017

Health and safety

- Implementation of the Information Security Management System (ISO 27001).
- Drafting of a corporate occupational risk prevention policy with unified criteria for all group companies.
- Development of the “Healthy Company” project.
- Inclusion of medical criteria, first aid practice and protocols for taking action in the event of incidents in the workplace.
- Development of a plan for Mugardos terminal, aimed at optimising technical work done by in-house and outsourced personnel in the event of possible accident situations.

Environment

- Development of the Carbon Footprint analysis for Reganosa.
- Updating of the environmental risk assessment according to the standard established in the environmental risk assessment guidelines for LNG plants, approved by the Ministry of Agriculture, Food and the Environment.
- Maintenance of the plan for monitoring sediments and organisms on the shellfish banks close to Mugardos terminal.
- Development of the Energy efficiency plan.
- Determination of natural gas leak emissions from Mugardos terminal.

Safety is the company main management principle. Reganosa applies the most demanding international standards to each of its activities, and develops the practices necessary to guarantee the safety of people, facilities and the environment.

The company has an Integrated Management System for its entire activity, audited annually, and certified to OHSAS 18001 standard, among others. This system ensures compliance with health and safety legislation, its integration into the company's general system, a commitment to adapt and perform continuous improvements, and risk control through the adoption of any necessary measures to eliminate or minimise risks. [416-4]

As part of the Integrated Management System procedures, Reganosa has developed a safety monitoring and observation method to allow occupational and industrial improvement actions to be monitored and observed. This method includes the organisation's criteria for communicating, analysing and responding to any incidents that are detected.

The health and safety commitment plan was developed during 2016 to implement a prevention programme in the organisation and set out the company's goals for improving working conditions and health protection, thus reinforcing the company's integrated safety goal.

Following an initial diagnosis including an analysis of occupational and industrial risks, and of the operation and management systems for

work done by internal and external personnel, training and awareness activities were run for the entire workforce based on the detected needs. In addition, strategies, procedures and action standards were established to achieve an accident rate of zero, and plan monitoring and control mechanisms were put in place to ensure maximum effectiveness.

Occupational hazards prevention system

[103-2]

Reganosa's Occupational Hazards Prevention System sets out the actions to be taken into account within the operational processes and working conditions and organization, for the purpose of ensuring control over the risks at all facilities.

Reganosa promotes a culture of safety among its contractors, by extending all measures and technical requirements to activities carried out at the facilities of partner companies. Contractors are examined before the contractual relationship is formalised, as well as during the course of the contractual relationship.

Commitment to the health and safety of people and strict compliance with our policies has allowed us to reduce the severity rate of our own personnel when compared to 2015, and keep the rate of occupational diseases at zero. [403-2]





[403-2]	2014	2015	2016
Frequency rate	4.99	9.68	10.01
Severity rate	1.33	0.59	0.09
Absenteeism rate*	3.57	1.48	4.67
Company staff frequency rate	8.61	8.17	8.29
Severity rate for own staff	2.29	0.56	0.07
Frequency rate for external workers	0	11.87	12.65
Occupational illness rate	0	0	0
Fatal victims	0	0	0

* The increase in absenteeism is caused by the existence of temporary long duration incapacity processes.

These figures are also made possible thanks to efforts made in the areas of training, awareness and safety exercises, aimed both at Reganosa professionals and at external people and companies who carry out activities at the company's facilities.

- **25.1** hours of health, safety and environment training per employee.
- **4** emergency drills at Mugardos terminal in 2016. [0616]
- **100%** safety talks given in advance to contractors working at our facilities

In addition, the Health and Safety Committee, consisting of two members of the group of technicians, two of the area managers and directors, meets quarterly to review the actions

of the company in the field of occupational risk prevention. The prevention delegates representing all of the company's professionals sit on this committee. [403-1]

Occupational health [103-2]

Reganosa promotes healthy habits among its professionals, by periodically conducting medical examinations and encouraging participation in health information campaigns and activities.

- **81.6%** of the workforce has undergone medical examinations in 2016.
- **32.65%** of terminal operators have received first aid training.

Safety of facilities [103-2] [103-3] [416-1] [413-1] [OG13]

Reganosa continuously monitors all of its facilities using the most advanced monitoring and control systems. In addition, it provides training on safety and actions to take in an emergency to 100% of external contractors working at its facilities. Similarly, the representatives of undergoing works or sites over which the gas pipelines run are informed about the characteristics and safety measures that apply to the infrastructure.

All necessary technological adaptations to the facilities undergo a rigorous Management of Change (MoC) procedure in which the needs for performing quantitative and qualitative risk studies are identified in accordance with international standards of best practices.

In 2016 Reganosa under its intensive safety training program a total of 4 emergency drills in the Mugardos LNG terminal, verifying the response capacity along the Self-protection plan and the Port Authority protection plan. Local fire brigades and Civil Police participated actively in all of them.

Similarly, personnel from Ferrol Fire Service make periodic visits to Mugardos terminal facilities to find out about, and familiarise themselves with the products that are handled and the different fire extinguishing systems that are installed. They also participate in fire training courses, along with personnel forming part of the company intervention team.



6.1

6.1.2 Care for the environment^[103-2]

Reganosa is a company that cares for the environment. Our commitment goes beyond respect for environmental legislation. We are concerned about the natural resources that surround us, and we want to contribute to their maintenance and improvement through our actions.

Therefore, the company has been certified according to the most demanding standards: The ISO 14001 international standard and the European Eco-Management and Audit Scheme. The implementation of the Integrated Management System in accordance with these standards ensures advanced environmental management, compliance with all regulatory provisions and the systematisation of environmental procedures and guidelines. Under this standard, Reganosa has taken on a continuous improvement commitment to prevent and minimise impacts associated with its activity.

The company establishes a control system that includes optional periodic study and procedures and training activities for the workforce. In addition, in its annual Environmental Statement, Reganosa sets specific goals for reducing its emissions and consumption of water, energy and materials, and the optimisation of waste management processes.



All environmental actions are carried out with transparency. The company has established several channels of communication that allow information requests from all parties interested in its operation to be responded to. All stakeholders are informed about environmental aspects of management through the annual Environmental Statement, and all doubts and suggestions can be forwarded through the communication channel provided on the website www.reganosa.com.

During 2016, an energy audit was conducted as part of the energy efficiency plan, to perform a detailed analysis of energy flows used in the company's activities and to detect opportunities for reducing the amounts of energy consumed and possible improvements to energy management systems.

Control of consumption

Reganosa uses energy and auxiliary materials to develop the activities and services provided in its facilities. On an annual basis, during audits of the Integrated Management System and EMAS, records of these consumptions are controlled and compared with those from previous years to assess the trend, check the efficiency of the processes and establish the goals and measures necessary for the following years.

Energy consumption

[302-1] [302-3]

During 2016, Reganosa consumed 22894 GJ of natural gas. In addition, 71198 GJ of electricity, and 1.519 GJ of diesel were consumed.

The total amount of energy consumed by Reganosa during this entire year was 95611 GJ, 26% less than the previous period. The increase seen in 2014 was mainly due to the days of operation below the technical minimum and the plant shutdowns, which made it necessary to burn natural gas. The decrease recorded in 2016 is due to a lower utilization of the combustor.

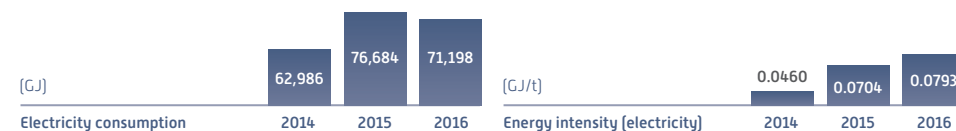
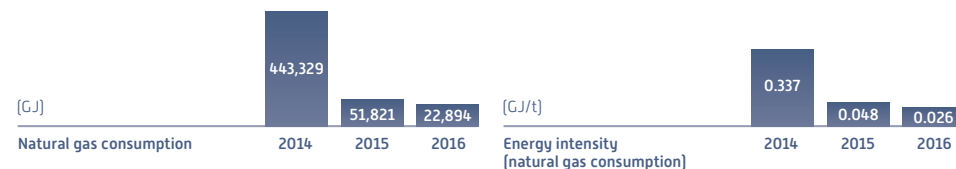
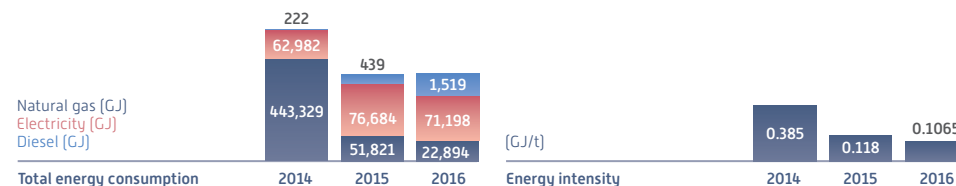
Natural gas

Natural gas is consumed at times when the facilities operate below the technical minimum, and during scheduled plant shutdown. A considerable reduction in the self-consumption of natural gas has been seen since 2015 because, even though the general global activity values remain the same, less natural gas has been used for LNG-ship transfer operations and more has been regasified. This, in conjunction with the distribution of plant shutdowns in shorter periods of time has allowed the reduction to be made.

Electricity

Mainly used for the operation of LNG terminal equipment. electricity is currently the most important source of energy that is consumed.

A slight increase was seen in the use of electricity in 2015, primarily influenced by increased regasification activity.

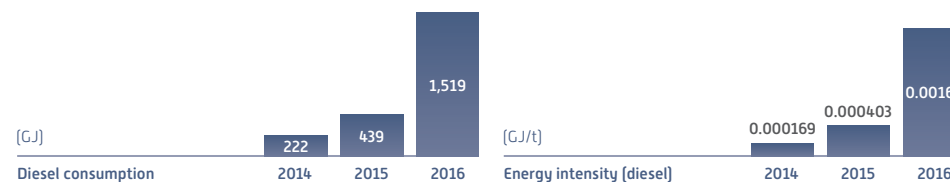


Consumption of materials

[301-1]

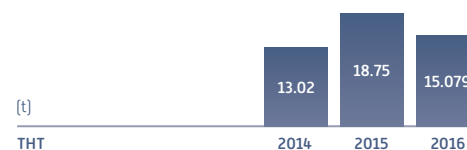
Diesel

In 2016, the use of diesel accounted for 1.6% of total energy consumption. The increase in consumption was due to the start-up of the emergency generator during stoppages to allow maintenance work to be carried out on the electricity supply grid. Also included is the fuel consumption of the company's fleet of vehicles.



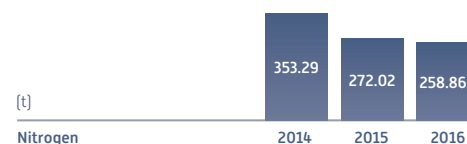
THT (Tetrahydrothiophene)

THT is a compound used as an odorant in the natural gas transport network for safety reasons. Its concentration in gas pipelines is determined by regulations and its consumption is linked to the regasification that is carried out.



Nitrogen

Its consumption is related to the inerting of equipment before and after maintenance tasks, as well as the sweeping and emptying arms upon completion of LNG loading and unloading operations of ships and tanker trucks. In 2016 there was a decrease in its consumption due to the type of services and the maintenance work carried out.



Sodium bisulphite

This compound is used in LNG terminals to neutralize the sodium hypochlorite used in the seawater circuit. In turn, sodium hypochlorite is continuously generated in an electrochlorination plant installed upstream the seawater circuit, and is used to prevent the development of micro-organisms inside pipes and equipment.



Water consumption

[303-1] [303-2] [306-1]

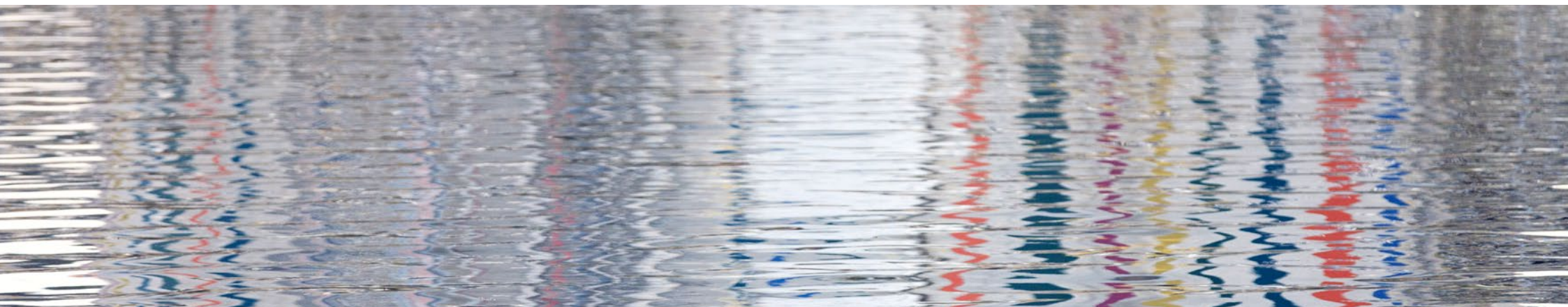
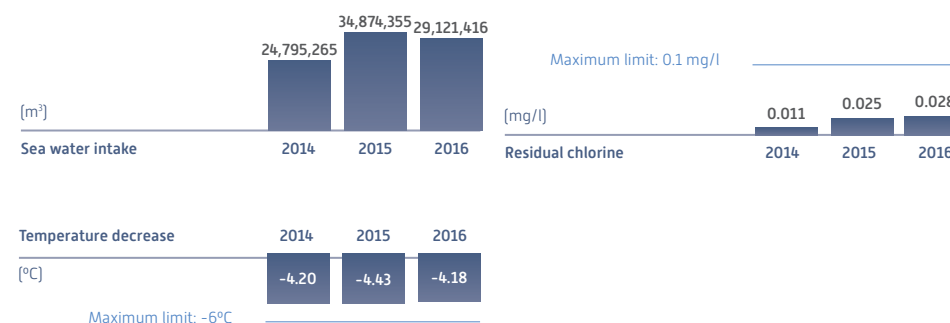
Water for services in the facilities

Water is mainly consumed for industrial and cleaning uses. This also includes sanitary and auxiliary uses.



