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DATA IDENTIFYING ISSUER

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End date of financial year of reference: [ 31/12/2019 ]

Tax ID (CIF) No.: [ A-28023430 ]

Company name:

[ ENDESA, S.A. ]

Registered office:

[ RIBERA DEL LOIRA, 60 MADRID ]

## ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

### A. OWNERSHIP STRUCTURE

A.1. Complete the following table on the company's share capital:

Date of last change	Share capital (€).	Number of shares	Number of voting rights
01/10/1999	1,270,502,540.40	1,058,752,117	1,058,752,117

Indicate whether different classes of shares exist with different associated rights:

- [ ] Yes  
[  ] No

A.2. List the direct and indirect holders of significant ownership interests in your organisation at year-end, excluding Directors:

Name or corporate name of shareholder	% voting rights attributed to the shares		% voting rights through financial instruments		% of total voting rights
	Direct	Indirect	Direct	Indirect	
ENEL, S.p.A.	0.00	70.10	0.00	0.00	70.10

Detail of the indirect interest:

Name or corporate name of the indirect shareholder	Name or corporate name of the direct shareholder	% voting rights attributed to the shares	% voting rights through financial instruments	% of total voting rights
ENEL, S.p.A.	ENEL IBERIA, S.R.L.	70.10	0.00	70.10

Indicate the most significant movements in the shareholding structure during the year:

## ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

A.3. Complete the following tables regarding the members of the Company's Board of Directors that hold voting rights in the Company:

Name or corporate name of director	% voting rights attributed to the shares		% voting rights through financial instruments		% of total voting rights	% voting rights that may be transmitted through financial instruments	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
Ignacio Garralda Ruiz de Velasco	0.00	0.00	0.00	0.00	0.00	0.00	0.00
José Damián Bogas Gálvez	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Alejandro Echevarría Busquet	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Helena Revoredo Delvecchio	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Miquel Roca Junyent	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Francesco Starace	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Alberto de Paoli	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Juan Sánchez-Calero Guilarte	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Antonio Cammisecra	0.00	0.00	0.00	0.00	0.00	0.00	0.00
% of total voting rights held by directors						0.00	

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Detail of the indirect interest:

Name or corporate name of director	Name or corporate name of the direct shareholder	% voting rights attributed to the shares	% voting rights through financial instruments	% of total voting rights	% voting rights that can be transmitted through financial instruments
Ignacio Garralda Ruiz de Velasco	MANILA INVERSIONES GLOBALES SICAV, SA	0.00	0.00	0.00	0.00

This section indicates the percentage of the Company's shares held by Directors at 31 December 2019. Below we indicate the number of shares held by each Director at 31 December 2019:

- Francesco Starace: 10 shares
- José Bogas Gálvez: 2,374 shares
- Alberto de Paoli: 10 shares
- Miquel Roca Junyent: 363 shares
- Alejandro Echevarría Busquet: 200 shares
- Ms. Helena Reboredo Delvecchio: 332 shares
- Ignacio Garralda Ruiz de Velasco: 30,471 indirect shares through MANILA INVERSIONES GLOBALES SICAV, S.A.

A.4. Indicate, as applicable, any family, commercial, contractual or corporate relationships between owners of significant shareholdings, insofar as these are known by the company, unless they are insignificant or arise from ordinary trading or exchange activities and except for those reported in section A.6:

Related party name or corporate name	Type of relationship	Brief description
ENEL IBERIA, S.R.L., ENDESA, S.A.	Corporate	Enel, S.p.A. holds 100% of the shares of Enel Iberia, S.R.L.

A.5. Indicate, as applicable, any commercial, contractual or corporate relationships between owners of significant shareholdings, and the company and/or its group, unless they are insignificant or arise from ordinary trading or exchange activities:

Related party name or corporate name	Type of relationship	Brief description
ENDESA INGENIERÍA, S.L.	Corporate	ENDESA Ingeniería, S.L.U. (ENDESA Group subsidiary) and Enel Sole, S.r.L. (Enel Group subsidiary) hold 50% stakes in the following temporary joint ventures: Mérida, Abarán, Rincón de la Victoria, Bolullos, Castro del Río, Muro de Alcoy, Fuente Álamo, Mora de Ebro, Los Alcázares, Vélez Rubio, Écija and Almodóvar del Río. ENDESA Ingeniería, S.L.U. (10%), ENDESA Energía, S.A.U. (25%) (ENDESA Group subsidiary) and Enel Sole, S.r.L. (25%) (Enel Group

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Related party name or corporate name	Type of relationship	Brief description
		subsidiary) hold stakes in the Móstoles temporary joint venture. ENDESA Ingeniería, S.L.U. (42%), ENDESA Energía, S.A.U. (16%) (ENDESA Group subsidiary) and Enel Sole, S.r.L. (42%) (Enel Group subsidiary) hold stakes in Manacor temporary joint venture.
ENDESA GENERACIÓN, S.A.U.	Corporate	ENDESA Generación, S.A.U. (ENDESA Group subsidiary) and Enel S.p.A. Hold 40.99% and 4.32% stakes in the share capital of Elcogas, S.A., respectively. Elcogas is currently in the process of liquidation.

**A.6.** Unless irrelevant for both parties, describe the relationships that exist between significant shareholders, or those represented on the Board, and directors, or their representatives, in the case of legal person directors.

If applicable, explain how significant shareholders are represented. Specifically, indicate those directors that were appointed to represent significant shareholders, those whose appointment was promoted by significant shareholders, or which were associated with significant shareholders and/or group companies, specifying the nature of those relationships. In particular, mention the existence, identity and position held by any members of the Board, or representatives of directors, at the listed company who are also members of the Boards of Directors, or their representatives, of companies that own significant holdings in the listed company and/or group companies of those significant shareholders:

Name or corporate name of linked director or representative	Name or corporate name of linked significant shareholder	Corporate name of the company of the significant shareholder's group	Description of relationship/position
José Damián Bogas Gálvez	ENEL, S.p.A.	ENEL IBERIA, S.R.L.	Mr. Bogas, Chief Executive Officer of ENDESA, S.A., was appointed to his current position when the controlling shareholder was Enel, S.p.A. He is also a director of ENEL IBERIA, S.R.L
Francesco Starace	ENEL, S.p.A.	ENEL, S.p.A.	Mr. Starace is one of the four proprietary directors representing Enel and he is also the Chief Executive Officer of ENEL, S.p.A. and Chairman of the Board of

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Name or corporate name of linked director or representative	Name or corporate name of linked significant shareholder	Corporate name of the company of the significant shareholder's group	Description of relationship/position
			Directors of ENEL IBERIA, S.R.L.
Alberto de Paoli	ENEL, S.p.A.	ENEL, S.p.A.	Mr. De Paoli is one of the four proprietary directors representing Enel. He is also General Manager, Administration, Finance and Control, of ENEL S.p.A.
Maria Patrizia Grieco	ENEL, S.p.A.	ENEL, S.p.A.	Ms. Grieco is one of the four proprietary directors representing Enel and she is also the Chairwomen of ENEL, S.p.A.
Antonio Cammisecra	ENEL, S.p.A.	ENEL, S.p.A.	Mr. Cammisecra is one of the four proprietary directors representing Enel; in addition, he is the CEO of Enel Green Power, Head of Global Power Generation Division in the Enel Group, Head of Africa, Asia and Oceania in the Enel Group and Head of Global Thermal Generation.

**A.7.** Indicate whether any shareholders' agreements have been notified to the company pursuant to articles 530 and 531 of the Spanish Corporate Enterprises Act (Ley de Sociedades de Capital, LSC). Provide a brief description and list the shareholders bound by the agreement, as applicable:

Yes  
 No

Indicate whether the company is aware of the existence of any concerted actions among its shareholders. Give a brief description, as applicable:

Yes  
 No

## ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

Expressly indicate any amendments to or termination of such agreements or concerted agreements actions during the year:

A.8. Indicate whether any individuals or bodies corporate currently exercise control or could exercise control over the company pursuant to article 5 of the Spanish Securities Market Act (Ley del Mercado de Valores). If so, identify:

[  ] Yes  
[  ] No

Name or corporate name
ENEL IBERIA, S.R.L.

Enel S.p.A. wholly owns Enel Iberia, S.R.L.

A.9. Complete the following tables on the company's treasury shares:

At year-end:

Number of shares held directly	Number of shares held indirectly(*)	% of total share capital
		0.00

(\*) Through:

Name or corporate name of direct shareholder	Number of shares held directly
No data	

A.10. Give details of the applicable conditions and time periods governing any resolutions of the general shareholders' meeting authorising the board of directors to purchase and/or transfer treasury shares:

At the Ordinary General Meeting held on 27 April 2015, shareholders resolved: to authorise the Company and its subsidiaries to acquire treasury shares pursuant to the provisions of Article 146 of Spain's Corporate Enterprises Act; I. To revoke and nullify, as to the unused portion, the authorisation for the derivative acquisition of treasury shares, granted by the Ordinary General Shareholders' Meeting held on 21 June 2010; II. To once again authorise the derivative acquisition of treasury shares, as well as the pre-emptive rights in respect thereof, pursuant to article 146 of the Spanish Corporate Enterprises Act on the following conditions:

a) Acquisitions may be made via any legally accepted method, directly by ENDESA, S.A., by its Group companies or by proxy, up to the maximum legal limit.

b) Acquisitions shall be made at a minimum price per share of its par value and a maximum equal to their trading value plus an additional 5%.

c) The duration of this authorisation shall be 5 years.

d) As a consequence of the acquisition of shares, including those purchased previously and held at the time of the acquisition by the company or persons acting in their own names but on the Company's behalf, the resulting equity shall not be reduced to below the sum of the share capital plus the restricted reserves established by law or the bylaws, all in accordance with the provisions of letter b) of article 146.1 of Spain's Corporate Enterprises Act.

The authorisation also includes the acquisition of shares which, as the case may be, must be delivered directly to the employees and Directors of the Company or its subsidiaries, as a consequence of the exercise of stock option rights held.

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A.11. Estimated floating capital:

	%
Estimated floating capital	29.90

A.12. Give details of any restriction (statutory, legislative or of any other type) on the transfer of securities or voting rights. In particular, report the existence of any type of restriction that may make difficult taking control of the company through the acquisition of shares in the market and any prior authorisation or notification requirements for acquisitions or transfers of the Company's financial instruments that are applicable due to industry regulations.

Yes  
 No

A.13. Indicate whether the general shareholders' meeting has agreed to take neutralisation measures to prevent a public takeover bid by virtue of the provisions of Law 6/2007.

Yes  
 No

If applicable, explain the measures adopted and the terms under which these restrictions may be lifted.

A.14. Indicate whether the company has issued securities that are not traded on a regulated market of the European Union.

Yes  
 No

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If so, indicate the different classes of shares and, for each class of shares, the rights and obligations conferred:

### B. GENERAL SHAREHOLDERS' MEETINGS

B.1. Indicate and describe any differences from the system of minimum quorums established in the Spanish Corporate Enterprises Act (LSC) for general shareholders' meetings:

Yes  
 No

B.2. Indicate and, as applicable, describe any differences between the company's system of adopting corporate resolutions and the framework set forth in the LSC:

Yes  
 No

B.3. Indicate the rules applicable to the amendment of the company's bylaws. In particular, indicate the majorities required to amend the bylaws and, if applicable, the rules for protecting shareholders' rights when amending the bylaws.

Pursuant to article 26 of the Bylaws, in order for the Ordinary or Extraordinary General Shareholders' Meeting to validly agree on an amendment to the Corporate Bylaws, on first call shareholders representing at least 50% of the subscribed capital with voting rights must be present. On second call 25% of the capital must be represented.

B.4. Indicate the attendance figures for the general shareholders' meetings held during the year to which this report refers and the two preceding years:

Date of general meeting	Attendance data					Total
	% in person	% by proxy	% remote voting			
			Electronic vote	Other		
26/04/2017	70.13	14.47	0.00	1.02	85.62	
Of which Floating Capital	0.03	14.47	0.00	1.02	15.52	
23/04/2018	70.12	11.52	0.00	0.09	81.73	
Of which Floating Capital	0.02	11.52	0.00	0.09	11.63	
12/04/2019	70.11	15.50	0.00	0.14	85.75	
Of which Floating Capital	0.01	15.50	0.00	0.14	15.65	

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**B.5.** Indicate whether at the general meetings held during the year there was any point on an agenda that was not approved by shareholders for any reason:

- Yes  
 No

**B.6.** Indicate whether the Bylaws impose any minimum requirement on the number of shares required to attend the General Shareholders' Meetings or to vote remotely:

- Yes  
 No

**B.7.** Indicate whether it has been established that certain decisions, other than those required by law, involving an acquisition, disposal or contribution to another company of key assets or similar corporate transactions must be submitted to the General Shareholders' Meeting for approval:

- Yes  
 No

**B.8.** Indicate the web address and mode of accessing corporate governance content and other information for shareholders in respect of the general shareholders' meetings,

The Company's website is [www.endesa.com](http://www.endesa.com)

- Information on "Corporate Governance" can be accessed from the homepage via "Shareholders and Investors"

- To access General Shareholders' Meeting content, a direct banner link is posted on the home page from the time the meeting is called until it is held.

Once the meeting has been held, the General Shareholders' Meeting information can be accessed through two channels:

- Shareholders & Investors - Corporate Governance - General Shareholders' Meetings.
- Shareholders and Investors- For Investors- Upcoming events for Investors- Event History- More information on General Shareholders' Meetings

## ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

### C. COMPANY MANAGEMENT STRUCTURE

#### C.1. Board of Directors

C.1.1 List the maximum and minimum number of directors foreseen in the bylaws and the number set by the general meeting:

Maximum number of directors	15
Minimum number of directors	9
Number of directors set by the general shareholders' meeting	11

C.1.2 Complete the following table with board members' details:

Name or corporate name of director	Representative	Category of Director	Position on the Board	Date of first appointment	Date of latest appointment	Election procedure
Ignacio Garralda Ruiz de Velasco		Independent	Director	27/04/2015	12/04/2019	Resolution of the General Shareholders' Meeting
José Damián Bogas Gálvez		Executive	Chief Executive Officer	07/10/2014	23/04/2018	Resolution of the General Shareholders' Meeting
Alejandro Echevarría Busquet		Independent	Director	25/06/2009	26/04/2017	Resolution of the General Shareholders' Meeting
Helena Revoredo Delvecchio		Independent	Director	04/11/2014	12/04/2019	Resolution of the General Shareholders' Meeting
Miquel Roca Junyent		Independent	Independent Coordinating Director	25/06/2009	26/04/2017	Resolution of the General Shareholders' Meeting
Francisco de Lacerda		Independent	Director	27/04/2015	12/04/2019	Resolution of the General Shareholders' Meeting

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Name or corporate name of director	Representative	Category of Director	Position on the Board	Date of first appointment	Date of latest appointment	Election procedure
Francesco Starace		Proprietary	Vice Chairman	16/06/2014	23/04/2018	Resolution of the General Shareholders' Meeting
Alberto de Paoli		Proprietary	Director	04/11/2014	12/04/2019	Resolution of the General Shareholders' Meeting
Maria Patrizia Grieco		Proprietary	Director	26/04/2017	23/04/2018	Resolution of the General Shareholders' Meeting
Juan Sánchez-Calero Guilarte		Independent	Chairman	12/04/2019	12/04/2019	Resolution of the General Shareholders' Meeting
Antonio Cammisecra		Proprietary	Director	27/09/2019	27/09/2019	Resolution of the Board of Directors

Total number of Directors	11
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Indicate any board members who left during the reporting period, whether due to resignation, removal or any other cause:

Name or corporate name of director	Category of director at time of leaving	Date of last appointment	Leaving date	Specialised committees of which he/she was a member	Indicate whether director left before end of term of office
Borja Prado Eulate	Executive	20/06/2007	12/04/2019		No
Enrico Viale	Proprietary	23/04/2018	09/09/2019		Yes

### Reason for leaving and other observations

Borja Prado Eulate:

On 19 February 2019 the Company informed the CNMV (National Securities Market Commission) as a significant event regarding the renewal of terms of offices of directors of ENDESA whose terms expired at the Ordinary General Shareholders' Meeting of 12 April 2019 that, in accordance with transparency criteria, ENDESA's majority shareholder, Enel S.p.A., the holder of 70.10% of the share capital, had informed the current members of the company's Board of Directors of its intention to propose that its internal regulations be amended to bring them into line with the limitation, for reasons of good corporate governance, of the maximum period for which a person can hold the position of Chairman of the Company. This amendment would mean that Mr. Borja Prado Eulate, after a continuous period of 10 years as Chairman of ENDESA and two years previously as a member of the Board of Directors, would not be proposed for re-election at the next General Shareholders' Meeting.

Subsequently, on 25 February 2019, the Appointments and Remuneration Committee and the Coordinating Director initiated the Chairman's Succession Plan to propose to the Board of Directors the appointment of a new Chairman, since in accordance with the foregoing, Mr Prado Eulate would cease to be Chairman at the end of his term of office, that is at the time of the General Shareholders' Meeting corresponding to financial year 2018.

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Mr. Enrico Viale presented his resignation as a member of the Board of Directors of ENDESA, S.A., by letter addressed to the Board of Directors on 9 September 2019, in view of his new professional obligations in the Enel Group as Head of North America, which hinder his regular attendance at Board meetings of ENDESA.

Table C.1.1 has been completed in accordance with the instructions for the Annual Corporate Governance Report which stipulate that it is to be completed at the end of the financial year. Nonetheless, for information purposes, Ms. Helena Revredo ceased in her duties as a company director on 15 January 2020.

C.1.3 Complete the following tables on board members and their respective categories:

Executive Directors:		
Name or corporate name of director	Post held in the company	Profile
José Damián Bogas Gálvez	Chief Executive Officer	Born in Madrid in 1955. Industrial Engineering Degree from ICAI (1978). Chairman of Unión Eléctrica de Canarias, Director of Operador del Mercado Ibérico de Energía-Polo Español, S.A., Director of Enel Iberia S.R.L.