Sea water

Sea water is used for regasification processes in terminals to increase the temperature of LNG and achieve its liquid to gas phase change. The volume used is returned in its entirety to the marine environment, with a slight temperature decrease. The chlorine and temperature parameters of the water returned to the sea are well below the established limits.



Emissions

[103-2] [103-3] [305-1] [305-2] [305-7]

Greenhouse GAS emissions

Reganosa conducts the annual atmospheric control checks according Regulation (EU) 601/2012. Direct emissions (Scope 1 according to the GHG Protocol standard) are generated by the combustion of natural gas for self-consumption, and by the consumption of diesel in auxiliary engines of equipment at Mugardos terminal. According to the aforementioned regulation, emissions are calculated based on fixed generation sources, so the consumption of the fleet of vehicles is not included. The trend of indirect emissions of greenhouse gases (Scope 2 according to GHG Protocol standard), corresponding to the generation of electricity consumed, remained stable over the 2014-2016 period.

Emissions of other gases

In 2016, NOx emissions in the submerged combustion vaporizer at Mugardos terminal dropped to a minimum of 19.93 kg.

Emission rights [201-2] [306-4]

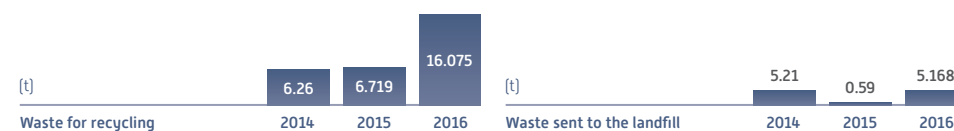
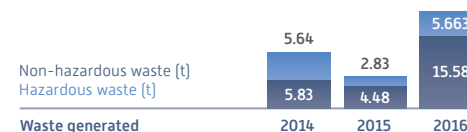
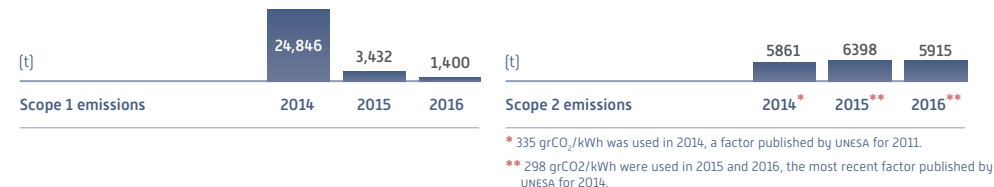
Reganosa purchases long-term emission rights to cover its needs, in addition to the allocation of rights that it acquires from the European Union Emission Trading Scheme. During 2016 it was necessary to purchase 761 t of emission rights.

Waste management

[306-2] [306-4]

Waste generated by Reganosa is very limited, and is mainly due to maintenance and cleaning tasks of facilities and equipment.

Where possible, the company recycles and reuses the waste that it generates. In 2016, 83% of hazardous waste and 73% of non-hazardous waste were forwarded for recovery and recycling processes.



Source: Acceptance document from the company in charge of waste management.

■ Collaborative initiatives to improve our environmental performance.

Best environmental practices Agreement, signed between the Port Authority of Ferrol-San Cibrao (APFSC) and Reganosa.

By signing this Agreement in 2013, Reganosa undertook to comply with the stipulations of the Environmental Best Practices Guidelines approved by Puertos del Estado (Spanish Government Port Management department), and to implement continuous improvement systems for the control of operations and maintenance tasks.

To verify this, an annual monitoring and review process is carried out to require the company, among other requirements, to maintain the certification of its environmental management system according to the ISO 14001 international standard and the EMAS Regulations, and to develop its commitment through the execution of environmental investments.

Study of "Periodic monitoring of the evolution of the infralittoral benthic communities in Santa Lucía Bay" performed by the Graña Marine Biology Station, run by the University of Santiago de Compostela.

[304-2] [306-5] [OG4]

Since 2006, Reganosa has drawn up a two-monthly voluntary study aimed at periodically monitoring the composition and structure of infralittoral benthic communities in Santa Lucía Bay.

The analyses allow the evolution of these communities to be controlled. They include evaluations of the substrate, the amount of organic matter deposited and the hydrodynamic influence of Reganosa's discharge on sedimentation processes.

The results show that the discharge affects neither the composition nor the structure of the benthic communities located in the vicinity of the terminal. Furthermore, comparisons of the state of micro-organism systems with historical data (prior to the presence of Reganosa) have also shown that the terminal has had no impact on the marine environment.

Climate change cluster

Reganosa has joined the climate change cluster run by Forética. In this cluster, it works together with the largest Spanish companies to share strategies and participate in initiatives that allow the main trends and practices in the fight against climate change to be translated into the Spanish context.



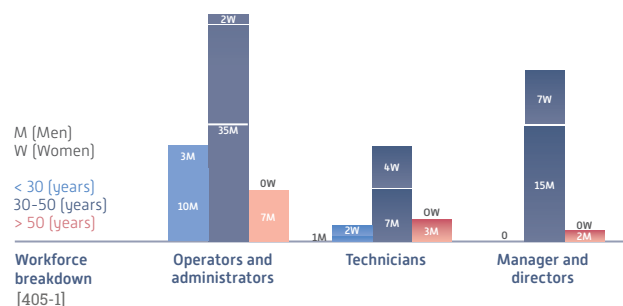
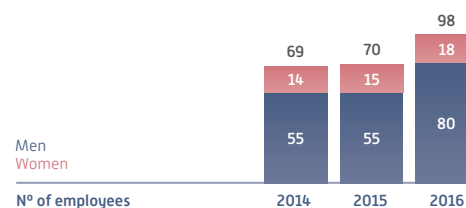
6.1

6.1.3 Working environment [103-2] [102-8]

Performance in 2016 and outlook for 2017

During 2016, Reganosa began development on its human resources plan to enhance the capacities of its human capital and to meet the needs of the company's growth. One of the actions carried out was the definition of the programme to recruit new professionals. Processes to attract and retain talent were run with the aim of assigning the most expert professional profiles to each project. In addition, a personalised evaluation analysis has been performed on each professional to identify existing and necessary levels of key competences and training in the organisation, and the training and development policy has been redefined. During 2017 financial year, according to the 2016 - 2020 Strategic Plan, Reganosa will continue to develop its comprehensive professional training and career development plan.

Reganosa promotes a working environment based on the fundamental principles of safety, respect for people, equal opportunities, professional development and retention of talent. The company currently has a workforce with an average age of 39.92 years, made up of 55% of higher and medium level graduates, with a turnover rate of 0.03.





Social welfare

Reganosa offers its employees medical and life insurance, facilitates the use of maternity and paternity leave, including the modification and adaptation of working conditions, and establishes reductions in working hours if necessary. In addition, work-life balance mechanisms are established through teleworking, and a continuous working schedule has been implemented for personnel not subject to shifts. [401-2]

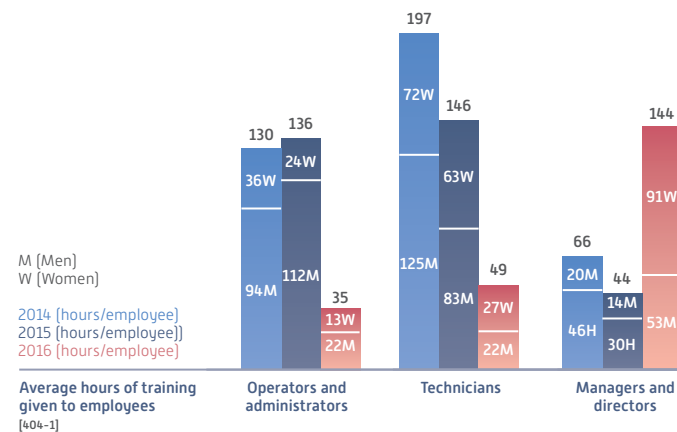
Professional training and development.

Training plans are a key part of the human resources policy. The aim is to maintain the professionals' high level of training, to update their general and specific knowledge, and to provide

them with knowledge that allows them to meet all the needs that may arise in their job. [103-2]

41.8 hours of training per professional in 2016

Similarly, Reganosa professionals are given foreign languages training throughout the year; they attend specialization courses and are given access to Master's programmes.



Competence assessment system.

The competence-based management system implemented by the company is an effective tool that can give professional career guidance and detects competence and key skills training needs for each job and profile. [404-3]

97.96% of the workforce underwent performance assessments in 2016.

The competence-based management mechanism also allows workers to be promoted based on their merits and capabilities. This ensures equal opportunities for access to jobs, eliminating any discrimination based on sex, age, religion and any criteria other than performance, for all professional categories.

Respect for diversity and prevention of any kind of discrimination, during both the recruitment and hiring processes and over the course of professional careers, is regulated in the company's Code of Ethics and Conduct.

These same criteria also extend to the salary policy, the differentiating criteria of which are based on merit and the level of responsibility within the organisation. In addition, variable remuneration is linked to the achievement of individual and corporate goals.

The average salary received by Reganosa's employees is more than double the minimum wage, and salary brackets are in place to ensure

internal equity and that salaries are competitive to encourage talent recruitment and retention. [202-1]

Labour agreement.

Reganosa has a labour agreement in place, and keeps a communication and collective bargaining channel open with employee representatives. Working conditions and mutual labour concerns are periodically analyzed.. 68.4% of employees are included in the labour agreement (53.8 % of operators and 14.9% of technicians). [102-46]



6.1

6.1.4 Customer focus^[103-2] ^[103-3]

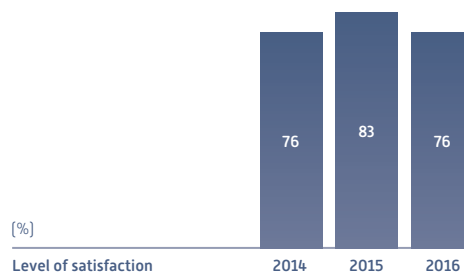
Maintaining customer satisfaction is a priority described in the Quality Policy. Reganosa adjusts its services to meet customer needs, and focuses efforts on operational efficiency and the continuous improvement of its processes.

The company holds ISO 9001 certification for all its activities, which accredits the continuous implementation of the systems and resources necessary to verify and improve the performance and efficiency of all its activities. In addition, ISO 17025 certification was obtained during 2016, which verifies the adoption of the highest quality standards and requirements in the company's test and calibration laboratories.

The company periodically runs satisfaction surveys aimed at finding out about customer opinions and necessities relating to the operations and services provided. Based on the answers, Reganosa identifies aspects for improvement and compares expectations, allowing it to adopt new measures and design actions that offer an increasingly satisfactory service.

Level of satisfaction.

Surveys were sent to 100% of our customers in 2016



In order to guarantee third party access to the network, Reganosa publishes clear and detailed information about the services that it offers on its website, specifying all necessary technical issues. Furthermore, it uses a tool common to all TSOs (transparency template) to provide information about the management of the company's transport network.



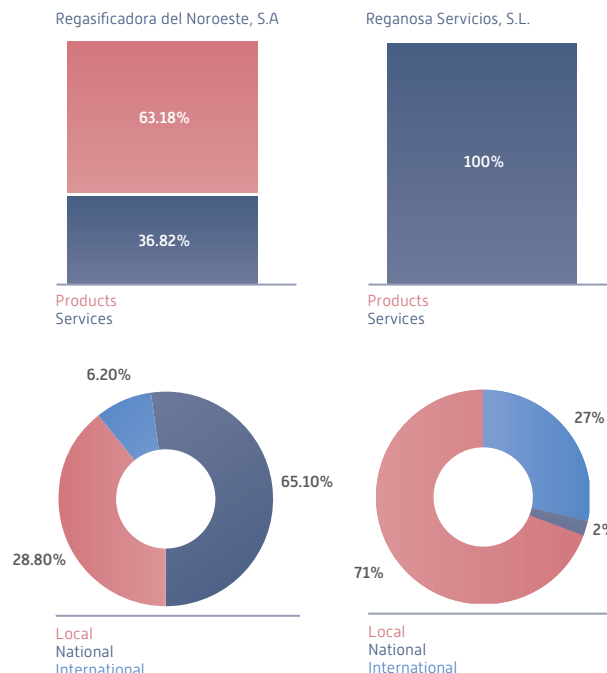
6.1

6.1.5 Supply chain management

Reganosa's supply chain comprises:

- Suppliers of materials and equipment.
- Suppliers of the work and services required for infrastructure construction, operation and maintenance. [102-9]

Supplier classification in 2016 [102-9]



Reganosa has a supplier approval procedure that checks the occupational, environmental, technical, quality and safety performance of suppliers, as well as corporate social responsibility aspects, which verifies their suitability to participate in the tendering procedures. In 2016, 49.8% of Galician suppliers were approved in accordance with this procedure.

An external supplier registration database [Repro] is also used to check compliance with the established criteria, and to verify that they meet legal requirements. After awarding tenders, Reganosa establishes service level agreements (SLAs) in contracts, through which the quality of the service provided is measured.

Supplier approval system [308-1]

Approval

- Availability of environmental, safety and quality management systems on the suppliers part.
- Compliance with legal requirements.
- Technical capacities and credentials.
- Respect for the United Nations Global Compact and the Universal Declaration of Human Rights.

Selection:

Contracts are awarded to suppliers with the highest technical and economic qualifications. The availability of environmental management systems is taken into account during technical assessments. In 2016, 56.4% of approved suppliers held ISO 14001 certification.

Assessment:

Periodic assessments based on level of service agreements, which measure factors such as service quality and the level of excellence. 25% of critical suppliers were assessed in 2016.

6.1

6.1.6 Relationship with our stakeholders [103-2]

Accomplishment in 2016:

- Active participation in sector workshops, seminars and conferences.
- Report on the company's performance during the year through the drafting of the first Annual Report according to principles defined by the International Integrated Reporting Council (IIRC).
- Continuing the programme of visits to know the terminal in Mugardos

2017 goals:

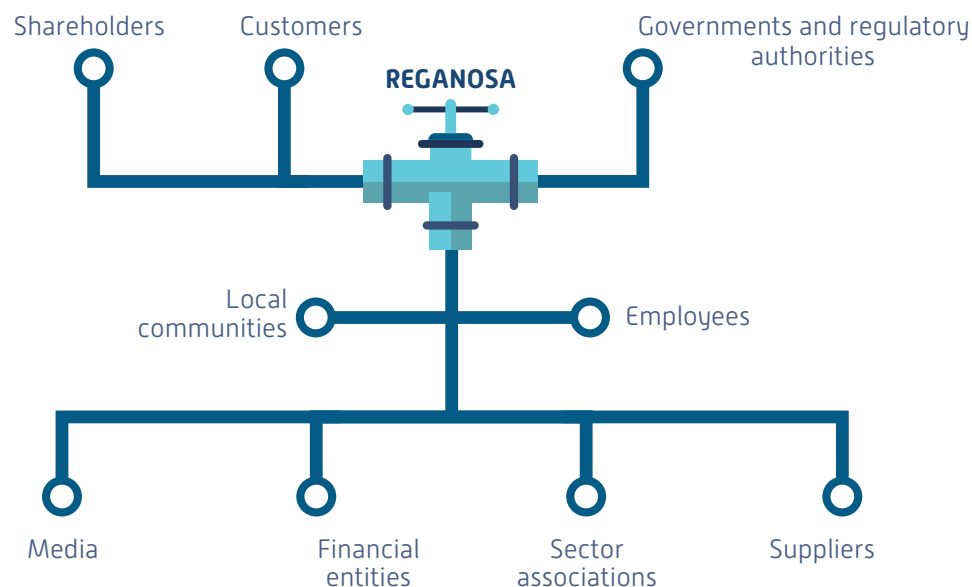
- Approval of the communication plan for stakeholders.
- Draw up the 2017 Annual Report to report on the company's development during the financial year.
- Continuing the programme of visits to know the terminal in Mugardos.
- Active participation in workshops, seminars and conferences.

Reganosa is firmly convinced that the greatest value to provide its stakeholders with is to create trust and providing the information they may demand. Channels that allow easy, transparent and honest communication have been established.

The company aspires to understand stakeholder needs and expectations. Based on this knowledge it develops an operational and sustainable strategy that responds to all the interests of the groups, peoples and entities with which it has relations. Identifying the opinions and preferences

of stakeholders is also a valuable assessment tool, making a continuous improvement process possible.

The company constantly identifies these stakeholders, analyses the issues relevant to them, establishes a continuous communication procedure and carries out periodic follow-up to ensure that their demands are adequately met.



■ Stakeholder relationships.

Reganosa's commitment to its stakeholders is reflected in its effort to keep in fluid contact with them and to identify issues that are relevant to each of them.

To manage communication processes with these stakeholders, the company has developed specific channels adapted to their characteristics. These channels are used to deal with, discuss and make proposals relating to all aspects relevant to both parties. [102-21] [102-40] [102-42] [102-43] [413-1]

Stakeholder	Relationship mechanism
Governments and regulatory authorities	The regulated nature of the activity means continuous contact with these institutions. Their queries and opinions are part of the company's day-to-day activities.
	Periodic meetings.
	Sector seminars and conferences.
	Information submitted to meet legal obligations.
Customers	Quality surveys.
	Periodic meetings to respond to all interests and needs.
	Reganosa's website contains information for carrying out operations.
	Sector seminars and conferences.
Employees	Meetings held periodically and upon request from workers sitting on the Company Committee.
	Intranet.
	Human resources area.
	Social networks.
	Ethical Channel



Stakeholder	Relationship mechanisms
Local communities	<p>Reganosa runs an open door policy. Guided tours around the terminal and informative meetings are held year-round with community associations and groups, to discuss and assess their particular concerns and needs. Anybody can visit our facilities by sending an application to http://www.reganosa.com/es/antes-de-visitarnos.</p> <p>Social networks.</p> <p>Corporate website.</p> <p>Press releases.</p> <p>On-line communication channel.</p> <p>Ethical Channel</p>
Shareholders	Shareholders actively participate in the management of the company through governing bodies and at periodic meetings.
Suppliers	<p>Suppliers have a direct point of contact with the contracting area, to whom they can send any suggestions or queries.</p> <p>Corporate website.</p>
Media	<p>Reganosa maintains a relationship of trust and transparency with the media, to which it offers a point of contact at all times. Reganosa's Management holds interviews with representatives of these media who are provided information about company performance.</p> <p>Corporate website.</p> <p>Social networks.</p>
Sector associations	<p>Reganosa holds periodic meetings with representatives and members of associations of which it is a member, or forms part of their governing bodies.</p> <p>Work groups.</p> <p>Open days, forums and conferences.</p> <p>Public information surveys and procedures.</p>
Financial entities	<p>Regular submission of information.</p> <p>Published financial information.</p>



6.2

Domestic and international growth

6.2.1 Wealth generation and activity

By running its business, Reganosa generates economic and social growth, and creates values for its stakeholders through the transformation of material, financial and social resources.

Direct economic value distributed by Reganosa [201-1] [203-2]

€5.2 M of value distributed to society through taxation

€4.4 M of value distributed to employees

€0.2 M in social investment in the community

€9.5 M of value distributed to suppliers

€5.1 M of value distributed to capital providers

Indirect economic contribution of our activity [103-2] [203-2]

Reganosa's activity has the following major indirect impacts:

It promotes the productive efficiency of industries. In Spain, 89% of truck loading

operations were aimed at industries and companies. Switching of the fuel used for their processes has led to improved competitiveness in terms of cost savings, as well as a considerable reduction in CO2 emissions. Specifically, emission reductions related to switching fuel amounted to 34,263 tCO2eq in 2016.

Increase in port traffic.

Reganosa's activity increases maritime traffic in the ports where it is located, as well as the related contracting of goods and services. The economic value generated by port traffic in 2016 amounts to € 5.3 million at Mugardos terminal.

Reinforces the activity of other sectors.

Contracting suppliers creates indirect employment. In Spain, the economic development of local communities is especially favoured, as 49.79% of our works and services suppliers in 2016 were from Galicia.



6.2

6.2.2 Business growth and development

Performance in 2016

- Participation in gas infrastructure development projects on 4 continents, contributing the company's knowledge and experience.
- Participation in drafting the standards that develop the organised gas market in Spain.
- Collaboration with the TYNDP 2017, including the infrastructure necessary for developing a LNG hub in the north-west of the Iberian Peninsula and confront new logistic opportunities. [203-1]

Goals for 2017

- Develop the activity of Reganosa Servicios, strengthening knowledge of the company.
- Take advantage of business opportunities in accordance with the criteria established in the 2016 - 2020 Strategic Plan.
- Reinforce the company's international presence as a European LSO and TSO.

Reganosa Servicios was incorporated in 2015 to contribute knowledge and experience with studies, project design, consultancy, engineering and gas infrastructure management. During 2016, the company has participated in projects developed on four continents, and has participated in all asset phases; from feasibility studies to management of the commercial operation phase. Reganosa has contributed its knowledge and experience to all types of gas infrastructure - in gas pipelines and LNG terminals, with all types of technological configurations: Floating Storage and Regasification Units (FSRU), Floating Storage Units (FSU) and onshore *plants*.

From among the various projects in which Reganosa has participated in 2016, emphasis should be placed on the operation and maintenance of Delimara regasification plant in Malta, a fundamental facility according to the government project that will modernise Malta's energy model and guarantees security of supply .

6.2

6.2.3 Value creation for our shareholders [103-2] [201-1]

Reganosa has maintained its solvency and results in 2016. This year, EBITDA reached a total of 44.6 million euros and net profit amounted to 14.9 million euros. The net debt to EBITDA ratio stood at 2.9, a 0.42 reduction, placing the company in an increasingly solvent position to take on the actions set out in the 2016-2020 strategic plan.

In line with previous financial years, efficiency efforts have been maximised through a plan for cost control and the optimisation of operational processes.

€58.5 M regulated revenue

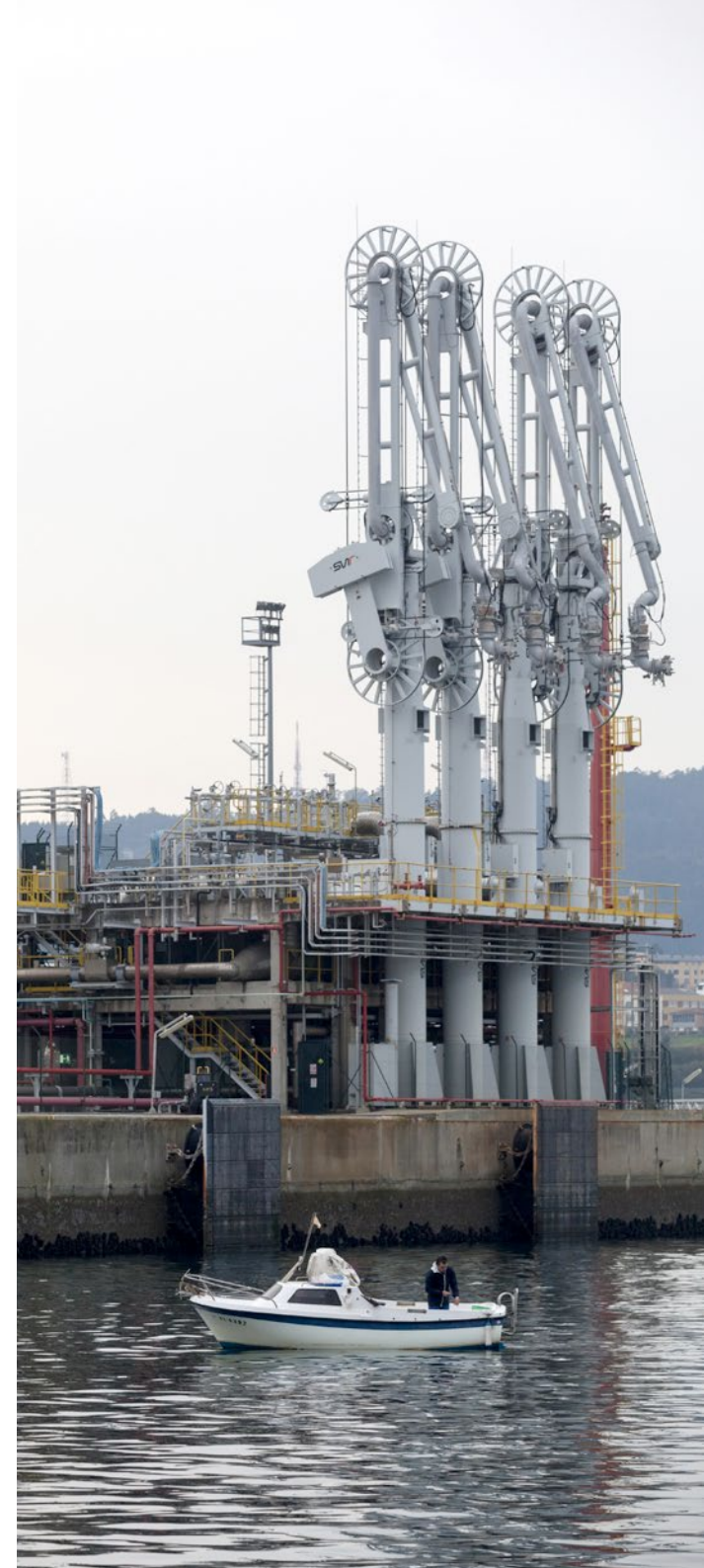
€44.6 M EBITDA

€14.9 M net profit

(€ million)			
EBITDA	2014	2015	2016
	44.88	47.32	44.6

(€ million)			
Regulated revenue	2014	2015	2016
	56.41	59.58	58.5

(€ million)			
Net profit	2014	2015	2016
	12.01	15.50	14.9



6.2

6.2.4 Social commitment [103-2] [203-2]

Reganosa is a people-focused organisation and is committed to society. As a result, it develops projects in the fields of education, culture and sport.

Performance in 2016

- An agreement has been signed with the Galician Health Service to support a simulation and ongoing training classroom for the field of life support and technical assistance for hospitals in the local community declared of Galician Interest by order of the Galician Government's Department of Health.
- Maintenance of the scholarship and training practices programme.
- Cooperation with universities and education centres on training and research programmes.
- Active cooperation in sector open days, seminars and conferences.
- Maintenance of the Mugardos terminal facility meetings and tours programme.
- Organisation of the XVI Reganosa Art Event.

Goals for 2017

- Maintenance of the sponsorship programme.
- Implementation of the corporate volunteering programme.
- Maintenance of the scholarship and training practices programme.
- Cooperation with universities and education centres on training and research programmes.
- Active cooperation in sector workshops, seminars and conferences.
- Continue promoting meetings and programme of visits at Mugardos terminal facility.
- Drafting of the sustainable management plan.
- Organisation of the XVII Reganosa Art Event.



Knowledge support

The company works with a range of different universities, business schools and study centres in Galicia. In this way it contributes to the development of research, the generation of technical knowledge and student training.

Training programs with universities and education centres.

Reganosa maintains continuous collaboration with Galician education centres and universities. The company's directors and professionals teach classes for different university Master's programmes (MBA and Master in Logistics and Transport at the University of A Coruña and the Inter-university Master in Statistical Techniques, at the universities of Vigo, A Coruña and Santiago), engineering degrees, professional training schools and at the Mathematical Institute of Industrial Technology (ITMATI), as well as at secondary education institutes, among other institutions.

Scholarships and internship programme.

To attract talent and encourage the training and job placement among young people, Reganosa runs an annual programme that gives university and professional training students access to company internships and scholarships. Between 2014-2016, 51 students and new graduates participated in this programme, in the areas of production, finance, legal consultancy, development, laboratory and contracting.

Cultural and sport activities [203-2] [413-1]

Sponsorships.

Reganosa supports and sponsors social activities and charity initiatives with three fundamental goals: social activities, encouraging sport and healthy habits, and the promotion of artistic and cultural activities.

Partner projects are selected by identifying needs in the surrounding area, either in a proactive manner or following requests from the people involved. The Steering Committee assesses the initiatives and approves any partnerships in line with the company's principles and culture, which create value and have a positive impact on the community. In 2016, Reganosa devoted 122,000 euros to donations and sponsorships.