Total number of executive directors	1
% of the board	9.09

External Proprietary Directors		
Name or corporate name of director	Name or corporate name of significant shareholder represented or proposing appointment	Profile
Francesco Starace	ENEL, S.p.A.	Born in Rome (Italy), in 1955. Degree in Nuclear Engineering from the Polytechnic of Milan. Chief Executive Officer and General Manager of Enel, S.p.A., Chairman of Enel Iberia, S.R.L., Vice Chairman of ENDESA, S.A, Chairman of Eurelectric, Member of the Board of Directors of the United Nations Global Compact, Member of the Advisory Board of the United Nations' "Sustainable Energy 4 All" initiative, Member of the Executive Board of Fullbright, Member of the Advisory Board of the Polytechnic of Milan, Vice Chairman of the Italy-Japan Foundation.
Alberto de Paoli	ENEL, S.p.A.	Born in Pavia (Italy) in 1965. He holds a degree in Economics from the University of La Sapienza, Rome (graduated with honours). General Manager, Administration, Finance and Control at ENEL

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External Proprietary Directors		
Name or corporate name of director	Name or corporate name of significant shareholder represented or proposing appointment	Profile
Maria Patrizia Grieco	ENEL, S.p.A.	Born in Milan in 1952. Holds a degree in Law from the State University of Milan. Chairwoman of Enel S.p.A., Director of Anima Holding, Ferrari and Amplifon.
Antonio Cammisecra	ENEL, S.p.A.	Born in Naples, Italy, in 1970. Degree in Mechanical Engineering from the Federico II University of Naples (1996). Executive MBA Business and Economics, SDA Bocconi, Milan (2004). CEO of Enel Green Power, Head of the Global Thermal Generation Division and Head of Africa, Asia and Oceania in the Enel Group.
Total number of proprietary directors		4
% of the board		36.36

Independent External Directors	
Name or corporate name of director	Profile
Ignacio Garralda Ruiz de Velasco	Born in Madrid in 1951. Holds a degree in Law from the Complutense University of Madrid (1974), Chartered Trade Broker and Stock and Exchange Broker. Chairman and CEO of Mutua Madrileña, Director of Caixabank, SA and First Vice Chairman of Bolsas y Mercados Españoles (BME).
Alejandro Echevarría Busquet	Born in Bilbao (Spain) in 1942. He holds a degree in Business Administration from the University of Deusto. Chairman of Mediaset España Comunicación, S.A., Director of Sociedad Vascongada de Publicaciones, S.A., Director of Compañía Vinícola del Norte de España (CVNE), Director of Editorial Cantabria, S.A., Director of Diario El Correo.
Helena Revoredo Delvecchio	Born in Rosario (Argentina) in 1947. Holds a degree in Business Management and Administration from the Catholic University of Buenos Aires and PADE from the IESE Business School. Chairwoman of Prosegur Compañía de Seguridad, S.A., Chairwoman of the Prosegur Foundation, Director of Mediaset España Comunicación and Chairwoman of Euroforum Escorial, S.A.
Miquel Roca Junyent	Born in Cauderan (France) in 1940. Law graduate from the University of Barcelona and holder of an honorary doctorate from the distance learning universities of León, Girona and Cádiz, European University of Madrid and Comillas Pontifical University. Practising lawyer since 1962: Partner-Chairman of the Roca Junyent law firm, with offices in Barcelona, Madrid, Palma de Mallorca, Girona, Lleida, Ombudsman at Seguros Catalana Occidente since March 1996, Non-director Secretary of Banco Sabadell, Abertis Infraestructuras, TYPESA and Werfenlife, S.L. Director of ACS and Aigües de Barcelona.

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Independent External Directors	
Name or corporate name of director	Profile
Francisco de Lacerda	Born in Lisbon (Portugal) in 1960. Holds a degree in Business Administration and Management from the Portuguese Catholic University (1982). Member of the Portuguese Group of the Trilateral Commission, Member of the Management of Cotec Portugal, Vice-Commodore and Member of the General board of the Naval Club of Cascais and Member of the Pharol SGPS Maturities Committee
Juan Sánchez-Calero Guilarte	Born in Rome, Italy, in 1956. He holds a law degree, a doctorate in Law and is a university professor Chairman of ENDESA and of the ENDESA Foundation, Partner at the Sánchez Calero Law Firm and Professor of Commercial Law of the Faculty of Law of the Complutense University of Madrid.
Total number of independent directors	6
% of the board	54.55

List any independent directors who receive from the company or group any amount or benefit other than by way of remuneration as director or who maintain or have maintained during the last year a business relationship with the company or any group company, either in their own name or as a significant shareholder, director or senior manager of an entity that maintains or has maintained such a relationship.

If applicable, include a statement from the board detailing the reasons why it is considered that the director in question can perform his or her functions as an independent director.

Name or corporate name of director	Description of the relationship	Reasons
Helena Revoredo Delvecchio	Ms. Helena Revoredo Delvecchio is Chairman of Prosegur, and has been an independent director of ENDESA since 4 November 2014. Ms. Helena Revoredo Delvecchio performs her functions as an independent director of ENDESA S.A. without prejudice to the possible commercial relationship between the Prosegur and ENDESA Groups. In this regard, in 2019 the Prosegur Group and the ENDESA Group entered into the following contracts, which were awarded by the ENDESA Board of Directors, following a report from the Audit and Compliance Committee, based on the results of the corresponding bidding processes, and without the participation of Ms. Revoredo, in accordance with the applicable legislation on conflicts of interest:	Ms. Helena Revoredo Delvecchio performs her functions as an independent director of ENDESA S.A. without prejudice to the possible commercial relationship between the Prosegur and ENDESA Groups. The contracts were awarded by ENDESA's Board of Directors in 2019 without the involvement of Ms. Revoredo, in accordance with legislation applicable to conflicts In any case, for all transactions it should be noted that: the services are of an ordinary nature; the services are provided on market terms, as also attested to in the external reports issued to this end; and in accordance with international principles of good corporate governance, the amount is not

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Name or corporate name of director	Description of the relationship	Reasons
	<p>of interest: - Extension of the award of September 2016 of Operational and Technical Coordination and Integration Services for the Centre for the Management of Territorial Security and Supervision to Prosegur Soluciones Integrales de Seguridad España, S.L., for an amount of €0.56 million until October 2019 and approval of the award of the security services of ENDESA (Operation of the control centres, territorial supervision, supervision of CGS and Reporting) to Prosegur for an amount of €5.87 million for a period of three years from December 2019. - Ratification of the contracts signed between ENDESA Energía's French Branch and two companies belonging to the Prosegur Group, Prosegur Technologie SAS and Prosegur Sécurité Humaine SAS, for the installation of video surveillance equipment in vehicular natural gas plants in France and the operation of surveillance systems, for €37,400.94 incurred in 2017, €23,587.67 in 2018 and €37,929.93 in 2019. The operating contracts are renewed automatically for an amount of 6,576 per year. - Ratification of the contracts signed between ENDESA Comercialização de Energia and Prosegur for the installation and operation of the alarm system in the Matosinhos office (Porto), for a total €7,405.83, of which €3,509.19 corresponds to materials and installation and €3,896.64 to the operation for a period of 3 years. On 18 October 2017 ENDESA Comercialização de Energia contracted the office alarm system with Prosegur, signing three contracts, each comprising different security elements. Additionally, during 2019 the Prosegur Group agreed the following operation with the Ascó-Vandellós II Nuclear Association (ANAV), an economic interest group constituted by ENDESA Generación 85.6% and Iberdrola Generación 14.4%, for the operation and management of the Ascó 1, Ascó 2 and Vandellós II Nuclear Power Plants: Contract for the supply, installation and commissioning of the necessary security equipment for surveillance, detection and access control of the new Civil Guard barracks at the site of the Vandellós II Nuclear Power Plant in</p>	<p>significant or material, as these amounts come to less than 1% of the income or billing volume of both companies. We indicate for information purposes that Ms. Helena Revoredo ceased in her duties as a company director on 15 January 2020.</p>

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Name or corporate name of director	Description of the relationship	Reasons
	Prosegur, to be carried out in 2019 for a maximum value of €118,226.66, of which €85,123.19 correspond to ENDESA, in accordance with its proportional stake in Vandellós II. In any case, for all operations the following should be noted: the ordinary nature of the services; that services are provided under market conditions, as evidenced by external reports issued for this purpose; and that, in accordance with the international criteria of good corporate governance practices, the amount is not significant or material, since these amounts are much less than 1% of the revenue or turnover of both companies.	

### Other External Directors:

The other external directors will be identified, the reasons listed as to why they cannot be considered proprietary or independent directors and details given of their relationships with the company, its executives or its shareholders:

Name or corporate name of director	Reasons	Company, executive or shareholder to which/whom linked	Profile
No data			

Total number of other external directors	N/A
% of the board	N/A

List any changes in the category of each director which have occurred during the year:

Name or corporate name of director	Date of change	Previous category	Current category
No data			

## ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

C.1.4 Complete the following table with information on the number of female directors at the end of the past four years and their category:

	Number of female directors				% of total directors in each category			
	2019	2018	2017	2016	2019	2018	2017	2016
Executive					0.00	0.00	0.00	0.00
Proprietary	1	1	1		25.00	25.00	25.00	0.00
Independent	1	1	1	1	16.66	20.00	20.00	20.00
Other External					0.00	0.00	0.00	0.00
Total	2	2	2	1	18.18	18.18	18.18	9.09

C.1.5 Indicate whether the company has diversity policies with regard to its Board of Directors concerning matters such as age, gender, disability, training and professional experience. In accordance with the definition provided by the Audit Act, small and medium-sized companies must report, at minimum, the policy established with respect to gender diversity.

- Yes  
 No  
 Partial policies

If yes, describe these diversity policies, their objectives, the measures and the manner in which they have been applied and the results obtained during the year. Indicate the specific measures adopted by the Board of Directors and the appointments and remuneration committee to achieve a balanced and diverse presence of directors.

If the company does not apply a diversity policy, explain the reasons why not.

Describe the policies, objectives, measures and the manner in which they have been applied, as well as the results obtained

On 10 November 2015 the Board of Directors approved the Policy for the Selection of Directors (last updated on 16 December which:

- ensures that the proposed appointments of Directors are based on prior analysis of the needs of the Board. In this regard, in studying the candidacies, the Appointments and Remuneration Committee, taking into account the needs of the Board of Directors and the requirements that the members of the internal committees of the Board must meet individually and as a whole, will assess whether as a whole the directors have the necessary knowledge of the businesses carried on by the Company, in economic-financial, accounting, auditing, internal control, business risk management or human resources aspects, in other words as regards professional technical competences, account will be taken of the company's strategic objectives, the commitment necessary to perform the office, and any conflicts of interest, among others.

- The policy favours diversity of knowledge, different professional and management skills, the integration of experiences, and also promotes, as far as possible, gender diversity. In particular as regards gender diversity, the policy for the selection of Directors shall promote the objective of having female directors account for at least 30% of the total number of Board members by 2020.

ENDESA has amended its Diversity Policy, among other things to expand its scope to the Audit and Compliance Committee and the Appointments

and Remuneration Committee in accordance with the new wording of subsection 6 of article 540.4.c), of the Consolidated Text of the Corporate Enterprises Act as amended by Law 11/2018 on non-financial information and diversity, which indicates that the diversity policy must be applied to the specialised committees of the Board of Directors.

#### APPLICATION

In 2019 the Board of Directors submitted the appointment and re-election of five Directors to the General Shareholders' Meeting, and approved an appointment by co-option. For the purpose of verifying the application of the Policy, it should be noted that:

The Appointments and Remuneration Committee justified the proposed appointments and re-election after performing an analysis of the current composition of the Board and its Committees, its needs, an assessment of the conditions that the directors must meet to perform their duties and the dedication required to perform their duties properly, all in accordance with ENDESA's Corporate Governance Policy and Policy for the Selection of Candidates as Director. The analysis was conducted on the size of the Board of Directors, its structure, the profiles of the Directors, their dedication and the diversity of gender, age and years of service of the members of the Board, and nationality. See details in Annex H1.

## ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

ENDESA is convinced that diversity in all its forms and at every level of its professional team is a key factor in ensuring the Company's competitiveness and a key element of its corporate governance strategy, which favours a critical attitude, as well as the expression of different points of view and positions and the analysis of its strengths and weaknesses.

Therefore, in general terms, the Committee considers the diversity on the Board of Directors adequate to date. However, the Committee considers it necessary to keep in mind and promote diversity on an ongoing basis and to initiate relevant specific actions on gender diversity in order to meet the objective of 30% of women on the Board in 2020.

C.1.6 Describe the means, if any, agreed upon by the appointments committee to ensure that selection procedures do not contain hidden biases which impede the selection of female directors and that the company deliberately seeks and includes women who meet the target professional profile among potential candidates and which makes it possible to achieve a balance between men and women:

### Explanation of measures

ENDESA is convinced that diversity in all of its facets, at all levels of its professional team, is an essential factor for ensuring the Company's competitiveness and a key element of its corporate governance strategy.

To this end it ensures equal opportunities and fair treatment in people management at all levels, maximising the value contribution of the elements that differentiate people (gender, culture, age, capacities, etc.), promoting the participation and development of women in the organisation, especially in leadership positions and, in particular, on the Board of Directors.

In this regard, the Policy for the Selection of Directors will promote the goal of the number of female directors representing, at least 30% of the total members of the Board of Directors by 2020.

Selection process:

The Appointments and Remuneration Committee bases its proposals for appointing, ratifying or re-electing on the outcome of an objective, verifiable and transparent selection process, which will start with a preliminary analysis of the requirements of the Board of Directors, the Audit and Compliance Committee and the Appointments and Remuneration Committee, as a whole, taking the integration of different management and professional experiences and skills as the goal, and promoting diversity of knowledge, experiences and gender, considering the weight of the different activities performed by ENDESA and taking into account those areas or sectors that must be the object of specific promotion, such as information technologies.

In studying candidacies, the Appointments and Remuneration Committee, based on the needs of the Board of Directors and the requirements that the Board's internal committees may have on an individual or joint basis, will assess the following elements:

- i) the candidates' professional and technical skills. As a whole, directors must have the knowledge required of the businesses carried on by the Company, in economic and financial, accounting, auditing, internal control and business risk management aspects, among others.
- ii) candidates' management experience, also taking into account the context in which ENDESA operates;
- iii) the commitment required for performing the office, also assessing the roles already performed by candidates in other companies;
- iv) the possible existence of conflicts of interest;
- v) the significance of possible commercial, financial or professional relationships existing or maintained recently, directly or indirectly, by the candidate with the Company or Group companies; as well as
- vi) possible pending proceedings against the candidate, as well as any criminal convictions or administrative sanctions imposed by competent authorities.

In the case of candidates for Independent Director, the Appointments and Remuneration Committee will especially verify compliance with the requirements for independence established by law.

In any case, proposals for the appointment, ratification or re-election of Directors finally made to the Board shall be made with regard to renowned persons who have the relevant experience and professional knowledge to perform their duties and who assume a commitment of sufficient dedication for the performance of the tasks inherent therein.

In any case, as regards the objective that in 2020 the number of female directors represent at least 30%, the Appointments and Remuneration Committee has initiated the appropriate procedures so that in the next General Meeting this objective will be fulfilled.

When, despite the measures taken, there are few or no female directors, explain the reasons:

### Explanation of reasons

Not applicable

C.1.7 Explain the conclusions of the appointments committee on the verification of compliance with the Policy for Selecting Directors. And, in particular, on how this

## ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

policy is promoting the goal of the number of female directors representing at least 30% of the total members of the Board of Directors by 2020.

The Appointments and Remuneration Committee, in its meeting of 16 December 2019, unanimously concluded, in relation to the verification of compliance with the Policy for the Selection of candidates for Directors that:

- The appointment and re-election resolutions passed by the General Shareholders' Meeting of 2019 called for a prior analysis of the needs of the Board, with the support of an external advisor. An analysis was carried out of the current composition of the Board and its Committees, of their needs, of the assessment of the conditions that directors must meet for the exercise of their duties, and the dedication required to adequately perform their duties, all in accordance with the ENDESA Corporate Governance Policy and the ENDESA Candidate Selection Policy.

In accordance with the Report of the external advisor, with the appointment as Director of Mr. Juan Sánchez-Calero Guilarte, and the re-election of Mr. Alberto de Paoli as proprietary Director, and Mr. Ignacio Garralda, Ms. Helena Revoredo and D. Francisco Lacerda as independent Directors ENDESA continues to have a significant coverage of capabilities related to management experience and strategic monitoring, as well as financial and risk management knowledge. Likewise, the ENDESA Board of Directors continues to have experience in the energy and engineering sector, especially with the presence of proprietary directors who have worked in the sector; and with knowledge in other relevant topics such as talent management through directors with experience in business administration and management and corporate governance and legal and regulatory aspects thanks to directors with experience and skills in the legal field. This last area has been significantly reinforced with the entry into the Board of Directors of Mr. Sánchez-Calero.

- Regarding the procedure for appointment by co-option, carried out in September 2019, the Appointments and Remuneration Committee issued a favourable report on the appointment of Mr. Cammisecra proposed by shareholder Enel. Before issuing its report, the Committee carried out an analysis of the current composition of the Board and its Committees, of their needs, of the assessment of the conditions that directors must meet for the exercise of their duties, and the dedication required to adequately perform their duties, all in accordance with the ENDESA Corporate Governance Policy and the ENDESA Candidate Selection Policy.

Mr. Cammisecra's specific qualities respond to the particular business and strategic monitoring needs of the Company, considering the main guidelines of the Group's strategy.

In general terms, the Committee considers the diversity on the Board of Directors adequate to date. In any case, as regards the objective that in 2020 the number of female directors represent at least 30%, the Appointments and Remuneration Committee has initiated the appropriate procedures so that in the next General Meeting this objective will be fulfilled.

C.1.8 Explain, when applicable, the reasons why proprietary directors have been appointed at the request of shareholders who hold less than 3% of the share capital.

Name or corporate name of shareholder	Reasons
No data	

Provide details of any rejections of formal requests for board representation from shareholders whose equity interest is equal to or greater than that of other shareholders who have successfully requested the appointment of proprietary directors. If so, explain why these requests have not been entertained.

[ ] Yes  
[  ] No

C.1.9 Indicate what powers, if any, have been delegated to directors or board committees by the Board of Directors:

## ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

Name or corporate name of the director or committee	Brief description
José Damián Bogas Gálvez	With effect from 7 October 2014 the Board of Directors delegated to the CEO all the powers of the Board of Directors of the Company that are legally and statutorily delegable. All powers delegated to the Chief Executive Officer of ENDESA, S.A., Mr. José Damián Bogas Gálvez, shall be exercised jointly by him in respect of all those corresponding to the Executive Committee of the Board of Directors of the Company.

C.1.10 List the Directors, if any, who hold office as directors, representatives of directors or executives in other companies belonging to the listed company's group:

Name or corporate name of director	Corporate name of the group company	Position	Executive duties?
José Damián Bogas Gálvez	ENDESA Generación II	Joint director	No
José Damián Bogas Gálvez	Unelco Generación, S.A.	Chairman	No
José Damián Bogas Gálvez	Enel Green Power España, S.L.	Chairman	No

The position held by Mr Bogas at Unelco Generación, S.A. has yet to be entered with the Trade & Companies Register at the date of this report.

C.1.11 List any company directors or representatives of corporate directors who likewise sit on the Boards of Directors or act as representatives of corporate directors at other non-group companies that are listed on official securities markets, insofar as these have been disclosed to the company:

Name or corporate name of director	Corporate name of the listed company	Position
Ignacio Garralda Ruiz de Velasco	Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, S.A.	Vice Chairman
Ignacio Garralda Ruiz de Velasco	Caixabank, S.A.	Director
Alejandro Echevarría Busquet	Mediaset España Comunicación, S.A.	Chairman
Helena Revoredo Delvecchio	Mediaset España Comunicación, S.A.	Director
Helena Revoredo Delvecchio	Prosegur Compañía de Seguridad, S.A.	Chairman
Miquel Roca Junyent	ACS	Director
Name or corporate name of director	Corporate name of the listed company	Position
Maria Patrizia Grieco	Amplifon, S.p.A.	Director

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Maria Patrizia Grieco	Anima Holding, S.p.A.	Director
Maria Patrizia Grieco	Ferrari N.V.	Director

C.1.12 Indicate and, where appropriate, explain whether the company has established rules about the maximum number of boards on which its directors may sit and, if so, identify where this is regulated:

[  ] Yes  
[  ] No

### Explanation of the rules and identification of the regulating document

Article 10 of the Board Regulations establishes incompatibilities for Directors and stipulates that any individual sitting on more than four boards of directors of listed companies, other than ENDESA, S.A. or eight organisations in total (including listed and unlisted companies), may not be appointed as a Director of the Company, considering that membership on various boards of directors for companies within the same group shall, for these purposes, count as one board for each group of companies. In addition, for these purposes, any board of directors on which the Director sits shall not count when said board is that of a company that may submit abridged balance sheets and statements of changes in equity or that is a holding company or a mere financial vehicle.

C.1.13 Indicate the amounts of items relating to overall remuneration of the Board of Directors, as follows:

Remuneration accrued during the year to the board of directors (thousands of euros)	19,273
Amount of pension rights accrued by current directors (thousands of euros)	15,325
Amount of pension rights accrued by former directors (thousands of euros)	3,851

C.1.14 List any members of senior management who are not executive directors and indicate total remuneration paid to them during the year:

Name or corporate name	Position(s)
Juan María Moreno Mellado	GM Energy Management
Francisco de Borja Acha Besga	General Secretary, Secretary to the Board and GM Legal Advice
Javier Uriarte Monereo	GM Supply
Pablo Azcoitia Lorente	GM Procurement
Rafael González Sánchez	GM Generation
María Malaxechevarría Grande	GM Sustainability
Gonzalo Carbó de Haya	GM Nuclear
José Luis Puche Castillejo	GM Media
Alberto Fernández Torres	GM Communication
Manuel Marín Guzmán	GM ICT
Name or corporate name	Position(s)
Josep Trabado Farré	GM ENDESA X
José Casas Marín	GM Institutional Relations and Regulation
Paolo Bondi	GM

## ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

Andrea Lo Faso	GM People and Organisation
Luca Passa	GM Administration, Finance and Control
Gianluca Caccialupi	GM Infrastructures and Networks
Patricia Fernández Salís	GM Audit
Total remuneration received by senior management (thousands of euros)	
	13,042

In 2019 the following persons left the senior management of the company:

- Luca Minzolini as General Manager, Audit, on 28 February 2019.
- Alberto Fernández Torres as General Manager, Communication, on 31 December 2019.

C.1.15 Indicate whether any changes have been made to the board regulations during the year:

- Yes  
 No

### Description of amendments

The majority shareholder of ENDESA, Enel S.p.A., owner of 70.10% of the share capital, through its representatives on the Board of Directors of ENDESA, and in accordance with article 4.- "Amendments" of the Regulations, proposed the adaptation of ENDESA's internal regulations to the limitation for reasons of good corporate governance, of the maximum period for which a person can hold the position of Chairman of the Company. Additionally, the non-executive nature of the Chairman was established and certain technical improvements made.

In the following sections, the main amendments to the Regulations are set out in detail, omitting minor changes with respect to the current text that constitute mere improvements in wording or of a strictly technical nature.

The description of the main new features is grouped based on the various titles of the Regulations:

3.1 First title (article 6): Article 6. General Duties and Powers of the Board of Directors

In Article 6, two technical improvements are introduced. The power to approve the general policies and strategies of the Company is expressly incorporated in section 4.2.F. "Approve, where appropriate, the specific regulations of its Committees" and in section 4.4.E. in relation to the need for a prior report of the Appointments and Remuneration Committee for appointments to positions on the Board, the position of "CEO", not previously provided for in this section, is expressly included.

3.2 Third title (article 9): Appointment and removal of directors

In article 9.3, which states that the position of Director can be renounced, revoked and re-elected, an improvement of a technical nature is introduced, specifically, the words "without prejudice to the provisions of art. 13.4" are added in relation to the main amendment introduced, which is to limit the maximum period for which a person can hold the position of Chairman of the Company.

3.3 Fourth Title (Articles 13 and 14): Board positions

In article 13, concerning the Chairman and Vice-Chairmen of the Board of Directors, the main amendments to the Regulations are introduced.

Sections 2 "The appointment of the Chairman, based on his status as Executive Director, shall require the favourable vote of at least two thirds of the members of the Board" and section 5 "The Chairman of the Board may delegate his powers, totally or partially, to other members of the Board of the Company, unless such substitution is expressly prohibited by the Law " are deleted in order to adapt the text to the incorporation of a non-executive Chairman in the new model of the Board of Directors.

A new section 4 is added, to read "The Chairman of the Board may not remain in office beyond twelve years from the date of his first appointment as Director", which includes the main reason for amending the Regulations, to limit the maximum period for which a person can hold the position of Chairman of the Company.

In article 14, regarding the Coordinating Director, the wording is amended, deleting the reference to the Chairman's status as Executive Director and, in accordance with best corporate governance practices, the possibility is maintained, even if the Chairman is of non-executive status, of maintaining the position of Coordinating Director with the same powers provided to date, as if the Chairman had the status of executive.

3.4 Fifth Title (Article 20): Workings of the Board of Directors

Article 20, in relation to the adoption of agreements, incorporates an improvement of a purely technical nature. Specifically, at the end of section 3, which indicates that resolutions shall be adopted with the favourable vote of the absolute majority of the Directors attending the meeting, in person or by proxy, the words "unless a different majority is provided by law" are added.

3.5 Ninth Title (Article 30): Directors' Remuneration

In article 30, the wording is modified in section 6, in order to ensure consistency with the rest of the article. Specifically, the reference to "of the Chairman and CEO" is replaced by "of the Executive Directors" so as to bring the content of the article into line with the other amendments made in order to adapt the Regulations to the incorporation of a non-executive Chairman.

C.1.16 Indicate the procedures for selecting, nominating, re-electing and removing directors. List the competent bodies, procedures to be followed and criteria to be used in each of these processes.

## ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

- Selection: One of the functions entrusted to the Appointments and Remuneration Committee is the evaluation of the skills, knowledge and experience necessary in the Board of Directors. For such purpose, the Committee shall define the duties and skills that the candidates must have in order to cover each vacancy and shall consider the time and dedication required in order to properly perform their mandate, ensuring that, in particular, non-executive directors have enough time to properly perform their duties and send to the Board of Directors their proposed appointments of Independent Directors and report on those of other directors.

In line with the policy for selecting candidates for the office of director, the Appointments and Compensation Committee shall base its proposals or reports for appointment on the results of an objective, verifiable and transparent selection process, which shall be based on a prior analysis of the needs of the Board of Directors, the Audit and Compliance Committee and the Appointments and Remuneration Committee taken together, with the objective of integrating professional experiences and skills, as well as different management skills and promoting diversity of knowledge, experience, culture, nationality and gender, bearing in mind the relative weight of the various activities performed by ENDESA as well as the specific areas or sectors that the Company wishes to promote, such as information technology.

In studying candidacies, the Appointments and Remuneration Committee, based on the needs of the Board of Directors and the requirements that the Board's internal committees may have on an individual or joint basis, will assess the following elements:

- i) the technical-professional competences of the candidates, which will take into account the strategic objectives of the Company. The directors as a whole must have the necessary knowledge of the businesses carried on by the Company, including economic/financial, accounting, auditing, internal control and business risk management aspects, human resources, and corporate governance, among others.
- ii) candidates' management experience, also taking into account the context in which ENDESA operates;
- iii) the commitment required for performing the office, also assessing the roles already performed by candidates in other companies;
- iv) the possible existence of conflicts of interest;
- v) the significance of possible commercial, financial or professional relationships existing or maintained recently, directly or indirectly, by the candidate with the Company or Group companies; as well as
- vi) possible pending proceedings against the candidate, as well as any criminal convictions or administrative sanctions imposed by competent authorities.

In any case, proposals for the appointment, ratification or re-election of Directors finally made to the Board shall be made with regard to renowned persons who have the relevant experience and professional knowledge to perform their duties and who assume a commitment of sufficient dedication for the performance of the tasks inherent therein.

In proposals for re-appointment, the Appointments and Compensation Committee, in addition to taking into account the same factors as for the initial appointment, will evaluate the director's performance during the time he or she has held the position and his or her ability to continue to fulfil it satisfactorily, as well as the needs of the Board of Directors as a whole.

The Appointments and Compensation Committee may contract the services of one or more external advisors that specialise in identifying and selecting candidates in order to improve the efficiency, efficacy and impartiality of the procedures used to identify candidates for the Board of Directors.

- Appointment: The power to appoint and remove members of the Board of Directors lies with the General Shareholders' Meeting. For its part, the Board of Directors will appoint Directors, after a report from the Appointments and Remuneration Committee, in the event that vacancies occur, until the next General Shareholders' Meeting.

- Re-election: The term of office of Directors shall be four years and they may be re-elected for periods of like duration. The proposal for re-electing Directors sent by the Board of Directors to the General Shareholders' Meeting will be based on a proposal from the Appointments and Remuneration Committee when involving Independent Directors, and after receiving a report from that Committee when involving Directors in another category. The Chairman of the Board shall not hold office for more than twelve years from the date of his/her initial appointment as Director.

- Removal: The position of Director may be renounced and revoked. The term of office of Directors shall be four years. The power to remove members of the Board of Directors lies with the General Shareholders' Meeting. Prior to this it is the responsibility of the Appointments and Remuneration Committee to propose to the Board of Directors the removal of independent Directors, or to report on the proposed removal of other categories of Director, when in the former case their remaining on the Board of Directors may damage the credit and reputation of the Company or in the latter they are involved in any of the cases of incompatibility or prohibition or the shareholder they represent fully transfers its shareholding or reduces its shareholding.

## ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

C.1.17 Explain to what extent the Board's annual evaluation has prompted significant changes in its internal organisation and the procedures applicable to its activities:

### Description of amendments

The result of the process of annual evaluation of the functioning of the Board and that of its 2019 Committees did not result in significant changes in the internal organisation of the Board of Directors or its Committees or in the procedures applicable to their activities.

Describe the evaluation process and the areas evaluated by the Board of Directors aided, where applicable, by an external consultant, with regard to the operation and composition of the Board and its committees, and any other area or aspect that must be assessed.

### Description of the assessment process and the areas evaluated

In November and December 2019, the Chairman of the Board coordinated, with the advice of the external consultant Gómez-Acebo & Pombo and with the support of the Secretariat of the board, the self-evaluation of the "Board of Directors" for the year 2019, complying with the art. 529 nonies of the Corporate Enterprises Act and recommendation number 36 of the Code of Good Governance of Listed Companies of the National Securities Market Commission (CNMV) which states that the Board of Directors in full should evaluate once a year and adopt, where appropriate, an action plan that corrects the deficiencies detected with respect to:

- The quality and efficiency of the functioning of the board of directors.
- The operation and composition of its committees.
- The diversity in the composition and skills of the board of directors.
- The performance of the chairman of the board of directors and the CEO.
- The performance and contribution of the directors, paying special attention to those responsible for the different committees of the Board.

The process for obtaining the opinion of the directors on the different aspects of the examination was carried out through two means: interviews and questionnaires.

The result of the evaluation process consists of three different aspects:

- Monitoring of the Action Plan for 2019.
- Strengths and areas for improvement of the Board of Directors, the Audit Committee, the Appointments and Remuneration Committee, the Chairman of the Board, the Chief Executive Officer, each Director and the Secretary to the Board of Directors.
- Improvement actions to be implemented in 2020.

C.1.18 Disclosure, in those years in which the evaluation has been assisted by an external consultants of the business relationships that the consultant or any company in its group maintains with the company or any group company.

Gómez-Acebo & Pombo does not present any threats that may compromise or affect the independence of the Firm in the provision of the Services:

Gómez-Acebo & Pombo does not have any conflict of interest nor is there any other circumstance that could affect its independence in carrying out the evaluation work indicated above.

The amounts invoiced by Gómez Acebo & Pombo to the ENDESA Group represent less than 1% of the Firm's turnover. 2018: €348,000  
2019: €554,567

C.1.19 Indicate the cases in which directors must resign.

Directors must tender their resignation when any of the circumstances set forth in Article 12.2 of the Regulations of the Board of Directors applies to them.

In this regard, Directors must place their position at the disposal of the Board and formalise the corresponding resignation when their remaining on the Board of Directors may impair the credit and reputation of the Company, when they are subject to any instance of incompatibility or prohibition provided for by law or in the Regulations of the Board of Directors; when, in the case of independent directors, just cause is found by the Board of Directors following a report by the Appointments and Remuneration Committee, or when the shareholders they represent transfer their equity stake in its entirety, or reduce it. In this last case, the number of proprietary directors will be reduced by the corresponding number.

Finally, in the event that a Director ceases in his/her position, whether due to resignation or otherwise, prior to the end of his/her term of office, he/she must explain the reasons in a letter, to be sent to all Board members. Without

## ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

prejudice to such cessation being reported as a significant event, the reason for it must be reported in the Annual Corporate Governance Report.

C.1.20 Are qualified majorities, other than those prescribed by law, required for any type of decision?

- Yes  
 No

If applicable, describe the differences.

C.1.21 Indicate whether there are any specific requirements, apart from those relating to the directors, to be appointed chairman of the Board of Directors:

- Yes  
 No

C.1.22 Indicate whether the bylaws or the board regulations set any age limit for directors:

- Yes  
 No

C.1.23 Indicate whether the Bylaws or the board regulations set a limited term of office, or any other requirements that are stricter than those established by law, for independent directors:

- Yes  
 No

C.1.24 Indicate whether the bylaws or board regulations stipulate specific rules on appointing other directors as a proxy to the board, the procedures thereof and, in particular, the maximum number of proxy appointments a director may hold. Also indicate whether any limitation has been stipulated regarding the categories that can be appointed proxy, other than any limitations imposed by law. If so, give brief details.

The Bylaws of the Company, in article 45, and the Regulations of the Board of Directors, article 20.2, indicate that each Director may confer his representation on another member of the Board of Directors. Proxies shall be granted in writing and specifically for each Board Meeting. No director may hold more than three proxies, with the exception of the Chairman, to whom this limit shall not apply, although he/she may not represent the majority of the Board of Directors. Non-Executive Directors may only delegate their proxy to another non-executive.

C.1.25 Indicate the number of board meetings held during the year. Indicate how many times the board has met without the chairman in attendance. Attendance will also include proxies appointed with specific instructions.

Number of board meetings	13
Number of board meetings held in the absence of the chairman	0

## ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

Indicate the number of board meetings held by the coordinating director and other directors in the absence and without representation on behalf of any executive director:

Number of meetings	1
--------------------	---

Indicate the number of meetings of the various board committees held during the year:

Number of meetings of the Audit and Compliance Committee	13
Number of meetings of the Appointments and Remunerations Committee	10

C.1.26 Indicate the number of board meetings held during the year and member attendance data:

Number of meetings when at least 80% of directors attended	13
attendance in person as % of total votes during the year	92.00
Number of meetings with attendance in person or proxies given with specific instructions, of all directors	13
votes cast in person and by proxies with specific instructions, as % of total votes during the year	100.00

C.1.27 Indicate whether the individual and consolidated financial statements are certified before they are submitted to the board for issue:

Yes  
 No

Identify, where applicable, the person(s) who certified the company's individual and consolidated financial statements prior to their authorisation for issue by the board:

Name	Position
José Damián Bogas Gálvez	CEO
Luca Passa	General Manager - Administration, Finance and Control

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C.1.28 Explain the mechanisms, if any, established by the board of directors to prevent the individual and consolidated financial statements it authorises for issue from being presented at the general shareholders' meeting with a qualified audit report.

The main function of the Audit and Compliance Committee is to advise the Board of Directors and supervise and control the preparation and presentation of financial and non-financial information, the independence of the auditor and the effectiveness of the internal risk control and management systems, in addition to reporting to the Board of Directors on related party transactions.