The organisations benefiting from these

contributions from the programme to encourage sport and healthy habits have 6,800 members and beneficiaries.

Main activities and associations sponsored by Reganosa in 2016.

- Mugardos sea club.
- Racing de Ferrol football club.
- Galicia de Mugardos Sport and Cultural Society.
- Mugardos housewives association.
- Novoa Santos Foundation.
- Ferrol University Club.
- Exponav Foundation.
- Tourist promotion of Mugardos.



XVI Edition of Reganosa Art Contest

For yet another year running, the company organised the Reganosa Art Event, inviting a selection of Galician artists involved in painting, sculpture, collages and photography, selected based on their work and track records. The event's theme was Reganosa's surroundings.



*The selected work, by **María Blanco**, was added to **Reganosa Art Collection**, a limited series of copies were produced.*

6.3

Innovation [103-2]

Investments in innovation allow Reganosa to acquire unique knowledge to be transferred to its customers, offering innovative and added value services. The infrastructures we operate are able to receive the largest LNG carriers in the world, while maintaining maximum availability, flexibility and efficiency.

Development of the gas network modelling tool (GANESO) [203-1]

Mathematical modelling has been used to create a tool to simulate and optimise the physical behaviour of the high pressure gas pipeline network in Spain. Similarly, the software is able to simulate the gas transmission networks of any country in the world.

This research project, developed jointly by Reganosa and the Department of Statistics and Applied Mathematics of the University of Santiago de Compostela (USC) is directed by Professor of Applied Mathematics Alfredo Bermúdez de Castro. The tool can replicate complex pipeline networks with all of their components (compression stations,

valve positions, LNG and liquefaction plants, underground storage, etc.) and can consider any demand scenarios and operating conditions. Simulation results allow decisions to be made on energy planning and infrastructure development, system operation, regulatory policies and tariff methodologies.

A new functionality was added to GANESO during 2016 for the optimisation of infrastructure development. The software can calculate the most sustainable configuration from an economic point of view, such that different demand scenarios are taken into account to guarantee security of supply. This model has been integrated with the gas system's hydraulic simulation and optimisation functionalities, allowing economic and operational analyses to be combined. Furthermore, the tool allows the behaviour of energy losses and missbalance in the gas pipeline network to be analysed, which is essential for making decisions for the management of this aspect.

It is envisaged that development will continue on the tool during 2017, and a demand planning module will be included. This will allow the estimation of different scenarios based on forecasts and the evolution of factors that may affect them.

Reganosa and the Department of Statistics and Applied Mathematics of the University of Santiago de Compostela were awarded a prize by the Galician Royal Academy of Sciences and the Galician Innovation Agency for the best



LNG hub in the north-west of the Iberian Peninsula [103-2] [203-1]

In 2014, Reganosa received financial aid from the European Commission, as part of the TEN-T programme, to conduct design studies for the infrastructure, facilities and procedures necessary to implement a LNG fuel supply centre, to help reduce the use and environmental impact of petroleum-based fuels. Reganosa participates in this project together with the Port Authority of Ferrol-San Cibrao (APFSC), INEGA, the USC and Navantia.

The implementation of a hub in the north-west of the peninsula, at the centre of Atlantic routes, would give Galicia leverage for growth, and would make the Port of Ferrol a well known LNG supply point. A cleaner and lower-cost fuel will have a positive impact on business productivity, and increased port traffic will generate significant synergies with shipyards and companies in the logistics sector.

All of the activities and studies required to develop the project were completed during 2016; market and demand, navigation conditions, transfer procedures, components to set up the supply chain, technical adaptations required in Mugardos terminal and the regulatory framework. All necessary infrastructure is currently included in the TYNDP.

Reganosa is part of a project for the promotion of LNG as a CORE LNGas hive fuel, awarded by

the European Commission in the multi-year call for tender for the "Connecting Europe Facility" (CEF) programme, led by Puertos del Estado. This initiative, which includes several pieces of infrastructure, has a total budget of 33.3 million euros, which is 50% funded by the European Commission. Reganosa is participating in conjunction with 41 other partners, with the aim of developing a secure and efficient logistics chain for the supply of LNG as a fuel in the transport sector, particularly in the maritime sector.

During this financial year, Reganosa has participated in activities related to the identification of training needs for all positions forming part of the logistics chain. It has also participated in the definition of technical, safety and environmental specifications for the use of LNG as a fuel for marine and port use.

As planned, Reganosa has carried out the basic engineering for the adaptation of Mugardos terminal infrastructure, in accordance with new operational needs for the implementation of LNG as a fuel and for small scale supply activities. The engineering includes the adaptation of port facilities (mooring system, defences and vessel access), the modification of the process through the installation of flexible hoses for loading LNG, and the implementation of a system to meter the LNG transferred to the vessels. In addition, Reganosa forms part of the work group entitled "Directives for the design and operation of supply facilities of liquefied natural gas (LNG) as a fuel for ships and other port and

similar vehicles", lead by the Technical Association of Ports and Coasts (ATPYC). It is also participating in the development of R&D projects for small scale solutions (LNGPack).



Commitments

- Operate in a safe, efficient and environmentally friendly manner.
- Contribute to Security of energy supply and to the development of the gas system and the European market.
- Create value for shareholders.
- Continue being a driving force for growth in Galicia.
- Invest in the development and well-being of local communities.
- Guarantee good governance and ethical behaviour during operations and relations with stakeholders.
- Train and retain talent.



7

Corporate Governance

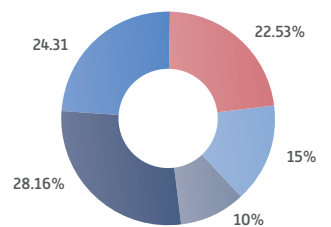
reganosa



7.1

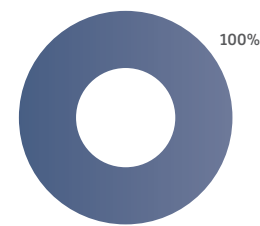
Shareholder structure [102-10]

Reganosa's shareholder structure is a significant asset, due to its diversity, solidity and knowledge of the sector. The company currently has the following shareholders:



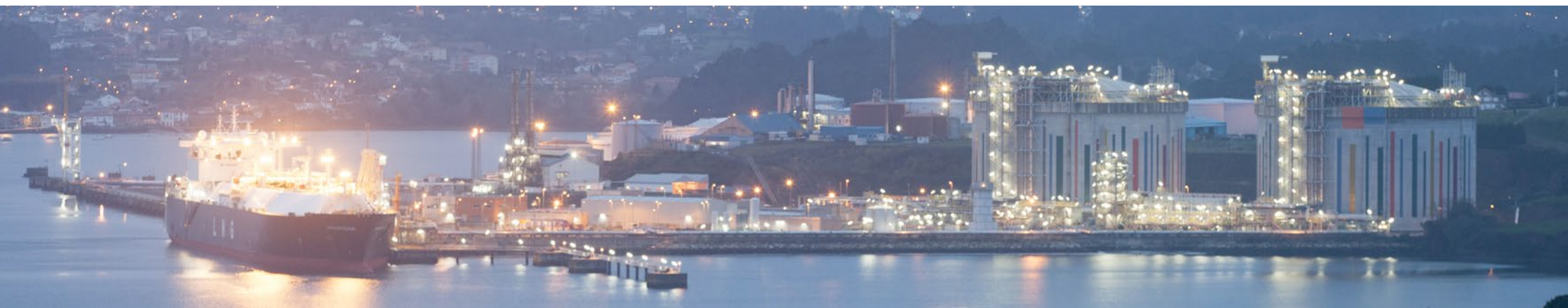
Reganosa:

Gallega de Distribuidores de Alimentación SA
Autonomous Community of Galicia
Forestal del Atlántico SA
First State Regasificadora SLU
Sonatrach Petroleum Investment Corporation BV



Reganosa Servicios:

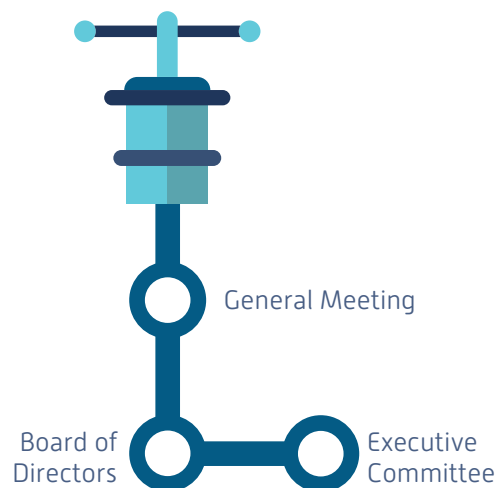
Regasificadora del Noroeste SA



7.2

Governing bodies

Reganosa's governing bodies are the General Meeting of Shareholders, the Board of Directors and the Executive Committee. Their activities are based on the principles of independence, specialization and transparency. [102-18]



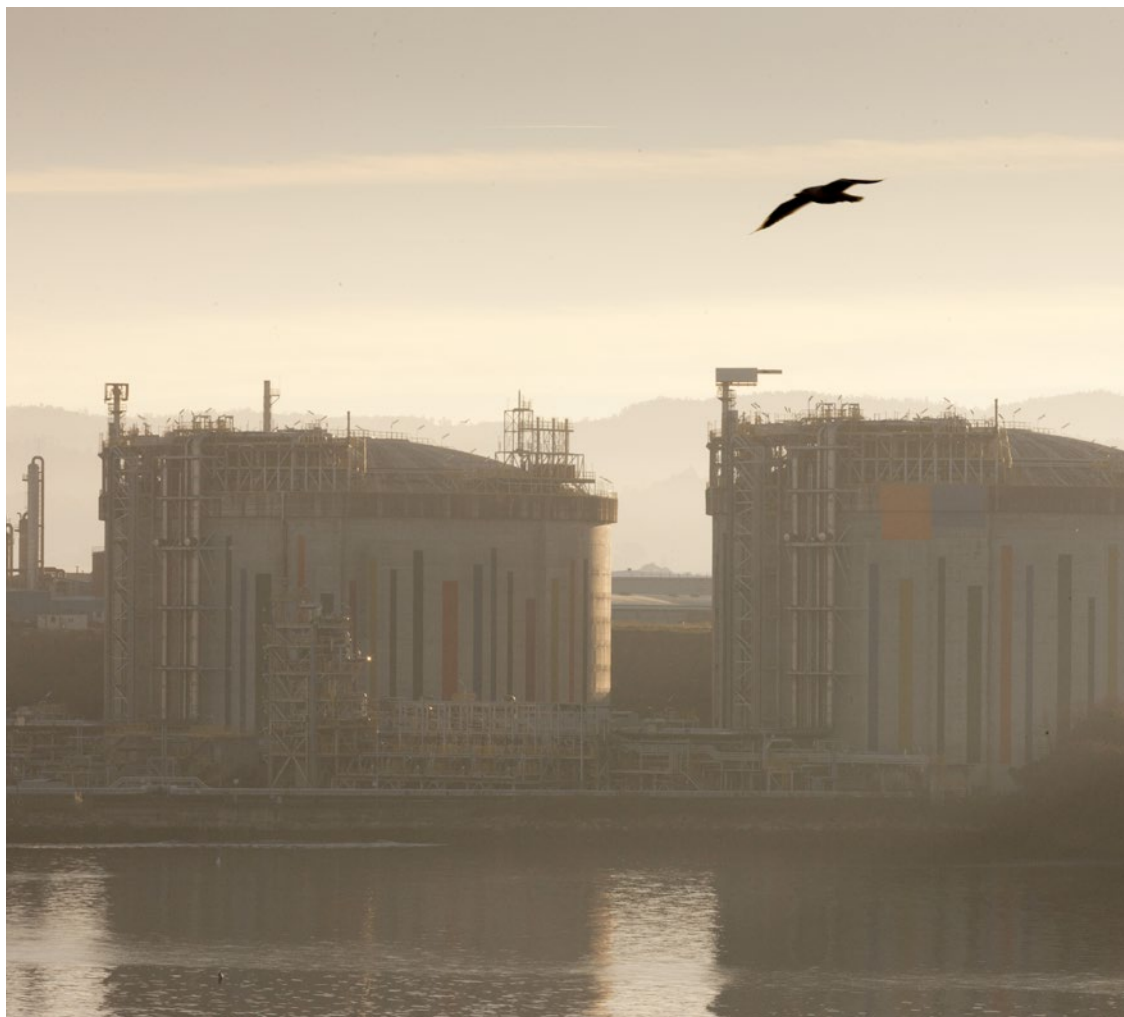
7.2

7.2.1 General Meeting of Shareholders

The General Meeting of Shareholders is the highest level governing body. As laid down in the Articles of Association, the Shareholders' will expressed at the General Meeting governs the life of the company, pursuant to the Law and to the Articles of Association themselves.

The meeting must be held during the first half of the financial year to evaluate the management of the company, approve the annual accounts and decide on the application of the results.

Reganosa helps its shareholders to exercise their rights to information, attendance and participation in the General Meeting, and makes available to them adequate information for exercising their voting rights, pursuant to the Law and the Articles of Association.



7.2

7.2.2 Board of Directors

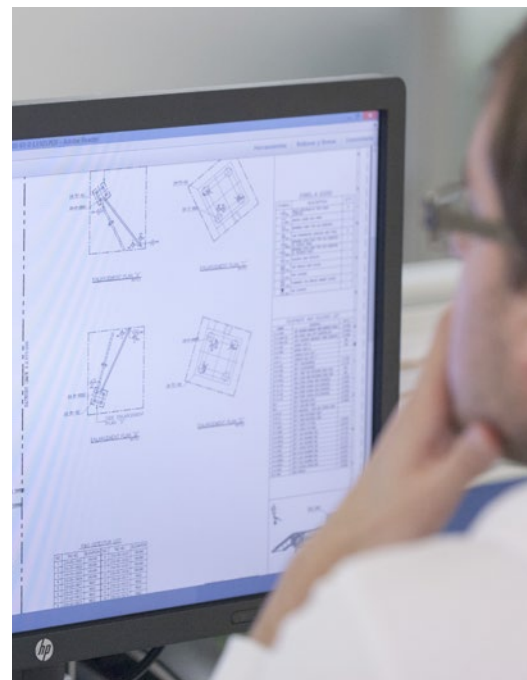
The Board of Directors is the body that takes the company's main management decisions, with the exception of decisions reserved by law or by the articles of incorporation for the Annual General Meeting. It is the essential core of management and supervision, is in charge of approving the company's general policies and strategies, particularly the Strategic Plan, the Business Plan and the management model. It is also responsible for supervising the activities of the Executive Committee, made up of board members, and the Management of Reganosa. Its composition and operation are regulated by the Articles of Association. [102-19] [102-26] [102-29] [102-30] [102-33]

The Board of Directors is periodically informed of all procedures, plans and proposals that are submitted by the Management for its consideration and, if applicable, agreement, for adequate risk control and management.

The board has 20 members, 5% of whom are women. Board members have the obligation to dedicate the time and effort necessary to carry out their role diligently and effectively, and to adopt any measures necessary for the proper management and control of the company. [405-1]

The Board of Directors meets as often as necessary to correctly perform its management and supervisory functions; in any case, it meets at least once per quarter. It met a total of 6 times during 2016. [102-31]

Similarly, board members carry out their duties with loyalty, avoiding situations of conflict of interest. They perform their duties in line with the Code of Ethics and Conduct, the principles and values of which have been promoted and developed by the Board of Directors. [102-25]



Composition of the Board of Directors at 31st December 2016

[102-23]

Nombre del Consejero	Cargo	Naturaleza del cargo	Cargo en la Comisión Ejecutiva
José María Paz Goday	Chairman	Executive	Chairman
Ángel Bernardo Tahoces	Board Member	Shareholder Director	
María Del Socorro Martín	Board Member	Shareholder Director	Secretary
Manuel Galdo Pérez	Board Member	Shareholder Director	
Germán María González Del Valle Chávarri	Board Member	Shareholder Director	
Manuel Lara Coira	Board Member	Shareholder Director	
Marcos López García	Board Member	Shareholder Director	
Jesús Louro Carballeira	Board Member	Shareholder Director	
José Luis Méndez López	Board Member	Shareholder Director	
Niall Patrick Nills	Board Member	Shareholder Director	
Tomás Pedraza Bosi	Board Member	Shareholder Director	Spokesperson
Ivan Seoane Abuin	Board Member	Shareholder Director	
Roberto Tojeiro Peleteiro	Board Member	Shareholder Director	
Roberto Tojeiro Rodriguez	Board Member	Shareholder Director	Spokesperson
Alfonso Rueda Valenzuela	Board Member	Shareholder Director	Spokesperson
Forestal del Atlántico, SA (Andrés Fuentes Martín-Corral)	Board Member	Shareholder Director	
Impregnaciones Melamínicas Gallegas, SA (Jesús Louro Carballeira)	Board Member	Shareholder Director	
Gallega de Distribuidores de Alimentación, SA (Roberto Tojeiro Rodriguez)	Board Member	Shareholder Director	
Inderdip Singh Syan	Board Member	Shareholder Director	
Valeriano Martínez García	Board Member	Shareholder Director	

7.2

7.2.3 Executive Committee

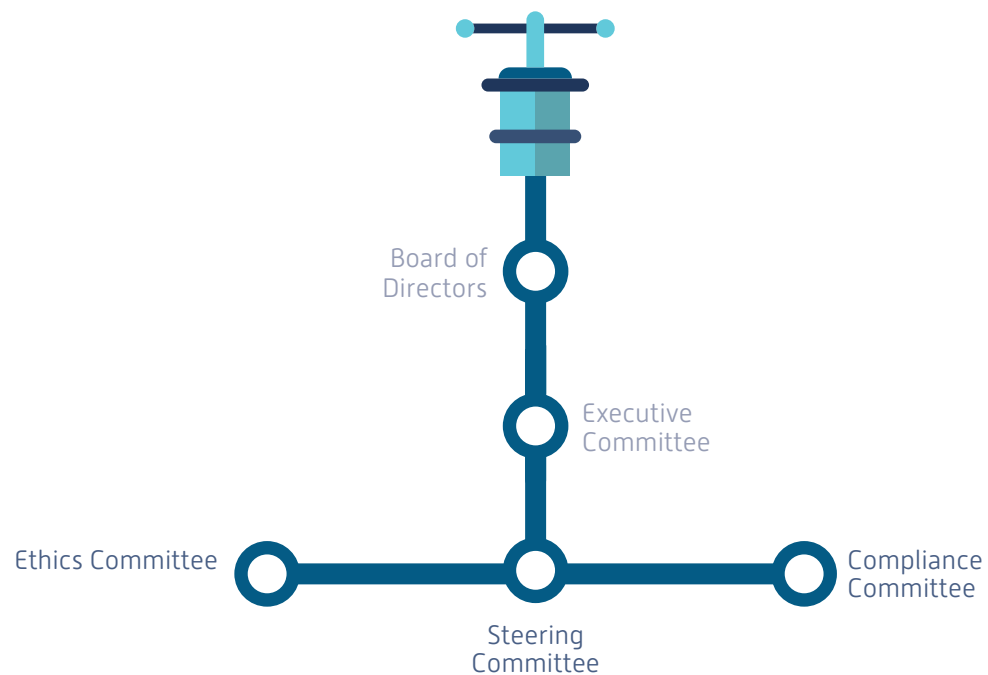
The Board of Directors has set up an Executive Committee to which it has delegated powers, reserving for itself those set out in the Articles of Association "Basic Agreements of the Board of Directors", and which brings great operability to the company's management. [102-19] [102-22]



7.3

Management bodies.

Reganosa's management is structured into the following governing bodies, with executive or control competences, or certain specific functions:



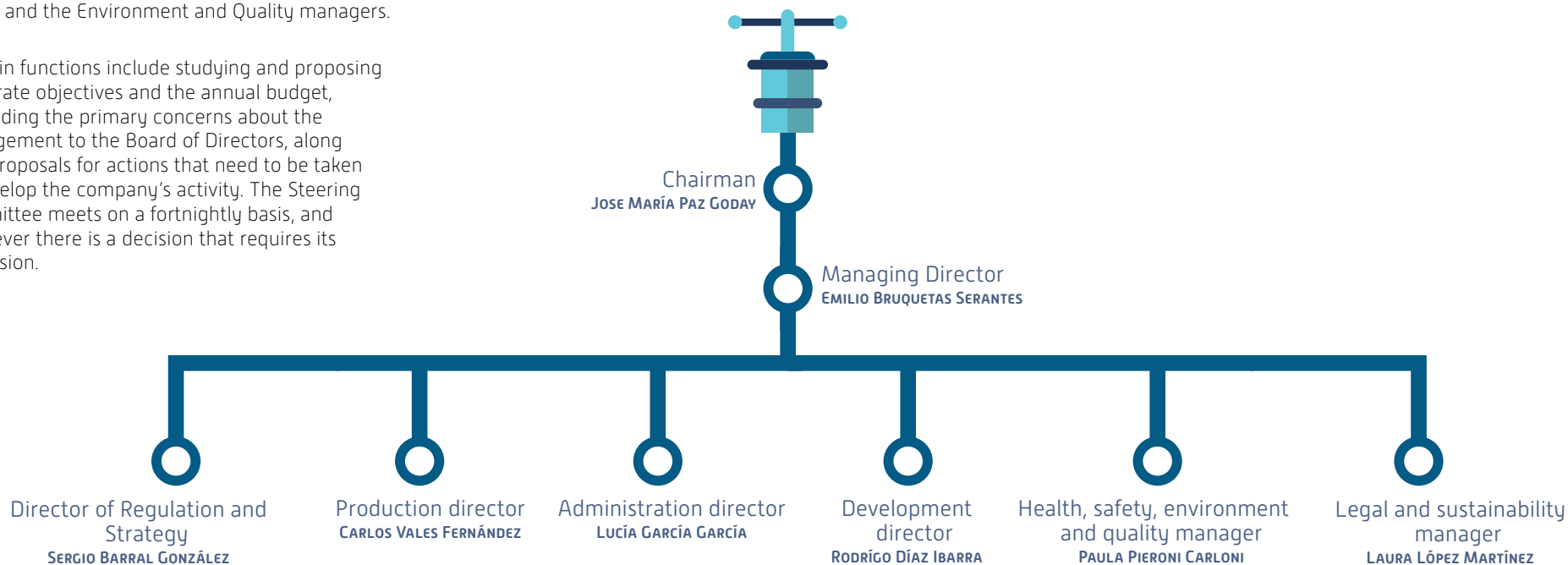
7.3

7.3.1 Steering Committee^[103-3]

The Steering Committee is the body that coordinates the different areas of Reganosa's business, and performs the internal control of the company's activity. It has the following 7 members, 43% of whom are women: the Managing Director and Directors of the following different business areas: Regulation and Strategy, Production, Administration and Development, and the manages of the Legal and Sustainability, Health, Safety and the Environment and Quality managers.

Its main functions include studying and proposing corporate objectives and the annual budget, forwarding the primary concerns about the management to the Board of Directors, along with proposals for actions that need to be taken to develop the company's activity. The Steering Committee meets on a fortnightly basis, and whenever there is a decision that requires its discussion.

According to the Articles of Association, the organisational chart and the appointment of the directors must be agreed by a two-thirds majority of the Board of Directors, in line with the criteria of maximum competence and professionalism. ^[102-22]

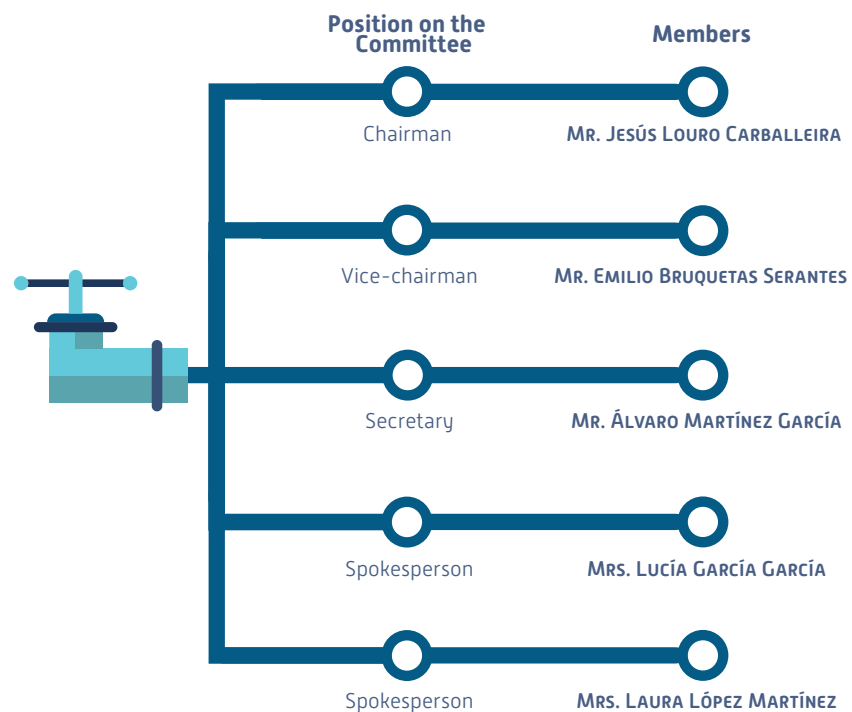


7.3

7.3.2 Ethics Committee

The Ethics Committee is a standing consultancy and advisory body, whose mission is to ensure that the values and principles established in the Code of Ethics are followed in the organisation. It advises the Board of Directors on the adoption of policies to promote ethical behaviour in the company.

Its operation is governed by the internal regulations of the Ethics Committee. It is made up of five members, 40% of whom are women:

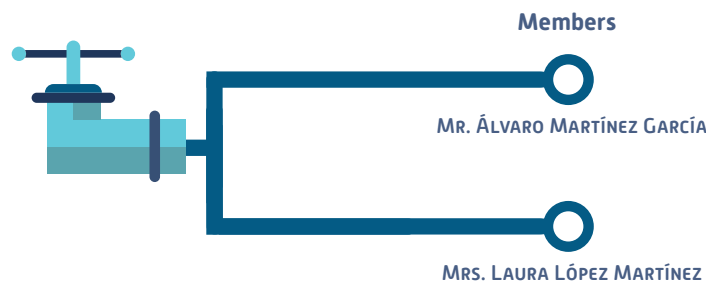


7.3

7.3.3 Compliance Committee

An independent body that oversees the compliance and effectiveness of the company's risk prevention model. It aims to correctly channel any non-observance and ensures that current legislation is complied with. It has the following main functions, set out in the Internal Regulations of the Compliance Committee:

- Monitor all of the risk prevention measures, policies and procedures adopted in the company.
- Prepare and implement suitable training programmes for all company personnel.
- Ensure that any necessary periodic verifications are made of the criminal risk prevention manual, and periodically assess its compliance and effectiveness.
- Draw up an annual report on the activity of the Compliance Committee, which should be forwarded to the Board of Directors.
- Analyse any changes in legislation and any other new features that could affect the prevention model.
- Work with the managers and directors of each area to maintain a periodic reporting system to ensure the effectiveness of established controls and procedures.



7.4

Good corporate governance

[102-24] [102-25] [102-28]

Management practices of Reganosa's Board of Directors

- The Articles of Association ensure compliance with the principle of separation of activities. They prohibit board members from sitting on management bodies of companies with stakes in production or retail.
- The conflict of interest policy sets out a framework for action at Reganosa for dealing with and preventing situations of conflict of interest in all of its bodies and areas of activity. It ensures that relations with third parties and stakeholders are coordinated in line with criteria of objectivity, transparency and respect for legality.
- The anti-corruption and fraud policy sets out Reganosa's commitments to identifying, preventing and sanctioning possible irregular situations or corruption.

- The Board of Directors is assisted by a legal advisor who controls the legality of the agreements and decisions taken, and provides legal advice.
- The Ethics Committee and Compliance Committee provide information and advice, within their respective spheres of competence, to the Board of Directors, and propose such measures as may be deemed necessary.
- The criteria for appointing directors are independence, diversity and specialization.