The Audit and Compliance Committee in relation to the process of preparing economic-financial and non-financial information has the following competences:

- To monitor the preparation and presentation of all required financial information of the Company and, as the case may be, the Group, as well as submitting recommendations or proposals to the Board of Directors with a view to safeguarding its integrity.
  - To review, analyse and discuss on an ongoing basis the financial statements and other relevant non-financial information with the management, the internal audit, the external auditor or, as the case may be, audit firm.
  - To assess, taking into account the different available sources of information, whether the Company has properly applied the accounting policies and to use its own judgement in reaching its own conclusions.
  - To report to the Board of Directors on the accuracy, integrity and reliability of the regulated financial information that the Company, due to its status as a listed company, is required to publish periodically:
    - a) an annual financial report including the annual financial statements and management reports both for the Company and its consolidated Group, reviewed by the auditor;
    - b) a semi-annual financial report for the first six months of each financial year, including the abridged interim financial statements and the Company and consolidated Group Interim Management Reports;
    - c) interim statements relating to the first and third quarters of each financial year containing an explanation of significant events and transactions that have taken place during the period from the beginning of the financial year up to the end of the relevant quarter, and including also a general statement on the financial position and results of the Company and its Consolidated Group.
  - To monitor the effectiveness of internal controls on financial information of the Company through the reports issued by the Internal Control unit, the Internal Audit unit, an independent third party (Deloitte) and in any case to make sure that these reports contain conclusions as to the degree of confidence and reliability of the system (ICFR) and to report these conclusions to the Board of Directors, as well as discussing with the External Auditor any significant weaknesses in the internal control system detected during the audit. To this end, if necessary, the Audit and Compliance Committee may present recommendations or proposals to the Board of Directors including the periods established for follow-up.
  - ensure that the remuneration of the External Auditor for work completed does not compromise its quality or independence, verifying the limits on the concentration of the Auditor's business.
  - oversee compliance with the audit agreement, regularly receiving information from the External Auditor on the audit plan and on the results of its implementation as well as on any other topics relating to the auditing process.
  - Issue of a report expressing the opinion on the independence of the auditor, in accordance with article 529 (14) of the Corporate Enterprises Act.
- In order to complete its oversight duties, the Audit and Compliance Committee shall prepare a final assessment of the auditor's performance, addressing its contribution to the quality of the audit and the comprehensiveness of the financial information. If based on this assessment of the auditor the Audit and Compliance Committee has unresolved concerns regarding the quality of the audit, the Committee shall consider notifying the Board of Directors and, if appropriate, shall notify such circumstance to the relevant oversight bodies.
- Throughout the process and in accordance with recommendation 42.2 d) of the Code of Good Governance of listed companies, and by virtue of Article 33 of the Regulations of the Board of Directors, the Audit and Compliance Committee maintains a continuous objective, professional relationship with the Company's Auditor, respects its independence and ensures that all the information necessary for the development of its tasks is provided. For this purpose, throughout 2019, Ernst & Young, S.L. has appeared in various meetings before the Board of Directors and the Audit and Compliance Committee in order to report on the points indicated below:
- Presentation of the auditor on the audit of the year: Favourable report on the Individual and Consolidated Financial Statements and Management Report for the year ended 31 December 2018. In addition, the external auditor, in accordance with Article 36 of the Accounts Auditing Act, presented and explained the content of the additional report for the Audit and Compliance Committee:
  - Information on the work done in relation to the half-yearly results. Limited review of the Financial Information of ENDESA, S.A. and subsidiaries for the six months to 30 June 2019.
  - Auditor's Activity Plan for 2019

C.1.29 Is the secretary of the board also a director?

- Yes  
 No

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If the secretary is not a director, complete the following table:

Name or corporate name of the secretary	Representative
Francisco de Borja Acha Besga	

C.1.30 Indicate the specific mechanisms implemented by the company to preserve the independence of the external auditors, and any mechanisms to preserve the independence of financial analysts, investment banks and rating agencies, including how legal provisions have been implemented in practice.

In accordance with the provisions of article 52 of the Company's Bylaws, and the Regulations of the Audit and Compliance Committee, the Audit and Compliance Committee is responsible for ensuring compliance with good corporate governance and transparency in all the actions of the Company in the economic-financial, external audit and compliance and internal audit fields, and as such is required to:

- Liaise with the external auditors to receive information on all matters that may pose a threat to their independence, for examination by the Committee, and any other matters relating to the audit process and, when applicable, authorise services other than those prohibited, in the terms set out in the applicable regulations, on independence, as well as the other communications provided by account auditing laws and auditing standards.
- Supervise the effectiveness of the Company's internal controls, internal audit and risk management systems, as well as discussing with the auditor any significant weaknesses in the internal control system detected during the audit, all without undermining its independence. For such purpose, and as the case may be, recommendations or proposals, including the periods established for compliance therewith, may be submitted to the governing body.
- Supervise the preparation and presentation of the required financial information and present recommendations or proposals to the governing body aimed at safeguarding the integrity thereof.
- Make recommendations to the Board of Directors for the selection, appointment, reappointment and replacement of the auditor, assuming responsibility for the selection process, as set out in the applicable regulations, and the terms of its engagement, and obtain regular information from the auditor on audit plan and its execution, as well as preserving its independence in the exercise of its functions.

In December 2018 the procedure for selecting ENDESA's auditor for the period 2020-2022 was completed, with the recommendation by the Audit and Compliance Committee to the Board of Directors of two candidate firms to perform the audit. In accordance with the legal regulations on auditing, article 5 of Regulation EU 537/2014 determines the prohibition of the future auditor or members of its network from providing certain services other than auditing to ENDESA, S.A. or the controlled companies in its Group in the year immediately preceding the audited period (2019), that is, the so-called cooling-in period. Erring on the side of caution, these limitations were applied to both the candidate firms and their networks.

For this reason the Committee, in accordance with the CNMV's Technical Guide on audit committees of public interest entities:

- approved in 2018 a selection procedure for the auditor specifying the criteria or parameters to be assessed, from among a sufficient number of auditors and audit firms invited to participate by the audit committee itself and a policy on the provision of non-audit services and relations with the auditor that includes criteria defining its performance, among others, the prohibition of providing certain services by the auditor, the approval of the provision of non-audit services and the establishment of limits on the fees to be received by the auditor for non-audit services taking into account the provisions of European and national legislation. The procedure further stipulates that the Audit and Compliance Committee shall, before the auditors' report is published, issue an annual report expressing an opinion on whether the independence of the statutory auditors or audit firms has been compromised. The auditor will also issue an annual statement of its independence regarding the Company and any companies directly or indirectly associated with it, as well as detailed and individualised information regarding services other than the statutory audit and the fees received by the auditor from the Company and any companies it controls.
- approved in January 2019 a policy on the provision of non-audit services and relations with the auditor that includes criteria defining its performance, among others, the prohibition of providing certain services by the auditor, the approval of the provision of non-audit services and the establishment of limits on the fees to be received by the auditor for non-audit services taking into account the provisions of European and national legislation. The procedure further stipulates that the Audit and Compliance Committee shall, before the auditors' report is published, issue an annual report expressing an opinion on whether the independence of the statutory auditors or audit firms has been compromised. The auditor will also issue an annual statement of its independence regarding the Company and any companies directly or indirectly associated with it, as well as detailed and individualised information regarding services other than the statutory audit and the fees received by the auditor from the Company and any companies it controls.

There are no relations other than those deriving from professional activities with financial analysts, investment banks or credit rating agencies.

C.1.31 Indicate whether the company has changed its external audit firm during the year. If so, identify the incoming audit firm and the outgoing auditor:

## ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

Yes  
 No

On 17 December 2018, the Board of Directors resolved to submit a proposal to the 2019 General Shareholders' Meeting to appoint KPMG Auditores, S.L. as auditor of the separate and consolidated financial statements of ENDESA, S.A., as well as the limited review of the half-yearly financial statements for the 2020-2022 period, in accordance with the recommendation made by the Audit and Compliance Committee.

Explain any disagreements with the outgoing auditor and the reasons for the same.

Yes  
 No

C.1.32 Indicate whether the audit firm performs non-audit work for the company and/or its group. If so, state the amount of fees paid for such work and the percentage they represent of all fees invoiced to the company and/or its group:

Yes  
 No

	Company	Group companies	Total
Amount of non-audit work (thousands of euros)	907	30	937
Amount of non-audit work / amount of audit work (%)	37.52	2.51	25.99

C.1.33 Indicate whether the audit report on the previous year's financial statements is qualified or includes reservations. Indicate the reasons given to shareholders at the general meeting by the Chairman of the Audit Committee to explain the content and scope of those reservations or qualifications.

Yes  
 No

C.1.34 Indicate the number of consecutive years during which the current audit firm has been auditing the company's individual and/or consolidated financial statements. Likewise, indicate for how many years the current firm has been auditing the financial statements as a percentage of the total number of years over which the financial statements have been audited.

	Individual	Consolidated
Number of consecutive years	9	9

## ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

	Individual	Consolidated
No. of years audited by current audit firm / No. years the company or group has been audited (%)	23.08	28.13

C.1.35 Indicate whether there are procedures for directors to receive the information they need in sufficient time to prepare for meetings of the governing bodies:

Yes  
 No

### Details of procedure

The Board of Directors' Regulations stipulate that the call to meeting of the Board shall be made with the required notice, at least 48 hours before the date set for the meeting, to each of the directors and shall include the agenda, clearly identifying the items on which the Board of Directors is required to make a decision or adopt a resolution so that the directors may study or gather, in advance, the information required to make such decisions. Also, the minutes of the previous meeting shall be attached. Directors have an IT application to handle documents for Board meetings and Committee meetings online, facilitating the right to information and availability and access thereto.

In line with the Board of Directors Regulations, Directors, as required to perform their duties, have access to all of the Company's services and have a duty to request, and the right to gather, all information from the Company which may be appropriate or necessary in order to perform their duties, as well as any advising required in relation to any matter. The right to information also covers investees, requests being made to the Chairman, through the Board Secretary, and the information being conveyed by the CEO.

Furthermore, the Board may request information on the actions of Senior Management of the Company and may ask for such explanations as it sees fit. Such requests shall be made by the Chairman through the Board Secretary and shall be conveyed by the Managing Director.

C.1.36 Indicate and, where appropriate, give details of whether the company has established rules obliging directors to inform the board of any circumstances that might harm the organisation's name or reputation, tendering their resignation as the case may be.

Yes  
 No

### Explain the rules

Directors must tender their resignation when they come under any of the cases established by Article 12.2 of the Board of Directors' Regulations and, specifically, "Directors must tender their resignation when their remaining on the Board of Directors may impair the credit and reputation of the Company".

Likewise, pursuant to article 28 bis of the Board of Directors' Regulations, Directors shall notify the Company, via the Board Secretary, of the start of any type of legal criminal investigation or proceedings, in Spain or abroad, in which they are involved, as well as of all developments related thereto. The Appointments and Remuneration Committee will analyse the information available, presented by the Director, via the Secretary, to determine whether the case could damage the Company's credit or reputation.

In cases where the investigation or criminal proceedings lead to a Director being indicted or tried for any of the crimes stated in company law, the Board of Directors shall examine the matter as quickly as possible and, following a report by the Appointments and Remuneration Committee, will decide on the course of action it considers most appropriate to the company's interests. In the event that such criminal proceedings take place in a jurisdiction outside of Spain, similar concepts or legal categories of analogous significance to those provided for in Spanish law will be applied.

## ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

C.1.37 Indicate whether any Member of the Board of Directors has notified the company that he/she has been indicted tried for any of the offences stated in article 213 of the Spanish Corporate Enterprises Act.

[ ] Yes  
[  ] No

C.1.38 Indicate the significant agreements to which the company is a party and which take effect, undergo changes or terminate upon a change of control following a takeover bid and the effects thereof.

At 31 December 2019, ENDESA, S.A. has loans and other borrowings from banks and ENEL Finance International, N.V. for an amount equivalent to Euros 5,814 million, with an outstanding debt of Euros 4,814 million, which might have to be repaid early in the event of a change of control of ENDESA, S.A.  
Also, certain ENDESA subsidiaries that operate in the renewable energy business, and which are financed through project finance have financial debt of Euros 91 million, in addition to associated derivatives with a negative net market value of Euros 3 million, which might have to be settled early if there is a change of control of ENDESA.

C.1.39 Identify in general and describe in detail any agreements made between the company and its directors, executives or employees containing severance or golden parachute clauses in the event of resignation or dismissal or termination of employment without cause following a takeover bid or any other type of transaction.

Number of beneficiaries	21
Type of beneficiary	Description of the agreement
Executive Directors, Senior Managers and Managers	<p>These types of clauses have been approved by the Board of Directors following the report of the Appointments and Remuneration Committee and provide for termination benefits in the event of termination of the employment relationship and a post-contractual non-competition clause. With regard to management personnel, although this type of termination clause is not the norm, the contents of cases in which it arises are similar to the scenarios of general employment relationships. Additionally, the Remuneration Policy establishes that when new directors are included, a maximum number of two years of total annual remuneration will be set as payment for contract termination, applicable in any case in the same terms to the Executive Director contracts. The general regime of these clauses for senior managers is as follows:</p> <p>Termination of the employment relationship: - By mutual agreement: termination benefit equal to an amount from 1 to 3 times the annual remuneration, on a case-by-case basis. - At the unilateral decision of the executive: no entitlement to termination benefit, unless the decision to terminate the employment relationship is based on the serious and culpable breach by the Company of its obligations, the position is eliminated, or in the event of a change of control or any of the other causes for compensation for termination foreseen in Royal Decree 1382/1985. - As a result of termination by the Company: termination benefit equal to that described in the first point. - At the decision of the Company based on the serious wilful misconduct or negligence of the executive in discharging his or her duties: no entitlement to termination benefit. These conditions are alternatives to those arising from changes to the pre-existing</p>
Type of beneficiary	Description of the agreement

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	<p>employment relationship or its termination due to early retirement for Senior Managers. Post-contractual non-competition clause: In the vast majority of contracts, senior management personnel are required not to engage in a business activity in competition with ENDESA for a period of two years; as consideration, the executive is entitled to an amount of up to 1x the annual fixed remuneration. The contract signed with the Chief Executive Officer does not provide compensation for termination of office. Notwithstanding the foregoing, when the Chief Executive Officer ceases in his position, his previous relationship, that is his senior management contract, suspended since his appointment as Chief Executive Officer, will be automatically terminated, in which case, due to the termination of his employment relationship as senior management, Mr. Bogas will be entitled to receive a net amount of Euros 6,527,000, this amount being the result of reducing the gross compensation that he has consolidated by the amount of withholdings on account of the IRPF personal income tax and, where appropriate, the Social Security contributions applicable at the date of payment. This remuneration is incompatible with any other indemnity payment that may arise from termination of his employment as Director. This net amount of Euros 6,527,000 includes the two-year post-contractual non-competition agreement included in the CEO's senior management contract. This remuneration is compatible with the CEO's defined benefit saving scheme. Termination in the event of death or retirement recognises the right of the CEO or his heirs and assigns to the guaranteed compensation.</p>
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Indicate whether, beyond the cases established by legislation, these agreements must be reported to and/or authorised by the governing bodies of the company or its group. If so, specify the proceedings, cases and nature of the bodies that are responsible for their approval, or making notification:

	Board of Directors	General Meeting
Body authorising clauses	√	
	Yes	No
Is the general meeting informed about the clauses?	√	

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### C.2. Board committees

C.2.1 Give details of all the board committees, their members and the proportion of executive, proprietary, independent and other external directors:

Audit and Compliance Committee		
Name	Position	Category
Ignacio Garralda Ruiz de Velasco	Chairman	Independent
Alejandro Echevarría Busquet	Director	Independent
Helena Revoredo Delvecchio	Director	Independent
Miquel Roca Junyent	Director	Independent
Francisco de Lacerda	Director	Independent
Alberto de Paoli	Director	Proprietary

% of executive directors	0.00
% of proprietary directors	16.67
% of independent directors	83.33
% of other external directors	0.00

Explain the functions, including any in addition to those established by law, attributed to this committee, and describe its organisational and operational rules and procedures. Explain the most important actions taken during the year with respect to these functions, and how they have been exercised in practice, either in accordance with the law, and bylaws or other corporate agreements.

The Audit and Compliance Committee shall comprise a minimum of three and a maximum of six Board members. The Committee shall consist exclusively of non-executive directors, the majority of whom must be independent directors. Members of the Committee shall serve a term of office of four years and they may be re-elected for periods of like duration. The appointment of members of the Audit and Compliance Committee shall be based on their knowledge and experience in accounting, auditing, finance, internal control and risk management, in addition to appropriate training on corporate governance and corporate social responsibility. As a whole, members of the Committee shall have relevant technical knowledge in terms of the electricity and gas industries in which the Company operates. The Chairman of the Audit and Compliance Committee shall be appointed by the Board of Directors from among the independent directors sitting on the Committee, taking into account their knowledge and experience in accounting, auditing or risk management. The Chairman must be replaced every four years but may be re-elected after one year has elapsed from his vacating the office. The Audit and Compliance Committee shall meet as often as convened by its Chairman, when so resolved by the majority of its members or at the request of the Board of Directors. Committee meetings will be validly constituted when the majority of its members are present in person or by proxy. Resolutions must be passed by a majority vote of the directors attending the meeting. In the event of a tie, the Chairman or acting Chairman shall have the casting vote. The Board Secretary shall serve as the Secretary of the Committee, who shall draw up minutes of all meetings and resolutions passed, which shall be reported to the Board. The main functions of this Committee shall be to advise the Board of Directors and to supervise and control the processes of preparation and presentation of financial and non-financial information, the selection, appointment and independence of the auditor, the effectiveness of the internal risk control and management systems, to oversee internal audit services, supervise the shareholder and investor communication and relations strategy, to oversee compliance with corporate governance rules, review the corporate social responsibility policy and monitor the corresponding strategy and practices, as well as reporting to the Board of Directors on related party transactions. These duties shall be deemed to be without limitation and without prejudice to such other duties as may be entrusted to the Committee by law or by the Board of Directors. The most important actions of the Committee during 2019 included: informing the Board on the Financial and Non-Financial Information of the Company; supervising the internal risk control and management systems; certification/evaluation of the internal audit function by an independent third party; the approval in January 2019 of the procedure to be followed for contracting non-audit services with the firms that are candidates for the position of auditor for 2020-2022 until 31 December 2019 and reporting to the Board on related party transactions. All the activities of the Audit and Compliance Committee in 2019 are detailed in the Audit and Compliance Committee Activity Report published on the company's website.

## ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

Identify the Directors on the Audit Committee who have been appointed on the basis of knowledge and experience of accounting or auditing, or both, and state the date on which the Chairman was appointed.

Names of directors with experience	Ignacio Garralda Ruiz de Velasco
Date appointed as Chairman	19/09/2016

Appointments and Remunerations Committee		
Name	Position	Category
Ignacio Garralda Ruiz de Velasco	Director	Independent
Alejandro Echevarría Busquet	Director	Independent
Helena Revoredo Delvecchio	Director	Independent
Miquel Roca Junyent	Chairman	Independent
Francisco de Lacerda	Director	Independent
Alberto de Paoli	Director	Proprietary

% of executive directors	0.00
% of proprietary directors	16.67
% of independent directors	83.33
% of other external directors	0.00

Explain the functions, including any in addition to those established by law, attributed to this committee, and describe its organisational and operational rules and procedures. Explain the most important actions taken during the year with respect to these functions, and how they have been exercised in practice, either in accordance with the law, and bylaws or other corporate agreements.

The Appointments and Remuneration Committee shall be comprised of a minimum of three and a maximum of six non-executive Directors from the Board of Directors, at least two of whom shall be independent Directors.

The Chairman of the Appointments and Remuneration Committee shall be appointed by the Board of Directors from among the Independent Directors on the Committee.

The Appointments and Remuneration Committee shall meet as often as convened by its Chairman, when so resolved by the majority of its members or at the request of the Board of Directors. Committee meetings will be validly constituted when the majority of its members are present in person or by proxy. Resolutions must be passed by a majority vote of the Directors attending the meeting. In the event of a tie, the Chairman or acting Chairman shall have the casting vote.

The Committee may seek external advice. The Board Secretary shall serve as the Secretary of the Committee, who shall draw up minutes of all meetings and resolutions passed, which shall be reported to the Board.

The Appointments and Remuneration Committee shall have the following duties:

Evaluating the skills, knowledge and experience necessary in the Board of Directors in order to make proposals to the Board for the selection, appointment, re-election and removal of members of the Board; proposing members to form the Executive Committee and each of the other Committees and reporting on proposals for the appointment and removal of Senior Managers, the basic conditions of their contracts and remuneration; proposing the adoption of remuneration schemes for Senior Management and proposing to the Board of Directors the remuneration policy for Directors and individual remuneration and other contractual conditions of the Executive Directors; establishing a representation target for the gender that is under-represented on the Board of Directors, and examining and organising the succession of the Chairman of the Board of Directors and the CEO of the Company, among others.

## ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

The main actions of the Committee in 2019 were:

Reporting to the Board of Directors on the following proposals for re-election: as independent Directors, Ms. Helena Revoredo Delvecchio, Mr. Ignacio Garralda, Mr. Francisco de Lacerda and Mr. Juan Sánchez-Calero Guilarte, as proprietary Director, Mr. Alberto de Paoli, and on the resignation of Mr. Borja Prado Eulate as Executive Chairman of the company and the appointment as non-executive Chairman of the company of Mr. Juan Sánchez-Calero Guilarte, the resignation as proprietary Director of Mr. Enrique Viale and the appointment as proprietary Director of Mr. Antonio Cammisecra. The development of the Chairman's Succession Plan, together with the Coordinating Director of the Company; compliance with the policy for selecting candidates for Directors and amendments thereto.

Reporting on and/or proposing to the Board of Directors the remuneration measures of the Executive Management Committee; the variable remuneration of senior management; the Annual Report on the remuneration of Directors; the evaluation of the Committee and of the Board for 2019 with the collaboration of an external advisor and the approval of the Annual Report of Activities of the Committee, among others.

All the activities of the Committee in 2019 are detailed in the Report on the Activities of the Appointments and Remuneration Committee published on the company's website.

C.2.2 Complete the following table on the number of female directors on the various board committees at the end of the past four years:

	Number of female directors							
	2019		2018		2017		2016	
	Number	%	Number	%	Number	%	Number	%
Audit and Compliance Committee	1	16.65	1	16.65	1	16.65	1	16.65
Appointments and Remuneration Committee	1	16.65	1	16.65	1	16.65	1	16.65

C.2.3 Indicate, as appropriate, whether there are any regulations governing the board committees. If so, indicate where they can be consulted, and whether any amendments have been made during the year. Also, indicate whether an annual report on the activities of each committee has been prepared voluntarily.

#### Audit and Compliance Committee

The Audit and Compliance Committee is regulated by the Bylaws, the Regulations of the Board of Directors and the Regulations of the Audit and Compliance Committee. These texts are available for consultation on the Company's website [www.endesa.com](http://www.endesa.com). The Audit Committee prepares, inter alia, the annual activity report of the Audit and Compliance Committee.

#### Appointments and Remuneration Committee

The Appointments and Remuneration Committee is regulated in the Bylaws and the Regulations of the Board of Directors. On 16 January 2020, the Appointments and Remuneration Committee Regulations were approved. These texts are available for consultation on the Company's website [www.endesa.com](http://www.endesa.com). The Appointments and Remuneration Committee prepares an Activity Report annually.

## ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

### D. Related party and intragroup transactions

#### D.1. Explain, if applicable, the procedures and competent bodies for approving related-party or intragroup transactions.

The Procedure for approving related party transactions is set out in the ENDESA Related Party Transactions Regulations.

Procedure for requesting approval for related party transactions with Directors:

1. ENDESA Directors must request prior approval from the Board of Directors, through the General Secretary, for any transaction that they or their related persons intend to carry out with ENDESA or with any company in the ENDESA Group.
2. If the Secretary is a Director and is also the person requesting approval, the request will be addressed to the Chairman of the Board of Directors.
3. The request must indicate: (a) the Director or the person linked to the Director who intends to carry out the transaction and the nature of the relationship; (b) the identity of the ENDESA Group company with which the transaction would be carried out; (c) the object, amount and main terms and conditions of the transaction; (d) the reasons for the transaction; (e) any other information or circumstance considered relevant for evaluating the transaction.
4. Without prejudice to the provisions of section 1 above, Senior Managers who are aware of the possible execution of a related party transaction with Directors or related persons, shall report this to the Secretary General of the Board of Directors and the General Manager of Administration, Finance and Control of ENDESA.

Procedure for requesting approval of related party transactions with significant shareholders:

1. Transactions that ENDESA or ENDESA Group companies carry out with significant shareholders or persons related to them must be approved by the Board of Directors on the basis of a report by the Audit and Compliance Committee.
2. ENDESA Group Senior Management must request approval from the Board of Directors, through the General Secretary and the Board of Directors, for any transaction that ENDESA or any ENDESA Group company intends to perform with significant shareholders or their related parties. Likewise, Senior Managers must inform the General Manager for Administration, Finance and Control of ENDESA of said request.
3. The request must indicate: (a) the significant shareholder or the person linked to the significant shareholder who intends to carry out the transaction and the nature of the relationship; (b) the identity of the ENDESA Group company with which the transaction would be carried out; (c) the object, amount and main terms and conditions of the transaction; (d) the reasons for the transaction; (e) any other information or circumstance considered relevant for evaluating the transaction.

Approval of the transaction by the Board of Directors:

1. When the transaction must be approved by the Board of Directors, the Secretary General and the Board of Directors shall request the corresponding report from the Audit and Compliance Committee, sending the information collected for this purpose.
2. The Audit and Compliance Committee will analyse this information and issue a report on the transaction, for which purpose, through the Secretary General and the Board of Directors, it may request such additional information as it considers appropriate. In accordance with the provisions of the Board of Directors' Regulations, the Audit and Compliance Committee may use any external advisors it deems fit to issue this report.
3. The Audit and Compliance Committee report will be submitted to the Board of Directors so that it may rule as appropriate in relation to authorising the transaction.
4. In urgent circumstances, duly justified, the CEO may approve the transaction, which must be ratified at the first Board meeting held after the decision is adopted.

Obligation of Directors to abstain from participating in decision-making:

Directors intending to perform the transaction or who are related to the person who intends to perform it, or a Directors who is also the significant shareholder affected or is related to such significant shareholder, and also any Directors who have been appointed at the request of the aforementioned significant shareholder or who, for any other reason, are affected by a conflict of interest must abstain from participating in the deliberation and voting on the agreement in question, so that the independence of the Directors approving the related party operation is guaranteed.

For related party transactions with Directors and with significant shareholders, the approval of the Board of Directors will not be required for related party operations with Directors and their related parties that also satisfy all the following requirements (although they must be reported to the General Secretary of the Board of Directors): they are governed by standard form contracts applied on an across-the-board basis to a large number of clients; they are carried out at prices or tariffs established generally by the supplier of the good or service in question; and they are transactions of little significance, understood as those not requiring to be reported in order to express a true and fair view of ENDESA's assets, financial position and results. In any case, it can be considered of little significance only if its amount does not exceed one percent of ENDESA's annual revenues.

## ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

D.2. List any relevant transactions, by virtue of their amount or importance, between the company or its group of companies and the company's significant shareholders.

Name or corporate name of the significant shareholder	Name or company name of the company or its group company	Nature of the relationship	Type of transaction	Amount (thousands of euros)
Enel Iberia, S.R.L.	ENDESA Distribución Eléctrica, S.L.	Contractual	Operating lease agreements	157
Enel Iberia, S.R.L.	ENDESA Distribución Eléctrica, S.L.	Contractual	Provision of services	304
Enel Iberia, S.R.L.	ENDESA, S.A.	Contractual	Management contracts	816
Enel Iberia, S.R.L.	ENDESA Medios y Sistemas, S.L.	Contractual	Operating lease agreements	1,138
Enel Iberia, S.R.L.	ENDESA Medios y Sistemas, S.L.	Contractual	Provision of services	406
Enel Iberia, S.R.L.	ENDESA Energía, S.A.	Contractual	Sale of finished goods and WIP	1
Enel Iberia, S.R.L.	ENDESA Financiación Filiales, S.A.	Contractual	Interest charged	200
Enel, S.p.A.	Distribuidora Puerto de la Cruz, S.A.	Contractual	Management contracts	110
Enel, S.p.A.	EASA I	Contractual	Management contracts	4
Enel, S.p.A.	ENDESA Distribución Eléctrica, S.L.	Contractual	Management contracts	13,975
Enel, S.p.A.	ENDESA Distribución Eléctrica, S.L.	Contractual	Services received	537
Enel, S.p.A.	ENDESA Distribución Eléctrica, S.L.	Contractual	Purchase of finished goods and WIP	8,642
Enel, S.p.A.	ENDESA Distribución Eléctrica, S.L.	Contractual	Provision of services	677

## ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

Name or corporate name of the significant shareholder	Name or company name of the company or its group company	Nature of the relationship	Type of transaction	Amount (thousands of euros)
Enel, S.p.A.	Enel Green Power España, S.L.	Contractual	Management contracts	4,726
Enel, S.p.A.	Enel Green Power España, S.L.	Contractual	Services received	164
Enel, S.p.A.	Enel Green Power España, S.L.	Contractual	Provision of services	7,073
Enel, S.p.A.	Encasur	Contractual	Management contracts	32
Enel, S.p.A.	Encasur	Contractual	Provision of services	1
Enel, S.p.A.	ENDESA, S.A.	Contractual	Interest charged	91,825
Enel, S.p.A.	ENDESA, S.A.	Contractual	Management contracts	12,598
Enel, S.p.A.	ENDESA, S.A.	Contractual	Services received	1,528
Enel, S.p.A.	ENDESA, S.A.	Contractual	Interest paid	294
Enel, S.p.A.	ENDESA, S.A.	Contractual	Provision of services	3,596
Enel, S.p.A.	ENDESA Distribución Eléctrica, S.L.	Contractual	Purchases of property, plant & equipment	1,408
Enel, S.p.A.	ENDESA Generación, S.A.	Contractual	Commitments for purchase options	19,335
Enel, S.p.A.	ENDESA Generación, S.A.	Contractual	Purchases of property, plant & equipment	146,538
Enel, S.p.A.	ENDESA Ingeniería, S.L.	Contractual	Management contracts	70
Enel, S.p.A.	ENDESA Ingeniería, S.L.	Contractual	Provision of services	160
Enel, S.p.A.	ENDESA Medios y Sistemas, S.L.	Contractual	Management contracts	1,462

## ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

Name or corporate name of the significant shareholder	Name or company name of the company or its group company	Nature of the relationship	Type of transaction	Amount (thousands of euros)
Enel, S.p.A.	ENDESA Medios y Sistemas, S.L.	Contractual	Services received	39,463
Enel, S.p.A.	ENDESA Medios y Sistemas, S.L.	Contractual	Provision of services	8
Enel, S.p.A.	ENDESA, S.A.	Contractual	Financing agreements: loans	3,000,000
Enel, S.p.A.	ENDESA, S.A.	Contractual	Guarantees	122,000
Enel, S.p.A.	ENDESA Energía, S.A.	Contractual	Management contracts	11,288
Enel, S.p.A.	ENDESA Energía, S.A.	Contractual	Operating lease agreements	65
Enel, S.p.A.	ENDESA Energía, S.A.	Contractual	Services received	245
Enel, S.p.A.	ENDESA Energía, S.A.	Contractual	Purchases of property, plant & equipment	140,002
Enel, S.p.A.	ENDESA Energía, S.A.	Contractual	Other	345
Enel, S.p.A.	ENDESA Energía, S.A.	Contractual	Provision of services	846
Enel, S.p.A.	ENDESA Energía, S.A.	Contractual	Sale of finished goods and WIP	3,373
Enel, S.p.A.	ENDESA ENERGÍA XXI, S.L.	Contractual	Management contracts	13
Enel, S.p.A.	ENDESA OPERACIONES Y SERVICIOS COMERCIALES, S.L.	Contractual	Management contracts	344
Enel, S.p.A.	ENDESA OPERACIONES Y SERVICIOS COMERCIALES, S.L.	Contractual	Services received	178
Enel, S.p.A.	ENDESA OPERACIONES Y SERVICIOS COMERCIALES, S.L.	Contractual	Provision of services	2

## ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

Name or corporate name of the significant shareholder	Name or company name of the company or its group company	Nature of the relationship	Type of transaction	Amount (thousands of euros)
Enel, S.p.A.	ENDESA Financiación Filiales, S.A.	Contractual	Management contracts	2
Enel, S.p.A.	ENDESA Generación, S.A.	Contractual	Interest charged	1,620
Enel, S.p.A.	ENDESA Generación, S.A.	Contractual	Services received	299
Enel, S.p.A.	ENDESA Generación, S.A.	Contractual	Purchase of finished goods and WIP	25,405
Enel, S.p.A.	ENDESA Generación, S.A.	Contractual	Other	1,268,587
Enel, S.p.A.	Gesa Generación, S.A.	Contractual	Management contracts	2,670
Enel, S.p.A.	Gesa Generación, S.A.	Contractual	Provision of services	14
Enel, S.p.A.	Unelco Generación, S.A.	Contractual	Management contracts	3,498
Enel, S.p.A.	Unelco Generación, S.A.	Contractual	Provision of services	41
Enel, S.p.A.	ENDESA RED, S.A.	Contractual	Management contracts	554
Enel, S.p.A.	ENDESA RED, S.A.	Contractual	Services received	622
Enel, S.p.A.	ENDESA Generación, S.A.	Contractual	Sale of finished goods and WIP	18,441
Enel, S.p.A.	Distribuidora Puerto de la Cruz, S.A.	Contractual	Provision of services	1
Enel, S.p.A.	ENDESA, S.A.	Contractual	Sale of finished goods and WIP	119,546
Enel, S.p.A.	ENDESA GENERACIÓN PORTUGAL	Contractual	Management contracts	4
Enel, S.p.A.	ENDESA Generación, S.A.	Contractual	Management contracts	11,837
Enel, S.p.A.	ENDESA Generación, S.A.	Contractual	Interest paid	2,133

## ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

Name or corporate name of the significant shareholder	Name or company name of the company or its group company	Nature of the relationship	Type of transaction	Amount (thousands of euros)
Enel Iberia, S.R.L.	ENDESA, S.A.	Contractual	Dividends and other distributions:	1,059,058

The following transactions generated negative figures but they have been recorded as positive because the application does not allow negative figures (in thousands of euros):

- Enel, S.p.A. with ENDESA Medios y Sistemas, S.L. (Contractual) Provision of services 8
- Enel, S.p.A. with ENDESA Energía, S.A. (Contractual) Others Services 345
- Enel, S.p.A. with ENDESA Red, S.A. (Contractual) Management contracts 554

**D.3.** List any relevant transactions, by virtue of their amount or importance, between the company or its group of companies and the company's managers or directors:

Name / corporate name of director / senior manager	Name or corporate name of related party	Relationship	Nature of the transaction	Amount (thousands of euros)
No data				N/A

**D.4.** List any relevant transactions undertaken by the company with other companies in its group that are not eliminated in the process of drawing up the consolidated financial statements and whose subject matter and terms set them apart from the company's ordinary trading activities.

In any case, list any intragroup transactions carried out with entities in countries or territories considered to be tax havens:

Corporate name of the group company	Brief description of the transaction	Amount (thousands of euros)
No data		N/A

## ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

D.5. List the significant transactions carried out between the company or group of companies with other related parties that have not been reported in the previous sections:

Corporate name of the related party	Brief description of the transaction	Amount (thousands of euros)
No data		N/A

D.6. List the mechanisms established to detect, determine and resolve any possible conflicts of interest between the company and/or its group, and its directors, management or significant shareholders.

Directors shall take the necessary measures to avoid becoming involved in situations in which their interests, whether personally or on behalf of another party, may conflict with the corporate interest and their duties to the Company.

In particular, the duty to avoid conflicts of interest requires directors to abstain from:

- Carrying out transactions with the Company, except for ordinary transactions carried out on standard terms for all customers and which are immaterial, understood as not requiring to be reported in order to express a true and fair view of the Company's assets, financial position and results.
- Using the Company's name or using their status as a Director of the Company to unduly influence private transactions.
- Using corporate assets, including the Company's confidential information, for private purposes.
- Taking advantage of the Company's business opportunities.
- Obtaining advantages or remuneration from third parties other than the Company and its group for performing their duties, except for minor hospitality.
- Performing activities, whether for themselves or on behalf of third parties, potentially or actually involving effective competition with the Company or which, in any other manner, place the Director in a permanent conflict of interest with the Company.

Directors must notify the Board of Directors, through the Secretary of the Board, of any situation of conflict, direct or indirect, that they may have with the interests of the Company. Directors shall abstain from participating in the deliberation and voting on agreements or decisions regarding which they and/or a related person has a direct or indirect conflict of interest. Agreements or decisions that affect their status as Directors, such as their appointment to or removal from roles on the Board of Directors, its Committees and the Executive Committee, or other analogous agreements or decisions shall be excluded from the aforementioned obligation to abstain.

In any case, conflicts of interest affecting the Directors of the Company shall be reported in accordance with the law in force.

Directors shall act as loyal representatives in performing their duties, acting in good faith and in the best interests of the Company, interpreted with full independence, and they shall ensure at all the times that the interests of the shareholders as a whole, from whom their authority originates and to whom they are accountable, are best defended and protected.

Directors shall, by virtue of their office, be required, in particular, to:

- Refrain from exercising their powers for purposes other than those for which they were granted.
- Perform their duties under the principle of personal responsibility with freedom of expression or judgement and independence as regards the instructions of, or relations with, third parties.
- Comply with general principles and rules regarding behaviour as set forth in the Company's Code of Ethics.