Remuneration of the Board of Directors

[102-35] [102-36] [102-37]

Remuneration paid to members of the Board of Directors (as detailed in the Articles of Association) consists of allowances for attending each meeting. The amount of this allowance is fixed each year by an agreement of the Shareholders General Assembly, within the maximum limits established by legislation in force at any given time.



Independent verification report

[102-56]



KPMG Asesores, S.L.
Pº. de la Castellana, 259 C
28046 Madrid

Informe de Revisión Independiente para la Dirección de Regasificadora del Noroeste S.A.

De acuerdo con nuestra carta de encargo, hemos revisado la información no financiera contenida en el Informe Anual de Regasificadora del Noroeste S.A. (en adelante Reganosa) del ejercicio cerrado a 31 de diciembre de 2016 (en adelante, "el Informe"). La información revisada se circunscribe al contenido del "Índice de contenidos GRI" del Informe identificado con el símbolo "✓".

Responsabilidades de la Dirección

La Dirección de Reganosa es responsable de la preparación y presentación del Informe de conformidad con los *Sustainability Reporting Standards* de Global Reporting Initiative (GRI Standards), en su opción exhaustiva, y el Suplemento Sectorial *Oil and Gas*, según lo detallado en el punto 102-54 del Índice de contenidos GRI del Informe. La Dirección también es responsable de la información y las afirmaciones contenidas en el mismo; de la determinación de los objetivos de Reganosa en lo referente a la selección y presentación de información sobre el desempeño en materia de desarrollo sostenible, incluyendo la identificación de los grupos de interés y de los asuntos materiales; y del establecimiento y mantenimiento de los sistemas de control y gestión del desempeño de los que se obtiene la información.

Estas responsabilidades incluyen el establecimiento de los controles que la dirección considere necesarios para permitir que la preparación de los indicadores con un nivel de aseguramiento limitado esté libre de errores materiales debidos a fraude o errores.

Nuestra responsabilidad

Nuestra responsabilidad es llevar a cabo una revisión limitada y, basado en el trabajo realizado, emitir este informe. Hemos llevado a cabo nuestro trabajo de conformidad con la Norma ISAE 3000, *Assurance Engagements other than Audits or Reviews of Historical Financial Information*, emitida por el International Auditing and Assurance Standard Board (IAASB) y con la Guía de Actuación sobre trabajos de revisión de Informes de Responsabilidad Corporativa emitida por el Instituto de Censores Jurados de Cuentas de España (ICJCE). Estas normas exigen que planifiquemos y realicemos nuestro trabajo de forma que obtengamos una seguridad limitada sobre si el informe está exento de errores materiales.

KPMG aplica la norma ISQC1 (*International Standard on Quality Control 1*) y de conformidad con la misma mantiene un sistema integral de control de calidad que incluye políticas y procedimientos documentados en relación al cumplimiento de los requerimientos éticos, estándares profesionales y requerimientos legales y regulatorios aplicables.

Hemos cumplido con los requerimientos de independencia y otros requerimientos éticos del *Code of Ethics for Professional Accountants* emitido por el International Ethics Standards Board for Accountants, el cual está basado en los principios fundamentales de integridad, objetividad, competencia y diligencia profesionales, confidencialidad y comportamiento profesional.

Revisión limitada sobre indicadores con nivel de aseguramiento limitado

Nuestro trabajo de revisión limitada se ha llevado a cabo mediante entrevistas con la Dirección y las personas encargadas de la preparación de la información incluida en el Informe, y la aplicación de procedimientos analíticos y otros dirigidos a recopilar evidencias, como:

- La comprobación de los procesos que dispone Reganosa para determinar cuáles son los aspectos materiales, así como la participación de los grupos de interés en los mismos.

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- El análisis de riesgos, incluyendo búsqueda en medios para identificar asuntos materiales durante el ejercicio cubierto por el Informe.
- La revisión de la consistencia de la información que responde a los Universal Standards de GRI con los sistemas o documentación interna.
- El análisis de los procesos de recopilación y de control interno de los datos cuantitativos reflejados en el Informe, en cuanto a la fiabilidad de la información, utilizando procedimientos analíticos y pruebas de revisión en base a muestreos.
- La revisión de la aplicación de los requerimientos establecidos en los *Sustainability Reporting Standards* de Global Reporting Initiative (GRI Standards), de conformidad con la opción exhaustiva.
- La lectura de la información incluida en el Informe para determinar si está en línea con nuestro conocimiento general y experiencia, en relación con el desempeño en sostenibilidad de Reganosa.
- El contraste de la información financiera reflejada en el Informe con la incluida en las cuentas anuales de Reganosa, auditadas por terceros independientes.

Nuestro equipo multidisciplinar ha incluido especialistas en el desempeño social, ambiental y económico de la empresa.

Los procedimientos llevados a cabo en un encargo de aseguramiento limitado varían en naturaleza y tiempo empleado, siendo menos extensos que los de un encargo de revisión razonable. Consecuentemente, el nivel de aseguramiento obtenido en un trabajo de revisión limitado es inferior al de uno de revisión razonable. El presente informe en ningún caso puede entenderse como un informe de auditoría.

Conclusiones

Nuestra conclusión se basa, y está sujeta a los aspectos indicados en este Informe de Revisión Independiente. Consideramos que la evidencia que hemos obtenido proporciona una base suficiente y adecuada para nuestras conclusiones.

En base a los procedimientos realizados y a la evidencia obtenida, tal y como se describe anteriormente, no se ha puesto de manifiesto ningún aspecto que nos haga creer el Informe Anual de Regasificadora del Noroeste, S.A. del ejercicio cerrado a 31 de diciembre de 2016 no haya sido preparado, en todos los aspectos significativos, de acuerdo con los *Sustainability Reporting Standards* de Global Reporting Initiative (GRI Standards), en su opción exhaustiva, y el Suplemento Sectorial *Oil and Gas*, según lo detallado en el punto 102-54 del Índice de contenidos GRI del Informe, lo que incluye la fiabilidad de los datos, la adecuación de la información presentada y la ausencia de desviaciones y omisiones significativas.

En otro documento, proporcionaremos a la Dirección de Reganosa un informe interno que contiene todos nuestros hallazgos y áreas de mejora.

Propósito de nuestro informe

De conformidad con los términos y condiciones de nuestra carta de encargo, este Informe de Revisión Independiente se ha preparado para Reganosa en relación con su Informe Anual 2016 y por tanto no tiene ningún otro propósito ni puede ser usado en otro contexto.

KPMG Asesores, S.L.

José Luis Blasco Vázquez

17 de marzo de 2017

About this report

[102-46] [102-47] [103-1] [102-44] [102-43]

This Annual Report is drafted based on the principles of the GRI standards and the International Integrated Reporting (IR) Framework. Based on these criteria, the Report presents all matters reflecting Reganosa's significant economic, environmental and social impacts during the financial year ending 31 December 2016. This report has been verified by KPMG Advisers according to the ISAE 3000 standard.

Information perimeter

The information perimeter contained in this report corresponds to the Consolidated Annual Accounts of Regasificadora del Noroeste, S.A. and its subsidiary, Reganosa Servicios, S.L. In cases where the reported information corresponds to a scope different to the

established perimeter, this will be specified in the corresponding section or table.

Methodology and analysis of the material

Pursuant to that established in the GRI standards, Reganosa performs an annual materiality study aimed at identifying and updating any key aspects that should be considered by the company, from the dual perspective of its relevance to the organisation and to its stakeholders. These aspects include those that reflect the organisation's significant economic, environmental and social impacts, as well as those that have a substantial influence on the analysis and decisions of stakeholders.

Activities carried out in 2016 to update this materiality analysis consisted of:

Identification of issues

Firstly, an analysis of issues that concern stakeholders was performed to determine which of them can be deemed relevant to Reganosa. This analysis was performed based on a range of different external sources and the material issues of companies with activities similar to those of Reganosa. Similarly, the company's previous materiality studies were also taken into account

Prioritisation of issues

Two perspectives are taken into account for the prioritisation process; on the one hand, the external evaluation of the issues, in terms of their importance to stakeholder decision making and,

on the other, the internal evaluation of issues in terms of their strategic importance. The following activities are carried out for this purpose:

External evaluation

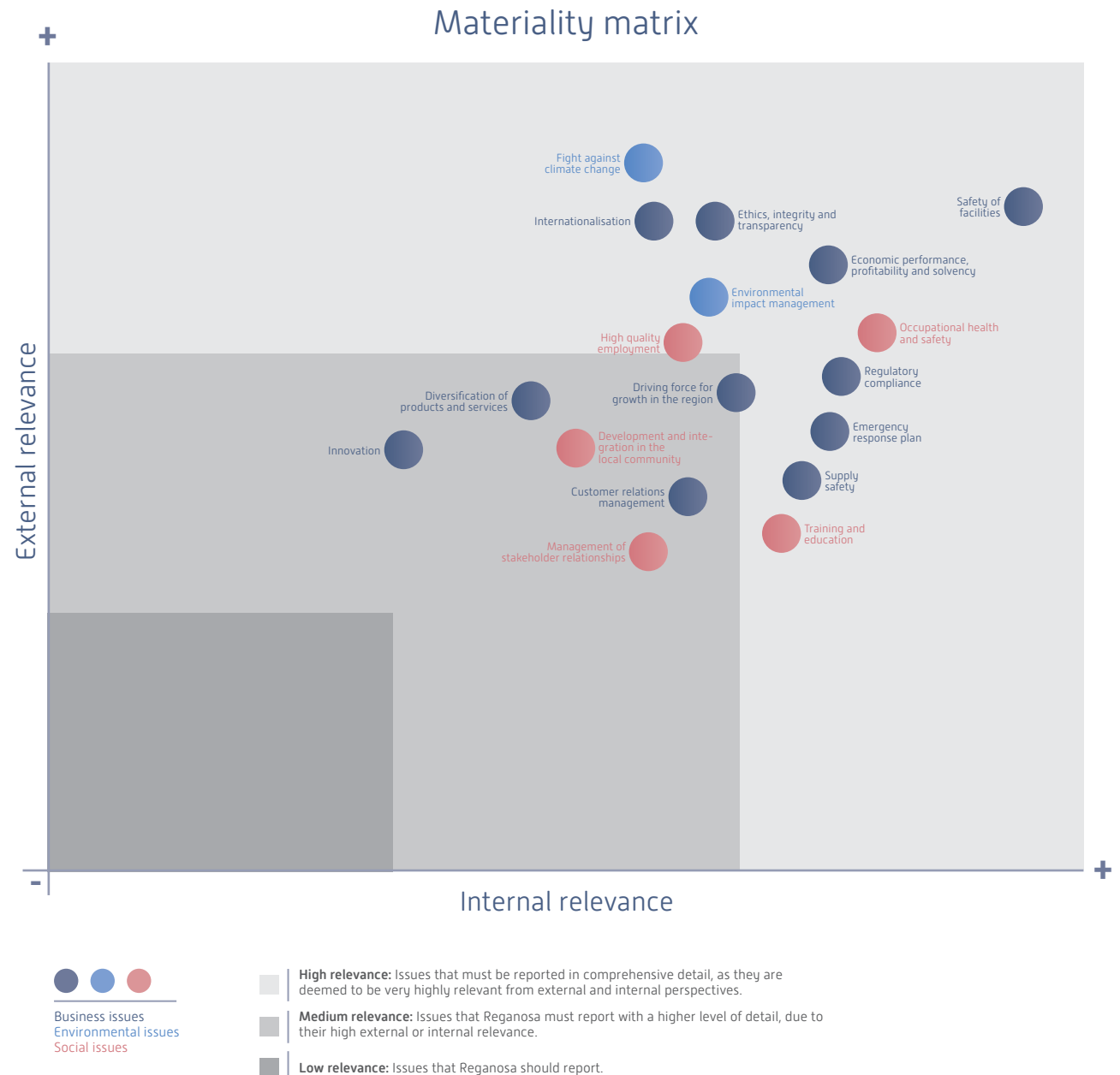
- Analysis of news published in the media and press releases issued by the company in relation to different sustainability-related variables.
- Assessment of the sector's context through the identification of sustainability aspects that are critical to other companies with activities similar to those of Reganosa.
- Telephone conversations with representatives of Reganosa's main stakeholders, with the aim of directly assessing their concerns and main expectations.

Internal evaluation

- Interviews with directors to find out about the main risks and opportunities related to sustainability, as well as the company's priorities in the future.

Content determination [102-47]

Based on the results of the previous phases a materiality matrix is created. It allows a list of material issues to be determined, which is used to identify the GRI standards related to each of its items.



[102-46] [103-1]

Material issues	Description	GRI Standard	Scope	Impact
Economic performance, profitability and solvency	<ul style="list-style-type: none"> Profitable growth, ensuring solvency, profitability and cost efficiency. 	GRI 103 GRI 201	Inside and outside the organisation	Direct
Ethics, integrity and transparency	<ul style="list-style-type: none"> Code of Conduct. Ethics Committee. Fight against corruption, bribery and fraud. Prevention of conflicts of interest. Efficient and confidential complaint mechanisms. Corporate communication on ESG aspects. 	GRI 102 GRI 103 GRI 205	Inside and outside the organisation	Direct
Regulatory compliance	<ul style="list-style-type: none"> Regulatory compliance, including energy and environmental regulations. 	GRI 103 GRI 307 GRI 419	Inside and outside the organisation	Direct
Diversification of products and services	<ul style="list-style-type: none"> Business expansion through the development of unregulated service provision activities related to the design, construction, operation and maintenance of gas infrastructures, participating in Spanish and international projects. Adaptation to logistical needs. 	GRI 102 GRI 103	Inside and outside the organisation	Direct
Internalisation	<ul style="list-style-type: none"> Development of new investment and partnership opportunities that fit into its financial and strategic parameters. 	GRI 102 GRI 103	Inside and outside the organisation	Direct
Driving force for growth in the region	<ul style="list-style-type: none"> Economic value creation leverage in Galicia. Wealth creation (direct, indirect and induced jobs, and contribution to GDP). Contracting of local suppliers. Inclusion of young people in the job market (scholarships, internships, job-seeking help, enterprise support). 	GRI 103 GRI 202 GRI 203 GRI 204	Inside and outside the organisation	Direct - Indirect
Innovation	<ul style="list-style-type: none"> Development and enhancement of the company's capabilities. 	GRI 103	Inside and outside the organisation	Direct
Safety and supply	<ul style="list-style-type: none"> Contribution to security of supply and to the development of the gas system. Guarantee of supply to protected companies and customers. 	GRI 103	Inside and outside the organisation	Direct - Indirect
Customer relations management	<ul style="list-style-type: none"> Services aimed at meeting customer needs. Customer satisfaction. 	GRI 103	Inside and outside the organisation	Direct
Emergency response plan	<ul style="list-style-type: none"> Crisis management system and company resilience. Tools and mechanisms necessary to deal with a crisis. 	GRI 103	Inside and outside the organisation	Direct
Safety of facilities	<ul style="list-style-type: none"> Procedures and standards for identifying, assessing and preventing risks and reporting accidents. Evaluations of occupational practices of its suppliers and their promotion of health and safety. 	GRI 103	Inside the organisation	Direct

* Direct: The organisation contributes directly to the impact

Indirect: The organisation is related to the impact through its business relations.