In addition, ENDESA has an Action Protocol for conflicts of interest, exclusive dedication and commercial competition, the purpose of which is to regulate the conduct to which ENDESA employees must adhere as regards exclusive dedication and commercial competition, and to establish the rules to be followed in the event of behaviour or situations that imply a potential conflict between the interest of the Company and the personal interest, direct or indirect, of any of its employees.

D.7. Is more than one group company listed in Spain?

Yes  
 No

## ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

### E. Risk Control and management systems

#### E.1. Explain the scope of the Risk Control and Management System in place at the company, including tax risk:

The General Risk Management and Control Policy establishes the basic principles and the general framework for the control and management of risks of all kinds that might affect the attainment of the objectives, ensuring that they are identified, analysed, assessed, managed and controlled systematically and within the levels of risk established.

The General Risk Control and Management Policy seeks to guide and steer the set of strategic, organisational and operational actions that allow the Board of Directors of ENDESA, S.A. to precisely delineate the acceptable level of risk, so that the managers, staff and service functions of the various Business Lines can maximise the Company's profitability, preservation or increase of its equity and treasury and certainty of level of success, preventing uncertain and future events from having a negative influence on its ability to achievement the company's profitability objectives, its operations, sustainability, resilience or reputation in a sustained manner over time, providing an adequate level of guarantees to shareholders and safeguarding their interests, as well as those of customers and other stakeholders.

The General Risk Management and Control Policy is implemented and supplemented by other risk policies specific to the Business Line, staff and service functions, as well as by limits established for optimal risk management in each of them.

The General Risk Control and Management Policy is implemented through an Internal Control and Risk Management System, which comprises an organisation, principles, a regulatory system and a risk control and management process.

The Internal Control and Risk Management System conforms to a model based on the one hand on an ongoing study of the risk profile, applying current best practices in the energy or benchmark sectors as regards risk management, homogeneous measurement criteria within the same type of risk, segregation of risk managers and controllers, and, on the other hand, on ensuring a link between the risk assumed and the resources needed to operate the businesses, always maintaining an appropriate balance between the risk assumed and the objectives set by the Board of Directors of ENDESA, S.A.

The Company's risk control and management model is aligned with international standards following a methodology based on the three lines of defence model.

The organisation of the Internal Control and Risk Management System is implemented through independent risk management and risk control functions that ensure adequate segregation of duties.

The General Risk Management and Control Policy defines the Internal Control and Risk Management System (SCIQR) as an interwoven system of rules, processes, controls and reporting systems in which overall risk is defined as the risk resulting from the overall view of all risks to which the Company is exposed, taking into account the mitigating effects for the various exposures and risk classes, allowing for consolidation and appraisal of risk exposure of the Company's various business units and the development of the corresponding management information for taking decisions on risk and the appropriate use of capital.

The risk control and management process consists in the identification, evaluation, monitoring and management over time of the various risks, and takes account of the main risks to which the Company is exposed, whether of internal or external origin:

The General Risk Control and Management Policy, established and approved by ENDESA's Board of Directors is the core of the system from which the following documents are derived:

- Specific risk control and management policies, such as the "Policy on Management and Control of Tax Risks" and the "Criminal Compliance and Anti Bribery Policy", which are approved by the Board of Directors of ENDESA, S.A. and in which specific risk catalogues and controls are defined.
- Organisational documents, which complement and specify relevant aspects of the risk control and management processes.
- The ENDESA Risk Appetite Framework, which determines the main risk indicators, the risk levels considered acceptable, and management and mitigation mechanisms.
- The ENDESA Risk Map, which give a prioritised view of all relevant risks.

In addition, in view of the growing interest in the management and control of the risks to which companies are exposed and given how complicated it is becoming to identify them from a comprehensive point of view, it is important for employees to take part at all levels in this process. In this regard a risk mailbox has been created for employees to help identify market risks and come up with suggestions for measures to mitigate them, thereby complementing the existing top-down risk management and control systems and mailboxes and specific procedures for reporting breaches of ethical behaviour, criminal risks and employment risks.

#### E.2. Identify the bodies responsible for preparing and implementing the risk control and management system in place at the company, including tax risk:

The Company's risk control and management model is aligned with international standards following a methodology based on the three lines of defence model. The main roles and responsibilities of the governing bodies and areas involved in the risk control and management process are:

The first line of defence is the responsibility of the heads of the business lines, staff and service functions (including the Tax Affairs unit regarding risks of a tax nature).

Businesses, staff and service functions manage the risks and establish the necessary controls to ensure that transactions in the markets are carried out in compliance with ENDESA's policies, standards and procedures.

The second line of defence is carried out by a set of organisational areas and Committees that cover the different types of risk and report on them independently in coordination with the Audit and Compliance Committee. It is divided into three areas according to the type of risk: criminal risks, risks related to internal control and financial information, and other risks.

## ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

Risks related to internal control and financial information Transparency Committee. The Transparency Committee is the ENDESA management body that evaluates the conclusions on compliance and effectiveness of the controls of the Internal Control System for Financial Reporting (ICFR) and internal controls and procedures for external dissemination of information, formulating corrective and/or preventive actions in this regard. The conclusions of the Transparency Committee are then forwarded to the Audit and Compliance Committee.

Internal control. The Internal Control System for Financial Reporting (ICFR) is a component of the company's internal control system and consists of a complete set of processes that ensure reasonable certainty regarding the reliability of both internal and external financial information. The ENDESA Internal Control Unit is the area responsible for identifying the most relevant processes, activities, risks and controls of the Internal Control System for Financial Reporting (ICFR) that it considers material to provide reasonable assurance that the information disclosed externally by ENDESA is reliable and appropriate. Crime risk Crime Risk Prevention Model Supervisory Committee This is a collegiate body with autonomous powers of initiative and control with regard to criminal risks, which is directly supervised by the Audit and Compliance Committee. It supervises compliance and updating of the model to prevent risks of crime for which ENDESA may be held liable.

Compliance. The Corporate Affairs and Compliance area is primarily responsible for overseeing crime risk prevention and for ensuring compliance with the rules and best practices regarding Corporate Governance.

Other risks Risk Committee. The Risk Committee supervises the management and monitoring of all risks other than those of a criminal nature and those related to internal control and financial reporting, referring the results of its deliberations and conclusions to the Audit and Compliance Committee of the ENDESA Board of Directors. The Risk Committee must be composed of at least the CEO and his first reporting line and is based on the internal procedures of the different business lines, staff and service functions.

Risk control. This is the area delegated by the Risk Committee to define the procedures and norms of the Internal Control and Risk Management System (SCIGR), to ensure that all the risks in its area of responsibility that affect the entity are homogeneously and periodically identified, characterised, quantified and properly managed, including off-balance sheet risks, and to monitor risk exposure and the control activities implemented.

The function of reporting to the governing bodies on the effectiveness of the internal control and risk management (3rd line of defence) lies with Internal Audit, which validates the Model and continuously monitors the structure and operation of the Internal Control and Risk Management System (SCIGR).

The three lines of defence inform the Audit and Compliance Committee and the Board of Directors to fulfil their responsibilities.

Audit and Compliance Committee. It is an body belonging to the Board of Directors and among its functions are: Reporting to the

Board of Directors on the General Risk Control and Management Policy, including tax risks, and amendments thereto, with a view to obtaining the Board's approval.

Supervising the effectiveness of the internal control and risk management systems, including tax risk management systems and in this regard: Proposing annually to the Board of Directors the annual evaluation of the most significant financial and non-financial risks, including emerging risks and the determination of the level of risk that the Company considers acceptable, reporting on exposure levels, and on the effectiveness and operation of the Risk Control and Management System in accordance with the provisions of this policy, and promoting a culture in which risk is a factor to be taken into account in all decisions and at all levels in the organisation. Conducting regular evaluations of the performance of the internal control and risk management function.

Board of Directors. The Board of Directors is responsible for determining the General Risk Management and Control Policy, including tax risks, setting the level of risk that the Company considers acceptable in the Risk Appetite Framework and supervising internal information and control systems.

**E.3.** Indicate the main risks, including tax risks, and to the extent that those derived from corruption (the latter being within the scope of Royal Decree Law 18/2017) could affect the attainment of business objectives, are significant:

The risk factors faced by ENDESA in performing its activity are grouped as follows:

- Strategic and regulatory risk
- Financial and market risk
- Counterparty risk
- People risk
- Technological risk
- Operational risk
- Legal, tax and compliance risk
- Reputational risk

**E.4.** State whether the company has risk tolerance levels, including tax risk:

The Criminal Risk Prevention Model and the Internal Control System for Financial Reporting (ICFR) in their definitions establish a zero tolerance for the risks to which they are addressed. For other risks, the company has the ENDESA Risk Appetite Framework, which determines the main risk indicators, the risk levels considered acceptable, and management and mitigation mechanisms. This document is reviewed and approved by the Board of Directors.

**E.5.** Identify any risks, including tax risk, which have occurred during the year:

## ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

Regarding strategic and regulatory risk, it is worth mentioning:

- During 2019, there was a profound change in the market conditions affecting coal-fired thermal power plants, deriving basically from international commodity prices and the effectiveness of the new mechanisms for regulating the market for carbon dioxide (CO<sub>2</sub>) emission rights, which displaces the plants with the highest volume of emissions in favour of other technologies. This structural situation has determined that the mainland coal-fired thermal power plants are no longer competitive, and therefore their operation is not foreseeable in the future electricity generation market. Therefore, on 27 September 2019 the Board of Directors of ENDESA resolved to discontinue production at all its mainland coal-fired thermal power plants in accordance with the legally established administrative and legal procedures, and to evaluate future development options at these sites.
- On 28 December 2019, Order TEC/1260/2019 of 26 December was published. It establishes the technical and economic parameters to be used in calculating remuneration for electricity production in non-mainland territories (TNP) with additional remuneration regimes during the 2020-2025 regulatory period. This revision of technical and economic parameters implies for ENDESA, among other things, a decrease in the remuneration of operating and maintenance costs for the 2020-2025 regulatory period, and as a consequence, the recoverable amount of the Cash Generating Units (CGU) for each of the non-mainland territories (TNP) of the Balearic Islands, Canary Islands, Ceuta and Melilla is lower than its carrying amount, for which reason the associated impairment loss has been recognised in the Consolidated Income Statement.

With regard to the "people risk", after a significant number of meetings of the "Negotiating Committee on the V Framework Agreement of ENDESA" initiated in October 2017 and which took place throughout 2018, given the impossibility of reaching an agreement, the ENDESA management informed the workers and their representatives that, with effect from 1 January 2019, the validity of the "IV ENDESA Framework Collective Agreement" should be considered terminated. On 23 January 2020, the "V ENDESA Framework Collective Agreement" was signed, which implies that since that date a collective labour framework has been in place, which adapts the labour regulation to the new requirements of the environment. As for the rest of the risks materialising during the year, they were those inherent in the activity carried out, such as constant exposure to regulatory risks, interest rates, exchange rates, fuel price volatility, availability of resources and credit or counterparty risk. These risks were maintained within normal bounds and in accordance with the development of the different activities of the Company, the established control systems having worked properly.

Regarding the cybersecurity risk, the attacks suffered by ENDESA during 2019 received an appropriate response and the impact was not significant.

Regarding tax risk, during 2019 there were no significant impacts.

### E.6. Explain the response and oversight plans for the Company's primary risks, including tax risk, and the procedures followed by the Company to ensure that the Board of Directors response to any new challenges:

ENDESA has a risk identification system that allows periodic evaluation of the nature and magnitude of the risks facing the organisation. The development of a risk control and management process and, in this framework, of a structured and standardised reporting system, has helped to obtain synergies for the consolidation and comprehensive treatment of risks and has allowed the development of key indicators to detect potential risks and send early alerts. The risk control and management process comprises the following phases:

- Identification: The purpose of the risk identification process is to generate the risk inventory based on events that could prevent, degrade or delay the achievement of the objectives. The identification must include risks whether their origin is under the control of the organisation or due to unmanageable external causes.
  - Evaluation: The objective is to obtain the parameters that allow the measurement of the economic and reputational impact of all risks for their subsequent prioritisation. Evaluation includes different methodologies according to the characteristics of the risk, such as the assessment of scenarios, the estimation of the potential loss from the evaluations of impact and probability distributions.
  - Monitoring: The objective is to monitor the risks and establish management mechanisms allowing the risks to be kept within the established limits and the appropriate management actions to be taken.
  - Management: The objective is the performance of the actions aimed at keeping risk levels at optimum levels and in any case within the established limits.
- The conclusions derived from applying this process are conveyed to the various committees ultimately responsible for periodically informing the Audit and Compliance Committee, which, depending on the nature of the risk, are the Risk Committee, the Transparency Committee or the Criminal Risk Prevention Model Supervisory Committee.

## ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

### **F. Internal risk management and control systems relating to the process of publishing financial information (ICFR)**

Describe the mechanisms which comprise the internal control over financial reporting (ICFR) risk control and management system at the company.

#### **F.1. The entity's control environment.**

Specify at least the following components with a description of their main characteristics:

F.1.1 The bodies and/or functions responsible for: (i) the existence and regular updating of a suitable, effective ICFR; (ii) its implementation; and (iii) its monitoring.

##### Board of Directors

The supervision of internal information and control systems is a role assigned to the Board of Directors that cannot be delegated and the Audit and Compliance Committee, in accordance with the Corporate Enterprises Act, is responsible for overseeing the effectiveness of the Company's internal controls, in addition to other responsibilities.

Audit and Compliance Committee ENDESA's Audit and Compliance Committee Regulations state that the main task of this Committee is to promote good corporate governance and ensure the transparency of all actions of the ENDESA in the economic and financial, external audit, compliance and internet audit areas. The committee is entrusted with supervising the process of preparation and presentation of regulatory financial information and supervising the effectiveness of ENDESA's internal control and risk management systems, as well as discussing with the auditors or audit firms any significant weaknesses detected in the internal control system during the course of the audit work. It is also responsible for supervising the internal audit unit, ensuring its independence and effectiveness, proposing the selection, appointment, re-election and removal of the Head of Internal Audit, receiving periodic information about its activities and verifying that Senior Management takes into account the conclusions and recommendations of its reports.

Audit and Compliance Committee members are appointed in light of their knowledge and experience of accounting, audit or risk management. Transparency Committee

In 2004, ENDESA set up a Transparency Committee, presided by the Chief Executive Officer and consisting of senior executives, including all members of the Executive Management Committee together with other members of ENDESA management directly involved in the preparation, certification and disclosure of financial information.

The main objective of this Committee is to ensure compliance with and correct application of General Financial Reporting Principles

(confidentiality, transparency, consistency and responsibility), to evaluate the facts, transactions, reports or other relevant aspects that are communicated to the outside world, and to determine the form and timing for presenting public information.

Also, one of the functions of the Transparency Committee is to evaluate the conclusions submitted to it by the General Management, Administration, Finance and Control of ENDESA, based on the report prepared by the Internal Control unit of ENDESA, on compliance with and effectiveness of internal controls on financial reporting and internal controls and procedures for the external dissemination of information, formulating corrective and/or preventive actions in this regard and reporting to the Audit and Compliance Committee of the Board of Directors.

General Management, Administration, Finance and Control

The General Management, Administration, Finance and Control of ENDESA in its action to support the Transparency Committee, performs the following functions in relation to the internal control of Financial Reporting:

- Proposing financial reporting management policies to the Transparency Committee for its approval, .
- Evaluating the effectiveness of the ICFR in place, including any breaches of approved internal control policies, reporting the results to the Transparency Committee. Internal Control Unit

Within ENDESA's Administration, Finance and Control Department, there is a dedicated ICFR Unit tasked with the following duties:

- Communicating approval of ICFR policies and procedures to ENDESA's various companies and organisational areas.
- Maintaining, updating and making available to the company the ICFR model and the documentation associated with the processes and controls.
- Defining the flow charts for certifying the evaluation of the effectiveness of the controls and procedures defined in the ICFR1 model.
- Overseeing the process of certifying internal controls over financial reporting and the internal disclosure controls and procedures, and submitting periodical reports on its conclusions with respect to the system's effectiveness.

## ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

All matters relating to internal control over financial reporting are regulated in the organisational procedure No. 5 "Internal Control over Financial Reporting", the purpose of which is to establish the operating principles and lines of responsibility for the establishment and maintenance of internal controls over financial reporting, to guarantee that they are reliable and that reports, events, transactions and other material developments are disclosed internally and externally in an appropriate form and time frame. The ICFR system is evaluated and certified every six months.

F.1.2 The existence or otherwise of the following components, especially in connection with the financial reporting process:

- The departments and/or mechanisms in charge of: (i) the design and review of the organisational structure; (ii) defining clear lines of responsibility and authority, with an appropriate distribution of tasks and functions; and (iii) deploying sufficient procedures so this structure is communicated effectively throughout the company:

The design and review of the first level organisational structure is approved by the Board of Directors, at the proposal of the CEO and following a report from the Appointments and Remuneration Committee. Additionally, and in accordance with the Corporate Enterprises Act, it is for the Board of Directors to supervise the performance of senior management. The People and Organisation unit is responsible for analysing, designing, planning and implementing organisational changes based on the company's strategy and consistent with the change management framework that in many cases entail major transformations both in processes and in organisational aspects. Based on this, the appropriate organisational structure is defined (formalised in organisational directives) along with the dimensioning of the units and the evaluation of the key positions. Likewise, this unit defines and ensures the appropriate reflection and implementation of this information in internal systems. Corporate policy No. 26 "Organisational Guidelines" defines and establishes criteria for developing, formalising and communicating organisational structures. Additionally, internal procedures are developed that define and regulate the processes and responsibilities of the various units involved in order to ensure their proper functioning. These documents, as well as the various organisational directives, are published in the regulatory repository enabled on the ENDESA Intranet, being available to all Company employees.

- Code of conduct, approving body, dissemination and instruction, principles and values covered (stating whether it makes specific reference to record keeping and financial reporting), body in charge of investigating breaches and proposing corrective or disciplinary action:

In relation to internal regulations on ethics and crime prevention, ENDESA has the following documents:

Code of Ethics

ENDESA has a Code of Ethics approved by the Board of Directors which sets out the ethical commitments and responsibilities in the management of the businesses and business activities assumed by employees of ENDESA and its subsidiaries whether they are directors or employees of any kind. The Code of Ethics comprises:

- the general principles that govern relations with stakeholders and define ENDESA's benchmark business values;
- the standards of conduct for dealing with all groups of stakeholders, enshrining the specific guidelines and rules which ENDESA professionals must adhere to in order to uphold the general principles and avoid unethical behaviour.
- the implementation mechanisms, which describe the organisational structure around the Code of Ethics, responsible for ensuring that all employees are fully aware of, understand and comply with the Code.

The principles and provisions of ENDESA's Code of Ethics must be respected and complied with by the members of the Board of Directors, the Audit and Compliance Committee and other governing bodies of ENDESA and its subsidiaries, as well as managers, employees and collaborators linked to ENDESA by contractual relationships of any kind, even occasional or temporary.

Among the General Principles contained in the Code of Ethics is "Transparency and integrity of information" which states that "ENDESA employees must provide complete, transparent, understandable and accurate information, so that, when establishing relations with the company, those involved can make autonomous decisions in full awareness of the interests at stake, the relevant alternatives and consequences." Zero Tolerance of Corruption Plan:

The Zero Tolerance of Corruption Plan approved by the Board of Directors requires all ENDESA employees to be honest, transparent and fair in the performance of their duties. The same commitments are required from other related parties, that is, from individuals, groups and institutions that contribute to the achievement of ENDESA's objectives, or that participate in the activities it performs to achieve them.

In compliance with Principle 10 of the Global Compact, to which ENDESA is a signatory, "Businesses should work against corruption in all its forms, including extortion and bribery", ENDESA rejects all forms of corruption, both direct and indirect. It has a programme to fight against it. Criminal Risk Prevention Model Organic Law 5/2010 amending Organic Law 10/1995 of 23 November on the Criminal Code established a series of offences applicable to legal persons and referred to the need to establish surveillance and control measures to prevent and detect them. This legal regime was reformed by Organic Law 1/2015 of 30 March detailing the requirements for allowing legal persons to prove their diligence in the field of crime prevention and detection. In accordance with the provisions of this Organic Law, ENDESA has developed certain internal rules that have satisfied the need for adequate control and management systems applied in the area of crime detection and prevention, particularly in conduct to restrict bribery.

## ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

The ENDESA Criminal and Anti-Bribery Regulatory Compliance System (hereinafter, "Compliance System") comprises an integrated body of provisions on the basis of which the Criminal Compliance and Anti-Bribery Policy is found, which is respectful of the Spanish legal requirements in this matter and sufficient to meet the expectations placed on Organisations that operate according to the highest levels of commitment in the most advanced markets. The Audit and Compliance Committee is responsible for correctly applying the "Criminal Regulatory Compliance System", for which purposes it uses the Supervision Committee, which is a collegiate body endowed with autonomous powers of initiative and control and independence in the exercise of its functions and whose powers and principles of action are established in its Regulations. The Supervision Committee reports solely and exclusively to the Audit and Compliance Committee, which has among its functions the specific one of preventing criminal risks according to its Operating Regulations. The main activities carried out in ENDESA for the effective application of the Compliance System are the evaluation of risks and control activities and their supervision, thus guaranteeing their design and operation. The Criminal Compliance and Anti-Bribery Policy was approved by the Board of Directors on 6 November 2017 and is additional to the Risk Management and Control Policy; it establishes the general principles of the Compliance System, which inspire the content and application of all corporate internal standards, as well as the Organisation's actions. ENDESA's criminal and anti-bribery risk prevention system has been certified UNE 19601 and UNE-ISO 37001 since the end of 2017. Internal rules of conduct in securities markets and in emission rights markets determine the behavioural principles that all ENDESA Group employees must follow in their actions in the securities markets and in the emission rights markets and, in particular, in relation to privileged information, in order to avoid situations of market abuse.

- A 'whistle-blowing' channel, for the reporting to the audit committee of any irregularities of a financial or accounting nature, as well as breaches of the code of conduct and malpractice within the organisation, stating whether reports made through this channel are confidential:

ENDESA has had an Ethics Channel or mailbox in place since 2005. This is accessible via its corporate website and intranet, so that all stakeholders can report, securely and anonymously, any irregular, unethical or illegal conduct which has, in their opinion, occurred in the course of ENDESA's activities. The procedure established for the use of the channel guarantees confidentiality, being managed by an external and independent firm, through which all complaints or communications are processed. In addition to the Channel, complaints are received through other channels and always routed to the Audit Department, in accordance with ENDESA's internal procedures. The Audit Department is responsible for ensuring the correct handling of complaints received, acting according to its own judgement, independently of other units in the organisation. It has access to all Company documents necessary for the exercise of its functions and monitors the implementation of the recommendations included in its audit reports. In addition, the Audit Department is an organ attached to the Board of Directors through its Audit and Compliance Committee, which centralises and channels complaints of significant relevance and elevates them to the Board.

- Training and refresher courses for personnel involved in preparing and reviewing financial information or evaluating ICFR, which address, at least, accounting rules, auditing, internal control and risk management:

The General Managements of Human Resources and Administration, Finance and Control jointly develop training plans for all personnel involved in the preparation of ENDESA's financial statements. This Plan includes permanent updating both on the evolution of the business and regulatory environment of the activities carried on by the various ENDESA subsidiaries and on knowledge of the IFRS and the regulations and evolution of the principles

of internal control of financial reporting.

During 2019 the General Management of Administration, Finance and Control of ENDESA completed 12,173.46 hours of training, of which 10.94% were technical and professional training (technical and professional courses, technical skills, etc.). The rest of the training hours dealt with management skills, prevention and occupational safety and information technologies, most notably 38.25% languages, 24.99% management skills, 7.93% safety and 5.8% subjects related to digital technologies.

Additionally, whenever necessary, specific training sessions are conducted on aspects relating to the process of preparation and control of financial reporting for personnel not belonging to the Administration, Finance and Control department but who are directly or indirectly involved in providing information for the preparation of financial information.

## ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

### F.2. Risk assessment in financial reporting

Report at least:

F.2.1 The main characteristics of the risk identification process, including risks of error or fraud, stating whether:

- the process exists and is documented:

Since 2005 ENDESA has had a formally organised ICFR.

- the process covers all financial reporting objectives, (existence and occurrence; completeness; valuation; presentation, disclosure and comparability; and rights and obligations), is updated and with what frequency:

The process of identifying and updating risks of financial reporting covers the following financial reporting objectives: - Existence and occurrence

-Integrity

-Measurement/valuation

-Presentation, disclosure and comparability

-Rights and obligations

ENDESA's Internal Control Unit updates the ICFR relevant processes map to collect any quantitative or qualitative changes affecting the internal control model.

Risks are reviewed whenever changes in processes occur or when new processes are introduced or new companies included in the scope. This review may result in the identification of new risks, which would be mitigated by updating controls or designing new ones.

- a specific process is in place to identify the scope of consolidation, with reference to the possible existence of complex corporate structures, special purpose vehicles or holding companies:

ENDESA keeps a corporate register, which is permanently updated, with information on all its shareholdings, whether direct or indirect, including all entities over which ENDESA has the power to exercise control, regardless of the legal structure giving rise to such control, so that this register also includes holding companies and special purpose vehicles.

The management and updating of this corporate register is carried out in accordance with a procedure regulated by Corporate Standard N.035 "Management of ENDESA's Corporate Register".

ENDESA's scope of consolidation is determined on a monthly basis by the Administration, Finance and Control Department based on the information available in the corporate records and in accordance with the criteria stipulated by IFRS and local accounting regulations. Any changes in the scope of consolidation are communicated to all ENDESA companies.

- the process addresses other types of risk (operational, technological, financial, legal, tax, reputational, environmental, etc.) insofar as they may affect the financial statements:

The identification and updating of risks of financial reporting forms an intrinsic part of the continuous review of the processes that form part of the ICFR and of the design of new processes identified important to it.

- which of the company's governing bodies is responsible for overseeing the process:

The Audit and Compliance Committee is responsible for supervising the effectiveness of the internal control over ENDESA's financial reporting and for reporting on it to the Board of Directors. To this end it may submit recommendations or proposals to the Board of Directors along with the corresponding follow-up period.

## ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

### F.3. Control activities

Indicate the existence of at least the following components, describing their main characteristics.

F.3.1 Procedures for reviewing and authorising the financial information and description of ICFR to be disclosed to the markets, stating who is responsible in each case and documentation and flow charts of activities and controls (including those addressing the risk of fraud) for each type of transaction that may materially affect the financial statements, including procedures for the closing of accounts and for the separate review of critical judgements, estimates, evaluations and projections.

ENDESA provides financial information to the stock market on a quarterly basis. This financial information is prepared by the Administration Area, which performs the necessary control activities in the accounting closing process to ensure the reliability of said information.

Additionally, the Planning and Control Area analyses and supervises the information prepared.

The General Manager, Administration, Finance and Control analyses the reports received, provisionally approving the aforementioned financial information for submission to the Transparency Committee.

The Transparency Committee itself for half-years, and the representatives designated by the Transparency Committee for quarters, analyse the information received from the Administration, Finance and Control Department and once the information has been approved it is sent to the Audit and Compliance Committee.

The Audit and Compliance Committee supervises the financial information presented to it. In the accounting closings that coincide with the end of a semester, as well as in those others in which the Audit and Compliance Committee considers it desirable, the Committee also has information prepared by ENDESA's external auditors on the results of their work. Finally, the Audit and Compliance Committee informs the Board of Directors of its conclusions on the financial information submitted so that, once approved by the Board of Directors, it can be published in the securities markets. The Internal Control for Financial Reporting (ICFR) model

ENDESA has an internal control model for financial reporting aligned with the model established for all Enel Group companies, based on the COSO (Committee of Sponsoring Organisations of the Treadway Commission) model.

First, there are the Entity Level Controls (ELCs) and the Company Level Controls (CLCs). They are structural elements that work transversally in all divisions and companies.

There are also specific ELCs to mitigate the risks of Segregation of Duties (ELC-SOD) and access controls (ELC-ACCESS) that mitigate the risk of unauthorised access to computer applications or relevant network folders in the processes.

At the process level, ENDESA has identified the following Business cycles common to all its subsidiaries:

- 1) Fixed assets
- 2) Accounting close
- 3) Capital investments
- 4) Finance
- 5) Inventory
- 6) Personnel Expenses
- 7) Procurement cycle
- 8) Revenue cycle
- 9) Taxes other than income tax

The Internal Control Unit continuously manages and updates the documentation relating to each of the processes, following the methodology established for this purpose. Any organisational change implies the revision of the control model to assess its impact and make any changes needed to guarantee its operational continuity. The main components identified for each process are:

- Risks

- Control activities. Also called "Process Level Controls" (hereinafter, "PLC"), except for the specific case of Information Systems processes, which are called Information Technology General Controls (ITGC).

The control activities ensure that, in the normal course of operations, for all the headings of the consolidated financial statements, ENDESA's control objectives are met.

The internal control model applied in 2019 entails an average coverage ratio of 94.90% of the main consolidated figures (total assets, indebtedness, income and profit before tax).

All information relating to the internal control model is documented in the Internal Control software tool SAP-GRC PROCESS CONTROL (hereinafter SAP-GRC-PC). The persons responsible for each control activity are appointed by the process managers, and are responsible for carrying out the six-monthly self-assessments.

The Internal Control Unit provides those responsible for the processes and controls with the necessary support and guarantees the proper development of the evaluation process.

The ICFR assessment process includes:

- The certification of the internal control system, covering the following phases:
  - Self-assessment of the Control Activities, Management Controls, Segregation of Duties controls and access controls.
  - Sign-off by the Heads of the various Organisational Units involved, escalated through the company's hierarchical structure to the final sign-off by the CEO.

All the above-mentioned phases are permanently monitored and supported by the Internal Control Unit.

- The verification carried out by the independent expert on the controls of ENDESA's ICFR.

The outcome of the internal control system certification and the results obtained as part of the verification performed by the independent expert are included in the report sent by the internal control unit to the Transparency Committee and the Audit and Compliance Committee. The weaknesses detected are classified into three categories according to their possibility of impact on the financial statements as follows:

- Weaknesses of control (not significant)
- Significant weaknesses
- Material weaknesses

All the weaknesses detected in the internal control system entail the execution of a specific action plan to correct each of them. The Internal Control Unit reports to the Transparency Committee and the Audit and Compliance Committee on the weaknesses detected in the ICFR, until its final resolution.

## ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

F.3.2 Internal control policies and procedures for IT systems (including secure access, control of changes, system operation, continuity and segregation of duties) giving support to key company processes regarding the preparation and publication of financial information.

The Global Digital Solutions area is responsible for Information Systems and Telecommunications for all businesses and territories in which ENDESA operates.

One of the functions of Global Digital Solutions is the definition, application and monitoring of security standards, development and operation of applications and infrastructure, both for traditional models and for the new cloud computing paradigm. All computer activities are carried out applying the internal control model in the field of information technologies.

ENDESA's internal control model and in particular the Global Digital Solutions model includes computer processes, which include both the environment, architecture and infrastructures of information technologies, and applications that affect transactions, that directly affect the company's main business processes, and therefore have an impact on financial information and the company's closing processes. These controls can be carried out by means of automated activities in the computer programs or with manual procedures. ENDESA applies a global internal control model to IT systems considered relevant to the financial statements, focused on guaranteeing the overall quality and reliability of the financial information in the closing process and, therefore, of the information reported to the markets.

The Information Systems internal control model is structured in four areas:

- Planning and organisation
- Solution & Maintenance
- Service Delivery and support
- Performance Monitoring

These areas are in turn developed into processes and sub-processes with the necessary specific indications to guarantee an appropriate level of control of the aspects of information technologies and ensure the integrity, availability and confidentiality of the economic and financial information of each Company.

The processes of the internal control model of the information technologies of ENDESA contain the control activities necessary to cover the risks of the following areas of management of information systems, processes and systems relating to financial information:

- IT environment
- Management of application changes
- Operations and operation of the Systems
- Logical security and physical access
- Telecommunications

To ensure the security of its information, in 2007, ENDESA set up its Information Security function, currently integrated into the Security Division of the Media Department, in response to requirements dictated by legislation, the technological environment and the market itself. For this purpose, it has the regulatory framework established in the field of information security, whose guiding principles are included in the Security Policy (Policy 168), in the Information Classification and Protection Policy (Policy 33) and in the Control Policy of logical access to information systems (Policy 25) which link to the Critical Event Management Policy (Policy 24) and its corresponding operational instruction (I.O. 131), as well as those that comply with specific legal requirements, such as the Operational Instructions for the Protection of Personal Data (I.O.) 1430) and Critical Infrastructure Protection (IO 1391).

The Security Policy establishes the formal risk identification framework for the company's assets and it refers to the technical and organisational measures for managing and mitigating them. Observance of the laws in force and the application of safety regulations and standards is also established as a principle.

Its objective is:

- The protection of employees against risks of an intentional nature or derived from natural disasters
- The establishment of an internal security model for applications, networks and information systems, as well as industrial automation systems and control systems of the company.
- The protection of tangible resources (workplaces, infrastructure systems belonging to the company) from threats that could alter their value or compromise their functional capacity.

The Information Protection and Classification Policy (Policy 33) has the following objectives:

- Ensure that information is properly managed and protected throughout its entire life cycle.
- Establish a system for classifying information and the security categories associated with it.
- Identification of roles and responsibilities in the management and protection of information assets.

The Logic Access Control Policy for Information Systems (Policy 25), defines and implements the control model whose purpose is the security of logical access to the infrastructures and information systems of the company and guarantee the segregation of duties in operations through a systematised role assignment model and a digital tool that provides automated support for it.

Apart from this, in order to comply with the Critical Infrastructure Law (Law 8/2011), ENDESA, as a Critical Operator whose networks and information systems are susceptible of special protection, reinforced its control framework with the publication in 2018 of the Operational Instruction on Critical Infrastructure Security (IO 1391), which:

- defines security measures in the systems that support essential services;
- manages the escalation, internal management and communication of security incidents to the authorities.
- applies a tool for compliance with the control model defined.

## ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

Also, in relation to the General Data Protection Regulation 2016/679 (GDPR), the Operational Instructions for the Protection of Personal Data (IO 1430) ensure internal compliance with the regulations in ENDESA:

- They establish a risk assessment model for the processing of Personal Data.
- Define security measures according to the established risk level for prevention and mitigation.
- Configure the operational management of security incidents in information systems and/or assets (in line with the provisions of the Critical Events Management, PO. 24 and the IO 131), its assessment, scaling and internal communication, as well as its investigation and forensic analysis.
- It includes a Control Framework on security measures applicable to processing with personal data, as well as their periodic update.

The Policy and Operational Instruction of Critical Events (Policy 24 and IO 131) ensure prompt and effective management of security incidents through the coordinated involvement of all the areas involved and their appropriate treatment in the communicational and institutional field, with the knowledge and under the supervision of the company's Management.

In 2007, ENDESA set up a Decision Rights Management function (currently known as Segregation of Duties, part of the ICFR Unit) to guarantee the identification, management and control of functional incompatibilities and ensure that no single person can dominate a critical process.

In relation to the above, the Segregation of Duties controls (ELC-SOD) and the logical access controls (ELC-ACCESS) are part of the ICFR and are evaluated and verified in the same way as the other controls forming part of the model.

### F.3.3 Internal control policies and procedures for overseeing the management of outsourced activities, and of the appraisal, calculation or valuation services commissioned from independent experts, when these may materially affect the financial statements.

When ENDESA subcontracts an activity necessary for the issuance of the financial statements, the supplier is required to guarantee the internal control of the activities carried out. In cases of process outsourcing, service providers are required to obtain an ISAE 3402 "International Standard on Assurance Engagements" report. In the case of delegation of computer infrastructure services (Datacenter and Hardware), they are required by contract to obtain an SOCL/SSAE16 report. These types of reports allow ENDESA to verify whether or not the control objectives of the service provider and the control activities that support them have worked during the corresponding period. In other cases, such as the delegation services of computer or software platforms, ENDESA obtains information from an independent expert that the services do not present any aspect that could lead to a significant deficiency in the process of obtaining the consolidated financial statements of ENDESA.

When ENDESA uses the services of an independent expert, the competence and technical and legal training of the professional is ensured. On the reports of the independent expert, ENDESA has implemented control activities and trained personnel to validate the reasonableness of its conclusions.

Additionally, there is an internal procedure for hiring external advisors that require certain levels of approval depending on the amount in question, including, where appropriate, the approval of the CEO of the Company. The results or reports of the contracting in accounting, tax or legal matters are supervised by those responsible for Administration, Finance and Control and by Legal Advice or other departments if deemed necessary.

### F.4. Information and communication.

Indicate the existence of at least the following components, describing their main characteristics.