Material issues	Description	GRI Standard	Scope	Impact
Environmental impact management	<ul style="list-style-type: none"> • Environmental policy and environmental management system. • Periodic monitoring of the company's environmental performance (use of water, energy consumption, consumption of materials, discharges, waste, impact on biodiversity, etc.). • Measurement of environmental impacts of transport activities. • Measures to prevent and mitigate the impacts of its activity on the environment. • Certification to international standards (e.g. ISO, EMAS). 	GRI 103 GRI 301 GRI 302 GRI 303 GRI 304 GRI 306 GRI 308	Inside and outside the organisation	Direct
Fight against climate change	<ul style="list-style-type: none"> • Energy consumption reduction strategy, defining reduction goals for all levels - both direct and indirect consumption - to minimise the company's contribution to climate change. • Promotion of the use of LNG as a sustainable and competitive energy (ship fuel). 	GRI 103 GRI 305	Inside and outside the organisation	Direct - Indirect
High quality employment	<ul style="list-style-type: none"> • Implement measures to ensure diversity, equal opportunities and non-discrimination in the organisation. This also includes aspects related to freedom of association and collective bargaining, as well as the procedures available to the entity to ensure that employees can raise their complaints and make comments and claims. • Develop strategies in line with the resources plan to attract and retain talent: welcoming plans, performance assessment processes, work-life balance and occupational promotion measures, employee satisfaction surveys and other instruments to motivate employees and enhance their commitment. 	GRI 102 GRI 103 GRI 401 GRI 402 GRI 405 GRI 406	Inside the organisation	Direct
Occupational health and safety	<ul style="list-style-type: none"> • Prevention and training systems. • Health and safety strategies, procedures and performance standards that allow performance to be measured. • Monitoring tools and mechanisms. 	GRI 103 GRI 403	Inside the organisation	Direct
Training and education	<ul style="list-style-type: none"> • Professional training and development plan. • Motivation to employees to use their skills for the development of innovative elements that help improve the company's performance (e.g. new management systems, tools, etc.). 	GRI 103 GRI 404	Inside the organisation	Direct
Community development and integration	<ul style="list-style-type: none"> • Corporate social actions strategy; including donations, community investments, initiatives such as sponsorship, support for universities and other institutions, corporate volunteering. • Impact of the social action on the region (e.g. Number of beneficiaries). 	GRI 103 GRI 203 GRI 413	Inside and outside the organisation	Direct - Indirect
Management of stakeholder relationships	<ul style="list-style-type: none"> • The entity's plans and policies aimed at identifying its stakeholders, identifying their expectations, designing responses and managing relationships. • Existing dialogue and communication mechanisms. • Management of local community concerns. 	GRI 103	Inside and outside the organisation	Direct

GRI contents index [102-55]

	Contents	Page or direct response	Omissions	External verification
GRI 101: 2016 Fundamentals				
General Content				
GRI 102: 2016 General Content	102-1 Name of the organisation.	Regasificadora del Noroeste, S.A.		No
	102-2 Activities, brands, products and/or services.	11		No
	102-3 Location of headquarters.	The company's headquarters are located in Mugar-dos [A Coruña].		No
	102-4 Location of operations.	8		No
	102-5 Ownership and legal form.	Regasificadora del Noroeste, S.A. is a Private Corporation and Reganosa Servicios, S.L. is a Limited Company.		No
	102-6 Markets served.	8		No
	102-7 Scale of the organisation.	16		Yes. 73 <input checked="" type="checkbox"/>
	102-8 Information on employees and other workers.	44 During 2016, the percentage of workers with permanent contracts was 71.42%. 78% of women and 70% of men have permanent contracts.		Yes. 73 <input checked="" type="checkbox"/>
	102-9 Supply chain.	48		Yes. 73 <input checked="" type="checkbox"/>
	102-10 Significant changes to the organisation and its supply chain.	8, 62		No
	102-11 Precautionary principle or approach.	27, 28		No
	102-12 External initiatives.	23		No
	102-13 Membership of associations.	6		No
	102-14 Statement from the senior decision-maker.	3.4		No
	102-15 Key impacts, risks and opportunities.	28, 29		No
	102-16 Values, principles, standards and norms of behaviour.	23		No
	102-17 Mechanisms for advice and concerns about ethics.	23		No

	Contents	Page or direct response	Omissions	External verification
GRI 102: 2016 General Content	102-18 Governance structure.	63		No
	102-19 Delegating authority.	67		No
	102-20 Executive-level responsibility for economic, environmental, and social topics.	The management is directly accountable to the Board of Directors		No
	102-21 Consulting stakeholders on economic, environmental, and social topics.	50		No
	102-22 Composition of the highest governance body	The Board of Directors has 20 members. 90% are Spanish and 10% British. Of these, 5% are under 40 years of age, 80% are in the age range between 40 and 60 years, and the remaining 15% are over 60.		No
	102-23 Chair of the highest governance body.	66		No
	102-24 Nominating and selecting the highest governance body.	72		No
	102-25 Conflicts of interest.	65, 72		No
	102-26 Role of highest governance body in developing, approving and updating purposes, values, and strategy	65		No
	102-27 Collective knowledge of highest governance body.	Each meeting of the Board of Directors is presented with an extensive report analysing all relevant economic, social and environmental impacts.		No
	102-28 Evaluating the highest governance body's performance.	72		No
	102-29 Identifying and managing economic, environmental, and social performance.	65		No
	102-30 Effectiveness of risk management processes.	27, 65		No
	102-31 Review of economic, environmental, and social topics.	65		No
	102-32 Highest governance body's role in sustainability reporting.	The Board of Directors reviews and approves the Annual Report.		No
	102-33 Communicating critical concerns.	65		No
	102-34 Nature and total number of critical concerns	The Board of Directors has discussed the following matters of importance, among others: · 2016-2020 Strategy. · Formulation of the Annual Accounts. · Definition of corporate objectives.		No
	102-35 Remuneration policies.	72		No
	102-36 Process for determining remuneration.	72		

	Contents	Page or direct response	Omissions	External verification
GRI 102: 2016 General Content	102-37 Stakeholders' involvement in remuneration.	72		No
	102-38. Annual total compensation ratio.	The total annual remuneration of the employee with the highest salary is 3.9 higher than the average annual remuneration of the entire workforce.		Yes. 73
	102-39 Percentage increase in annual total compensation ratio.	The employee with the highest remuneration was not given a raise during 2016.		No
	102-40 List of stakeholder groups.	50, 51		No
	102-41 Collective bargaining agreements.	46		Yes. 73 <input checked="" type="checkbox"/>
	102-42 Identifying and selecting stakeholders.	50		No
	102-43 Approach to stakeholder engagement.	50		No
	102-44 Key topics and concerns raised.	Supreme Court rulings dated 28 March and 25 April 2016 annulled the prior administrative authorisation and the authorisation of the Mugaros terminal construction project, for formal reasons. A Resolution was published by the Directorate General of Energy and Mining Policy on 9 July 2016, re-granting the authorisations to Reganosa.		No
	102-45 Entities included in the consolidated financial statements.	The Annual Accounts correspond to Regasificadora del Noroeste, S.A and to Reganosa Servicios S.L.		No
	102-46 Defining report content and topic boundaries.	76, 77		No
	102-47 List of material subjects.	75		No
	102-48 Restatements of information.	There have been no restatements of information.		No
	102-49 Significant changes in reporting.	The scope includes data about the Delimara LNG terminal in Malta.		No
	102-50 Reporting period	2016 (calendar year ending 31 December)		No
	102-51 Date of most recent report.	2015		No
	102-52 Reporting cycle.	Reganosa updates this report annually.		No
	102-53 Contact point for questions regarding the report.	Reganosa Punta Promontorio s/n 15,620 Mugaros, A Coruña T. 981 930093 / F. 981 930092/ reganosa@reganosa.com		No
	102-54 Claims of reporting in accordance with the GRI Standards.	This report has been prepared in accordance with the GRI Standards: Comprehensive option.		No
	102-55 GRI contents index.	78		No
	102-56 External assurance.	73		No

Contents		Page or direct response	Omissions	External verification
Material issues				
Economic performance, profitability and solvency.				
GRI 103: 2016 Management Approach	103-1 Explanation of the material subject and its scope.	76, 77		No
	103-2 Management approach.	54		No
	103-3 Evaluation of the management approach.	69		No
GRI 201: 2016 Economic Performance	201-1 Direct economic value generated and distributed.	18, 52, 54		Yes. 73 <input checked="" type="checkbox"/>
	201-2 Financial implications and other risks and opportunities to the organisation's activities due to climate change.	29, 42		Yes. 73 <input checked="" type="checkbox"/>
	201-3 Coverage of the organisation's obligations derived from its benefits plan.	In its Labour agreement, Reganosa establishes the terms for contracting a retirement pension plan for its employees. The company makes an annual contribution in benefit of each worker.		Yes. 73 <input checked="" type="checkbox"/>
	201-4 Financial assistance received from government.	17		Yes. 73 <input checked="" type="checkbox"/>
Ethics, integrity and transparency.				
GRI 103: 2016 Management Approach	103-1 Explanation of the material subject and its scope.	76, 77		No
	103-2 Management approach.	23		No
	103-3 Evaluation of the management approach.	69		No
GRI 205: 2016 Anti-Corruption	205-1 Operations assessed for risks related to corruption.	23		Yes. 73 <input checked="" type="checkbox"/>
	205-2 Communication and training about anti-corruption policies and procedures.	23		Yes. 73 <input checked="" type="checkbox"/>
	205-3 Confirmed incidents of corruption and actions taken.	During 2016, Reganosa has not recorded any cases of corruption among its employees through the channels available for this purpose.		Yes. 73 <input checked="" type="checkbox"/>
Compliance				
GRI 103: 2016 Management Approach	103-1 Explanation of the material subject and its scope.	76, 77		No
	103-2 Management approach.	27		No
	103-3 Evaluation of the management approach.	27, 69		No
GRI 307: 2016 Environmental Compliance	307-1 Non-compliance with environmental laws and regulations.	During 2016, Reganosa has not received significant fines (> €1000) or non-monetary sanctions for a failure to comply with environmental legislation and regulations.		Yes. 73 <input checked="" type="checkbox"/>

	Contents	Page or direct response	Omissions	External verification
GRI 419: 2016 Socioeconomic compliance	419-1 Non-compliance with laws and regulations in the social and economic area.	During 2016, Reganosa has not received significant fines (> €1,000) or non-monetary sanctions for a failure to comply with legislation or its associated regulations.		Yes. 73 <input checked="" type="checkbox"/>
Diversification of products and services.				
GRI 103: 2016 Management Approach	103-1 Explanation of the material subject and its scope.	76, 77		No
	103-2 Management approach.	31, 32		No
	103-3 Evaluation of the management approach.	31, 32		No
Internationalisation.				
GRI 103: 2016 Management Approach	103-1 Explanation of the material subject and its scope.	76, 77		No
	103-2 Management approach.	31		No
	103-3 Evaluation of the management approach.	32		No
Driving force for growth in the region.				
GRI 103: 2016 Management Approach	103-1 Explanation of the material subject and its scope.	76, 77		No
	103-2 Management approach.	52		No
	103-3 Evaluation of the management approach.	69		No
GRI 202: 2016 Market presence	202-1 Ratios of standard entry level wage by gender compared to local minimum wage.	46 The Spanish minimum wage has been used as a reference.		Yes. 73 <input checked="" type="checkbox"/>
	202-2 Proportion of senior management hired from the local community.	100%		Yes. 73 <input checked="" type="checkbox"/>
GRI 203: 2016 Indirect economic impacts	203-1 Infrastructure investments and types of services.	53, 58, 59		Yes. 73 <input checked="" type="checkbox"/>
	203-2 Significant indirect economic impacts.	52, 56		Yes. 73 <input checked="" type="checkbox"/>
GRI 204: 2016 Procurement practices	204-1 Proportion of spending on local suppliers.	18		Yes. 73 <input checked="" type="checkbox"/>
Innovation.				
GRI 103: 2016 Management Approach	103-1 Explanation of the material subject and its scope.	76, 77		No
	103-2 Management approach.	58		No
	103-3 Evaluation of the management approach.	31, 69		No

Contents		Page or direct response	Omissions	External verification
Security of supply.				
GRI 103: 2016 Management Approach	103-1 Explanation of the material subject and its scope.	76, 77		No
	103-2 Management approach.	7		No
	103-3 Evaluation of the management approach.	69		No
GRI 416: 2016 Customer health and safety	416-1 Proportion of categories of significant products and services that have been assessed to promote improvements	35, 37 Reganosa assesses the possible health and safety impacts of all the services that it provides.		Yes. 73 <input checked="" type="checkbox"/>
	416-2 Number of incidents derived from non-compliance with regulations or voluntary codes related to the impacts of products and services on health and safety during their life cycle.	During 2016, Reganosa has not recorded incidents derived from non-compliance with regulations or voluntary codes related to the impacts of products and services on health and safety.		Yes. 73 <input checked="" type="checkbox"/>
Customer relations management.				
GRI 103: 2016 Management Approach	103-1 Explanation of the material subject and its scope.	76, 77		No
	103-2 Management approach.	47		No
	103-3 Evaluation of the management approach.	47, 69		No
Emergency response plan.				
GRI 103: 2016 Management Approach	103-1 Explanation of the material subject and its scope.	76, 77		No
	103-2 Management approach.	37		No
	103-3 Evaluation of the management approach.	37, 69		No
Safety of facilities.				
GRI 103: 2016 Management Approach	103-1 Explanation of the material subject and its scope.	76, 77		No
	103-2 Management approach.	37		No
	103-3 Evaluation of the management approach.	69		No
Asset integrity and process safety.				
	OG13 Number of process safety events, by business activity.	36		Yes. 73 <input checked="" type="checkbox"/>
Environmental impact management.				
GRI 103: 2016 Management Approach	103-1 Explanation of the material subject and its scope.	76, 77		No
	103-2 Management approach.	38		No
	103-3 Evaluation of the management approach.	69		No
GRI 301: 2016 Materials	301-1 Materials used by weight or volume.	40		Yes. 73 <input checked="" type="checkbox"/>
	301-2 Recycled input materials used.	None of the materials consumed by Reganosa, reported in the report, are made of recycled components.		Yes. 73 <input checked="" type="checkbox"/>

	Contents	Page or direct response	Omissions	External verification
	301-3 Reclaimed products and their packaging materials recovered at the end of their useful life.	Not applicable to Reganosa, as it does not sell products.		Yes. 73 <input checked="" type="checkbox"/>
GRI 302: 2016 Energy	302-1 Energy consumption within the organisation.	39 Reganosa does not consume fuels or renewable energy sources.		Yes. 73 <input checked="" type="checkbox"/>
	302-2 Energy consumption outside of the organisation.	The most significant energy consumption outside of the organisation is consumption associated with the road transportation of gas and transport of employees from their homes to the workplace.	Not available. Reganosa does not currently have systems that would allow this data to be estimated. These are expected to be reported in the 2017 Annual Report.	Yes. 73 <input checked="" type="checkbox"/>
	302-3 Energy intensity.	39 The energy intensity calculation only takes into account internal energy consumption. The terminal's production has been used as a measurement for calculating intensity [Gj/t].		Yes. 73 <input checked="" type="checkbox"/>
	302-4 Reduction of energy consumption.		Not available. Reganosa does not currently have systems that would allow this data to be estimated. These are expected to be reported in the 2017 Annual Report.	Yes. 73 <input checked="" type="checkbox"/>
	302-5 Reductions in energy requirements of products and services.		Not available. Reganosa does not currently have systems that would allow this data to be estimated. These are expected to be reported in the 2017 Annual Report.	Yes. 73 <input checked="" type="checkbox"/>
	OG2 Total amount invested in renewable energy.	Reganosa does not use fuels or other renewable energies.		Yes. 73 <input checked="" type="checkbox"/>
	OG3 Total amount of renewable energies generated by source.	Reganosa does not use fuels or other renewable energies.		Yes. 73 <input checked="" type="checkbox"/>
GRI 303: 2016 Water	303-1 Water withdrawal by source.	41		Yes. 73 <input checked="" type="checkbox"/>
	303-2 Water sources significantly affected by withdrawal of water.	41		Yes. 73 <input checked="" type="checkbox"/>
	303-3 Percentage and volume of water recycled and reused.	Reganosa does not reuse water in its operations.		Yes. 73 <input checked="" type="checkbox"/>
GRI 304: 2016 Biodiversity	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	As of 31 December 2016, Reganosa's gas pipelines occupy an area of 217,424 m ² in protected natural spaces and Red Natura 2000 (lic); 187.55m ² of the Mugardos-As Pontes-Guitiriz gas pipeline, 18.3 m ² of the Abegondo-Sabón gas pipeline and 11.5 m ² of the Abegondo-Sabón gas pipeline.		Yes. 73 <input checked="" type="checkbox"/>
	304-2 Description of the most significant impacts of activities, products, and services on biodiversity.	43		Yes. 73 <input checked="" type="checkbox"/>
	304-3 Habitats protected or restored.	No activity has been carried out in this sense during the reporting period considered in the report.		Yes. 73 <input checked="" type="checkbox"/>

	Contents	Page or direct response	Omissions	External verification
GRI 304: 2016 Biodiversity	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations.	Over 30 species of protected mammals, birds, amphibians and reptiles, fish and invertebrates inhabit protected areas through which Reganosa's gas pipelines pass (see 304-1). The corresponding environmental impact assessment studies analysed the impact of the facilities on these habitats and established the measures necessary to minimise them. No animal species on the IUCN Red List, or on the Spanish list of animals at risk of extinction, are affected by the company's activity.		Yes. 73 <input checked="" type="checkbox"/>
	OG4 Number and percentage of significant operating sites in which biodiversity risk has been assessed and monitored.	Reganosa continually analyses all of its environmental impacts. Similarly, environmental impact assessments are conducted for the company's new infrastructure construction projects with protected areas in the surroundings.		
GRI 306: 2016 Effluents and waste	306-1 Water discharge by quality and destination.	41		Yes. 73 <input checked="" type="checkbox"/>
	306-2 Waste by type and disposal method.	42 The source of reported data is the waste acceptance documentation and waste treatment contracts with the management companies.		Yes. 73 <input checked="" type="checkbox"/>
	306-3 Accidental spills.	No spills have occurred during the reporting period.		Yes. 73 <input checked="" type="checkbox"/>
	306-4 Transport of hazardous waste.	All waste is transported by authorised management companies.		Yes. 73 <input checked="" type="checkbox"/>
	306-5 Water bodies and related habitats significantly affected by water discharges and/or run-off from the organisation.	43 No body of water or habitat has been affected by discharges or run-off from the organisation during 2016.		Yes. 73 <input checked="" type="checkbox"/>
	OG5 Volume and disposal of formation or produced water	Not applicable to Reganosa's activity, as it does not continuously vent hydrocarbons.		Yes. 73 <input checked="" type="checkbox"/>
	OG6 Volume of flared and/or vented hydrocarbon.	During 2016, a volume of 615,849 Nm3 of natural gas was flared.		Yes. 73 <input checked="" type="checkbox"/>
	OG7 Drilling waste.	Not applicable to Reganosa's activity, as it does not continuously vent hydrocarbons.		Yes. 73 <input checked="" type="checkbox"/>
GRI 308: 2016 Supplier environmental assessment	308-1 New suppliers that were screened using environmental criteria.	48		Yes. 73 <input checked="" type="checkbox"/>
Climate change.				
GRI 103: 2016 Management Approach	103-1 Explanation of the material subject and its scope.	77		No
	103-2 Management approach.	42, 59		No
	103-3 Evaluation of the management approach.	42, 69		No

	Contents	Page or direct response	Omissions	External verification
GRI 305: 2016 Emissions	305-1 Direct (Scope 1) GHG emissions.	42 The tonnes of CO2 emitted, from the consumption of fuels at the company's terminal in Mugaros, are reported. Reganosa does not produce emissions of a biogenic origin.		Yes. 73 <input checked="" type="checkbox"/>
	305-2 Energy indirect (Scope 2) GHG emissions.	42		Yes. 73 <input checked="" type="checkbox"/>
GRI 305: 2016 Emissions	305-3 Other indirect (Scope 3) GHG emissions.		Not available. It is planned that Scope 3 emissions will be determined during the organisation's Carbon Footprint study (according to the tender process; 2017 for Regasificadora del Noroeste, SA and 2018 for Reganosa Servicios, SL).	Yes. 73 <input checked="" type="checkbox"/>
	305-4 GHG emissions intensity.	The emissions intensity is 0.008 tCO2/t. The terminal's production (tonnes) was the denominator that was used.		Yes. 73 <input checked="" type="checkbox"/>
	305-5 reduction of GHG emissions.		Not available. Reganosa does not currently have systems that would allow this data to be estimated. These are expected to be reported in the 2017 Annual Report	Yes. 73 <input checked="" type="checkbox"/>
	305-6 Emissions of ozone-depleting substances (ODS).	Reganosa neither consumes nor emits gases containing substances that significantly deplete the ozone layer.		Yes. 73 <input checked="" type="checkbox"/>
	305-7 Nitrogen oxides (NOX), sulphur oxides (SOX), and other significant air emissions.	42		Yes. 73 <input checked="" type="checkbox"/>
High quality employment.				
GRI 103: 2016 Management Approach	103-1 Explanation of the material subject and its scope.	76, 77		No
	103-2 Management approach.	32, 44		No
	103-3 Evaluation of the management approach.	69		No
GRI 401: 2016 Employment	401-1 New employee hires and employee turnover.	29 people were hired in 2016; 26 men and 3 women, of which 16 are from Galicia and 13 from other regions of Spain.		Yes. 73 <input checked="" type="checkbox"/>
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees.	45		Yes. 73 <input checked="" type="checkbox"/>
	401-3 Parental leave.	Out of the Reganosa workforce, 100% of employees who requested parental leave during 2016 were able to enjoy it. It was requested by 1 man and 1 woman. All workers requesting parental leave in 2015 and 2016 rejoined the company at the end of the leave, and still work at the company.		Yes. 73 <input checked="" type="checkbox"/>

	Contents	Page or direct response	Omissions	External verification
GRI 402: Labour/management relations	402-1 Minimum notice periods regarding operational changes.	Reganosa is governed by that established in the Workers' Statute and its implementation regulations.		Yes. 73 <input checked="" type="checkbox"/>
GRI 405: 2016 Diversity and equal opportunity	405-1 Diversity of governance bodies and employees.	44 Steering Committee: >40= 3/40-60=4 Ethics Committee: >40=2/40-60=3 Compliance Committee: >40=1/40-60=1		Yes. 73 <input checked="" type="checkbox"/>
	405-2 Ratio of basic salary and remuneration of women to men.	The established salary brackets do not discriminate between men and women.		Yes. 73 <input checked="" type="checkbox"/>
GRI 406: 2016 Non-discrimination	406-1 Cases of discrimination and corrective measures adopted.	During 2016, Reganosa has not recorded any cases of discrimination through the channels available for this purpose.		Yes. 73 <input checked="" type="checkbox"/>
Health and safety				
GRI 103: 2016 Management Approach	103-1 Explanation of the material subject and its scope.	76, 77		No
	103-2 Management approach.	35, 36		No
	103-3 Evaluation of the management approach.	69		No
GRI 403: 2016 Occupational health and safety GRI 401: 2016 Employment	403-1 Workers representation in formal joint management-worker health and safety committees.	36		Yes. 71 <input checked="" type="checkbox"/>
	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities.	36 The overall absenteeism rate is 4.67; 6.22 among men and 0.12 among women.		Yes. 73 <input checked="" type="checkbox"/>
	403-3 Workers with high incidence or high risk of diseases related to their occupation.	There are no workers whose profession has a high risk of occupational disease.		Yes. 73 <input checked="" type="checkbox"/>
	403-4 Health and safety topics covered in formal agreements with trade unions.	No formal agreements are in place with trade unions. Workers are represented on occupational health and safety matters through the Health and Safety Committee.		Yes. 73 <input checked="" type="checkbox"/>
Training and education.				
GRI 103: 2016 Management Approach	103-1 Explanation of the material subject and its scope.	76, 77		No
	103-2 Management approach.	31, 45		No
	103-3 Evaluation of the management approach.	69		No

	Contents	Page or direct response	Omissions	External verification
GRI 404: Training and education	404-1 Average hours of training per year per employee.	45		Yes. 73 <input checked="" type="checkbox"/>
	404-2 Programs for upgrading employee skills and transition assistance programs.	120 hours of English language training per year.		Yes. 73 <input checked="" type="checkbox"/>
	404-3 Percentage of employees receiving regular performance and career development reviews.	In total, 97.96 of employees received performance assessments; 97.5% of men and 100% of women.		Yes. 73 <input checked="" type="checkbox"/>
Development and integration in the local community.				
GRI 103: 2016 Management Approach	103-1 Explanation of the material subject and its scope.	76, 77		No
	103-2 Management approach.	55		No
	103-3 Evaluation of the management approach.	69		No
GRI 414: 2016 Local communities	413-1 Centres where local community engagement, impact assessments, and development programs have been implemented.	56 Reganosa implements these programs in the area around its Mugardos facility.		Yes. 73 <input checked="" type="checkbox"/>
	413-2 Operations with significant actual and potential negative impacts on local communities.	Gas pipeline construction can have significant effects on local communities. In this sense, the environmental impact assessments required by law include the preventive and corrective measures necessary to mitigate the identified impacts.		Yes. 73 <input checked="" type="checkbox"/>
	OG10 Significant disputes with local communities and indigenous peoples.	See 102-44		Yes. 73 <input checked="" type="checkbox"/>
	OG11 Number of sites that have been decommissioned and sites that are in the process of being decommissioned.	No Reganosa facilities have been dismantled during 2016.		Yes. 73 <input checked="" type="checkbox"/>
Management of stakeholder relationships.				
GRI 103: 2016 Management Approach	103-1 Explanation of the material subject and its scope.	76, 77		No
	103-2 Management approach.	49		No
	103-3 Evaluation of the management approach.	69		No

Glossary of terms and abbreviations

APFSC: Ferrol - San Cibrao Port Authority

BOIL OFF GAS: Natural gas vapour produced in regasification terminals in situations where the terminals are operating below technical minimums, and during ship loading and unloading operations.

CNMC: Spanish National Markets and Competition Commission

D&O: Civil Liability of Directors and Officers

ENTSO: European Network Transmission System Operator for gas

GASNAM: Spanish Natural Gas for Mobility Association

GIE: Gas Infrastructure Europe

GLOBAL COMPACT: United Nations Global Compact

LNG: Liquefied natural gas

GTE: Gas Transmission Europe

GTS: Technical System Manager

HSE: Occupational health and safety.

INEGA: Galicia Energy Institute

MINETAD: Ministry for Energy, Tourism and the Digital Agenda.

NOx: Nitrogen oxide

MTMSA: Marine Terminal Management and Self Assessment

OCIMF: Oil Companies International Marine Forum

SEDIGAS: Spanish Gas Association

SERGAS: Galician Health Service

TSO: Transmission System Operator

EU: European Union

WBCSD: World Business Council for Sustainable Development



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