#### F.4.1 A specific function in charge of defining and maintaining accounting policies (accounting policies area or department) and settling doubts or disputes over their interpretation, which is in regular communication with the team in charge of operations, and a manual of accounting policies regularly updated and communicated to all the company's operating units.

Responsibility for the application of ENDESA's accounting policies is unique for the entire geographical area of ENDESA and is centralised in ENDESA's General Management of Administration, Finance and Control. In ENDESA's Administration, Finance and Control department there is a Standardisation and Reporting Unit, whose functions include the analysis of the application of IFRS and the General Plan of Spanish Accounting (hereinafter "PGC") to the companies of the ENDESA Group. To perform these functions, the Standardisation and Reporting Unit performs the following tasks:

- Defining ENDESA's Accounting Policies.
- Analysing executed or planned one-off transactions to determine the appropriate accounting treatment in line with ENDESA's accounting policies.
- Monitoring new standards being worked on by the International Accounting Standards Board (IASB) and the Instituto de Contabilidad y Auditoría de Cuentas (ICAC), any new standards approved by the IASB and the related European Union endorsement process, assessing the impact that their implementation will have on the Group's consolidated financial statements.
- Resolving any queries that may be made from any subsidiary company about the application of ENDESA's Accounting Policies.

The Standardisation and Reporting Unit keeps all those with financial reporting responsibilities at the various levels within ENDESA abreast of amendments to accounting standards, settling any doubts they may have and gathering the required information from subsidiaries to ensure consistent application of ENDESA's accounting policies and to enable it to quantify the impact of application of new or amended accounting standards.

ENDESA's Accounting Policies are developed on the basis of IFRS, and are included in a document called "ENDESA Accounting Manual". This document is periodically updated and distributed to those responsible for preparing the financial statements of the various Companies that make up ENDESA.

## ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

F.4.2 Mechanisms in standard format for the capture and preparation of financial information, which are applied and used in all units within the entity or group, and support its main financial statements and accompanying notes as well as disclosures concerning ICFR.

ENDESA has a series of IT tools (classified internally as relevant for the purposes of ICFR) to cover all the reporting needs of its individual financial statements in addition to facilitating the consolidation process and subsequent analysis. These tools form part of a homogeneous process, under a single audit plan for the information corresponding to the individual financial statements of ENDESA subsidiaries, including the notes and additional disclosures needed to prepare the consolidated financial statements. On an annual basis, ENDESA obtains information from an independent expert to the effect that the tools do not present any aspect that could lead to a significant deficiency in the process of obtaining ENDESA's consolidated financial statements. The capture of the information in the consolidation system is carried out through a loading process that begins in the economic (transactional) information system, which is also unique and is implemented in almost all ENDESA companies. In turn, the ICFR is supported in a computer system, through which all the information necessary to determine the conclusions regarding the operation of the ICFR is obtained.

### F.5. Monitoring of the operation of the system

Indicate the existence of at least the following components, describing their main characteristics.

F.5.1 The ICFR monitoring activities undertaken by the Audit Committee and an internal audit function whose competencies include supporting the Audit Committee in its role of monitoring the internal control system, including ICFR. Describe the scope of the ICFR assessment conducted in the year and the procedure for the person in charge to communicate its findings. State also whether the company has an action plan specifying corrective measures for any flaws detected, and whether it has taken stock of their potential impact on its financial information.

Every six months, the Administration, Finance and Control Department's Internal Control Unit monitors the process by which the design and functioning of the ICFR system is evaluated and certified. It duly reports its findings to the Audit and Compliance Committee, which is the body responsible for ensuring adequate internal control of the information disclosed to the market under the supervision of the Audit and Compliance Committee. To this end, the Internal Control Unit receives the evaluation of the Company Level Controls (ELC/CLC) and the Process Level Controls (PLC) and the Global Digital Solutions area receives the ITGC evaluation to verify:

- In the event of process changes, whether the identification of control activities has been duly updated and the new control activities sufficiently cover the process control risks.
- Whether all weaknesses in the control system design or functioning have been identified. A weakness refers to an incident which implies, to a greater or lesser extent, that the control system may not be able to guarantee with reasonable assurance the ability to acquire, prepare, summarise and disclose the Company's financial information.
- Whether the actual/potential impact of the aforementioned weaknesses has been evaluated and any required mitigating control activities put in place to guarantee the reliability of the financial information, notwithstanding the existence of these weaknesses.
- The existence of Action Plans for each weakness identified.

In the course of this process, any incidents of fraud, no matter how insignificant, involving managers or staff participating in processes with a financial reporting impact are identified and reported.

In addition, throughout the year, the degree of progress of the action plans established by ENDESA for the correction of the deficiencies identified above is monitored. These plans are defined by those responsible for each process and shared with the Internal Control Unit.

Semi-annually, the Transparency Committee is informed and approves the evaluation of the model, the characterisation of the weaknesses and the status of the action plans.

Finally, on a semi-annual basis, the Administration, Finance and Control department presents to the Audit and Compliance Committee the conclusions of the evaluation process of the Internal Control System for Financial Reporting, as well as the evolution of the implementation of the action plans arising from the evaluation process of previous semesters.

The Audit and Compliance Committee is responsible for supervising the effectiveness of the ICFR and informing the Board of Directors. In this regard:

Supervision of the effectiveness of the Internal Control System on Financial Reporting for 2019 was carried out through the reports issued by: the Internal Control unit, the Internal Audit unit, and an independent third party (Deloitte). These reports conclude that the level of confidence and reliability of the ICFR in ENDESA is adequate and the independent expert Deloitte concludes that the evaluation of the operation of the ICFR at 31 December 2019 was satisfactory, leaving no deficiency that affects the overall operation of said system.

The semi-annual evaluations carried out in 2019 did not identify material weaknesses in the ICFR. The detail of the number of controls evaluated and reviewed by the independent expert is shown below:

## ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

Of 2,363 controls evaluated, 398 were reviewed by the external consultant (Of 2,111 PLC controls, 331 reviewed; of 236 ELC / CLC controls, 56 reviewed (ELC SOD 161 controls and 56 reviewed and Rest ELC/CLC 75 controls); of 16 ELC-ACCESS controls, 11 reviewed.

Additionally there are 127 general ITGC controls, 39 reviewed.

Therefore, the total number of Controls evaluated was 2,490 of which a total of 437 were reviewed by the external consultant.

In total, as a result of both the self-assessment process and the review carried out by the independent expert, 31 control weaknesses were identified that do not significantly affect the quality of the financial information, 1 non-significant weakness of segregation of duties and 4 non-significant weaknesses related to general ITGC controls. In accordance with the above, ENDESA Management understands that the internal control model for financial reporting for the period 1 January to 31 December 2019 was effective, as were the controls and procedures established to reasonably ensure that the information disclosed externally by ENDESA is reliable and adequate.

Furthermore, ENDESA's Internal Audit Unit, in performing process audits, identifies the main weaknesses in the internal control system, proposing the action plans required to resolve them, those responsible for implementing them and the corresponding period for following up.

**F.5.2** A discussion procedure whereby the auditor (pursuant to TAS), the internal audit function and other experts can report any significant internal control weaknesses encountered during their review of the financial statements or other assignments, to the company's senior management and its audit committee or board of directors. State also whether the entity has an action plan to correct or mitigate the weaknesses found.

Each year, the Board of Directors holds a meeting with the external auditor to receive information on the work performed and the financial position of and risks faced by the Company. ENDESA's auditor has access to ENDESA Senior Management, to which end it holds regular meetings in order to gather the information needed to perform its work and to notify any control weaknesses encountered in the course of its work. For its part, the Internal Audit function periodically communicates to the Senior Management and the Audit and Compliance Committee the main internal control deficiencies identified in the review of the different processes during the year, as well as the status of implementation of the Action plans established for their mitigation. The competencies of the Audit and Compliance Committee include regularly reviewing, analysing and commenting on the financial statements and other relevant non-financial information with management, internal audit and the external auditor or audit firm.

### **F.6. Other relevant information.**

There is no other relevant information regarding the ENDESA ICFR that has not been disclosed in the foregoing sections of this report.

### **F.7. External auditor report.**

State whether:

**F.7.1** the ICFR information supplied to the market has been reviewed by the external auditor, in which case the corresponding report should be attached. Otherwise, explain the reasons for the absence of this review.

In accordance with the provisions of Circular 7/2015 of 22 December of the National Securities Market Commission, ENDESA presents in its Annual Corporate Governance Report for 2019 the information relating to the main characteristics of its internal control and risk management systems in relation to the process of issuing financial information, following the structure proposed in the aforementioned Circular. Also, ENDESA has considered it pertinent to request that the external auditor issue a review report on the information described in this ICFR Report in accordance with the professional action guide established by the auditors' associations.

## ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

### G. Degree of compliance with corporate governance recommendations

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Indicate the degree of the Company's compliance with the recommendations of the Good Governance Code for Listed Companies.

Should the company not comply with any of the recommendations or comply only in part, include a detailed explanation of the reasons so that shareholders, investors and the market in general have enough information to assess the company's behaviour. General explanations are not acceptable.

1. The bylaws of listed companies should not place an upper limit on the votes that can be cast by a single shareholder, or impose other obstacles to the takeover of the company by means of share purchases on the market.

Complies [ X ] Explain [     ]

2. When the parent company and a subsidiary are stock market listed, they should both provide detailed disclosure on:

- a) The type of activity they engage in, and any business dealings between them, as well as between the listed subsidiary and other group companies.
- b) The mechanisms in place to resolve possible conflicts of interest.

Complies [     ] Complies partly [     ] Explain [     ] Not applicable [X]

3. During the general shareholders' meeting, in addition to the written dissemination of the annual corporate governance report, the chairman of the Board of Directors verbally informed the shareholders, in sufficient detail, about the most relevant aspects of the Company's corporate governance and, in particular:

- a) About the changes that had occurred since the last general shareholders' meeting.
- b) About the specific reasons why the Company does not follow some of the recommendations in the Corporate Governance Code and about the alternative rules it applies, if any, in that area.

Complies [ X ] Complies partly [     ] Explain [     ]

4. The Company should define and promote a policy of communication and contact with shareholders, institutional investors and vote advisors that fully respects rules against market abuse and treats shareholders in the same position in a similar fashion.

And the Company should make the policy public on its website, including information relating to the way in which the same has been put into practice and identifying the parties responsible for it.

Complies [ X ] Complies partly [     ] Explain [     ]

## ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

5. The Board of Directors should not submit a proposed delegation for issuing shares or convertible bonds with the exclusion of pre-emptive rights to the general shareholders' meeting, for an amount higher than 20% of the capital at the time of the delegation.

And when the Board of Directors approves any issue of shares or convertible bonds with exclusion of pre-emptive rights, the Company should immediately publish on its website the reports on that exclusion referred to by commercial legislation.

Complies [ X ] Complies partly [ ] Explain [ ]

6. Listed companies that draw up the following reports, whether of a compulsory or voluntary nature, should publish them on their website sufficiently in advance of the general shareholders' meeting, although their dissemination is not compulsory:

- a) Report on the independence of the auditor.
- b) Reports on the operation of the audit and appointments and remuneration committees.
- c) Audit committee's report on related party transactions.
- d) Report on the corporate social responsibility policy.

Complies [ X ] Complies partly [ ] Explain [ ]

7. The Company should broadcast the general shareholders' meetings live on its website.

Complies [ X ] Explain [ ]

8. The audit committee should ensure the Board of Directors tries to present the annual accounts to the general shareholders' meeting without limitations or reservations in the audit report. Should such reservations exist, both the chairman of the audit committee and the auditors should give a clear account to shareholders of their scope and content.

Complies [ X ] Complies partly [ ] Explain [ ]

9. The Company should publish on its website, permanently, the requirements and procedures that it will accept for certifying ownership of shares, the right to attend the general shareholders' meeting and exercising or delegating the right to vote.

And those requirements and procedures should favour the shareholders attending and exercising their rights and be applied in a non-discriminatory fashion.

Complies [ X ] Complies partly [ ] Explain [ ]

## ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

10. When a legitimated shareholder has exercised the right, before the general shareholders' meeting, to complete the agenda or submit new proposed resolutions, the Company:
- a) Immediately disseminates these additional points and new proposed resolutions.
  - b) Publishes the attendance, remote voting and proxy card model with the precise amendments so that the new points on the agenda and alternative proposals may be voted on under the same terms as the proposals made by the Board of Directors.
  - c) Submits all of these points and alternative proposals to voting and applies the same voting rules to them as to those made by the Board of Directors, including, in particular, the presumptions or deductions on voting.
  - d) Subsequent to the general shareholders' meeting, announce the breakdown of the voting on these additional points or alternative proposals.

Complies [  ]    Complies partly [  ]    Explain [  ]    Not applicable [X]

11. If the Company has planned to pay premiums for attendance at the general shareholders' meeting, a general policy on those premiums should be established in advance and the policy should be stable.

Complies [  ]    Complies partly [  ]    Explain [  ]    Not applicable [X]

12. The Board of Directors should perform its duties with a single purpose and independent criteria, treat all shareholders in the same position in the same manner and be guided by the Company's interests, understood to be achieving a profitable and sustainable business in the long term, which promotes its continuity and the maximum financial value for the Company.

Pursuing the Company's interests, besides respecting laws and regulations and conduct based on good faith, ethics and respect for commonly accepted customs and good practices, it should try to conciliate the Company's interests with, as applicable, the legitimate interests of its employees, its providers, its clients and those of the remaining stakeholders that may be affected, and also the impact of the Company's activities on the community as a whole and on the environment.

Complies [ X ]    Complies partly [  ]    Explain [  ]

13. In the interests of maximum effectiveness and participation, the Board of Directors should ideally comprise between five and fifteen members.

Complies [ X ]    Explain [  ]

## ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

14. The Board of Directors should approve a policy for selecting directors that:
- a) is precise and attestable;
  - b) ensures that the proposed appointments or re-elections are based on prior analysis of the needs of the Board of Directors.
  - c) encourages diversity of gender, experience and knowledge.

The result of the prior analysis of the needs of the Board of Directors should be contained in the appointment committee's report that is published when the general shareholders' meeting to which the ratification, appointment or re-election of each director is submitted is called.

The policy for selecting directors should promote the goal of the number of female directors representing, at least, 30% of the total members of the Board of Directors by 2020.

The appointments committee will check compliance with the policy for selecting directors annually and will report on it in the annual corporate governance report.

Complies [ X ] Complies partly [ ] Explain [ ]

15. Proprietary and independent directors should occupy an ample majority of places on the Board of Directors, while the number of executive directors should be the minimum practical bearing in mind the complexity of the corporate group and the ownership interests they control.

Complies [ X ] Complies partly [ ] Explain [ ]

16. The percentage of proprietary directors of the total non-executive directors should not be greater than the proportion between Company capital represented by those directors and the rest of the capital.

This criterion may be minimised:

- a) In large cap companies where few equity stakes attain the legal threshold for significant shareholdings.
- b) In companies with a plurality of shareholders represented on the Board of Directors but not otherwise related.

Complies [ X ] Explain [ ]

## ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

17. The number of Independent Directors should represent at least half of all board members.

Nonetheless, when it is not a large cap company or when it is but has one or several shareholders acting in a concerted manner, who control more than 30% of the company capital, the number of independent directors should represent, at least, a third of the total directors.

Complies [ X ] Explain [     ]

18. Companies should publish the following Director particulars on their websites, and keep them permanently updated:

- a) Professional profile and background.
- b) Other boards of directors they belong to, whether listed companies or not, and also other paid activities they perform, whatever their nature.
- c) An indication of the Director's classification as Executive, Proprietary or Independent; in the case of Proprietary Directors, stating the shareholder they represent or have links with.
- d) The date of their first appointment and subsequent re-elections as a company Director.
- e) Shares held in the company, and any options on the same, that they own.

Complies [ X ] Complies partly [     ] Explain [     ]

19. The annual corporate governance report should, after verification by the appointments committee, also disclose the reasons for the appointment of proprietary directors at the urging of shareholders controlling less than 3% of capital; and explain any rejection of a formal request for a board place from shareholders whose equity stake is equal to or greater than that of others applying successfully for a proprietary directorship.

Complies [     ] Complies partly [     ] Explain [     ] Not applicable [X]

20. Proprietary directors should resign when the shareholders they represent transfer their equity stake in its entirety. If such shareholders reduce their stakes, thereby losing some of their entitlement to Proprietary Directors, the latter's number should be reduced accordingly.

Complies [     ] Complies partly [     ] Explain [     ] Not applicable [X]

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## ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

21. The Board of Directors should not propose the removal of independent directors before the expiry of their tenure as mandated by the Bylaws, except where just cause is found by the Board of Directors, based on a proposal from the Nomination Committee. In particular, just cause will be presumed when a director takes on new roles or new obligations that prevent him or her from dedicating the time required for performing the duties of the role of director, is in breach of his or her fiduciary duties or comes under one of the grounds that disqualify him or her from being independent, in accordance with what is established in applicable legislation.

The removal of independents may also be proposed when a takeover bid, merger or similar corporate operation produces changes in the company's capital structure, in order to meet the proportionality criterion set out in recommendation 16.

Complies [ X ] Explain [     ]

22. Companies should establish rules obliging directors to inform the board of directors of any circumstance that might harm the organisation's name or reputation, tendering their resignation as the case may be, with particular mention of any criminal charges brought against them and the progress of any subsequent trial.

In cases where a Director is tried or indicted for any of the crimes stated in company law, the Board of Directors should examine the matter and, in view of the particular circumstances and potential harm to the company's name and reputation, decide whether or not he or she should be called on to resign. The Board of Directors should also disclose all such determinations in the annual corporate governance report.

Complies [ X ] Complies partly [     ] Explain [     ]

23. All directors should express clear opposition when they feel a proposal submitted for the board of directors' approval might damage the corporate interest. In particular, independents and other Directors unaffected by the conflict of interests should challenge any decision that could go against the interests of shareholders lacking representation on the board of directors.

When the board of directors makes material or reiterated decisions about which a director has expressed serious reservations, then he or she must draw the pertinent conclusions. Directors resigning for such causes should set out their reasons in the letter referred to in the next recommendation.

The terms of this recommendation should also apply to the secretary of the board of directors, whether a director or otherwise.

Complies [     ] Complies partly [     ] Explain [     ] Not applicable [X]

## ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

24. Directors who give up their place before their tenure expires, through resignation or otherwise, should state their reasons in a letter to be sent to all members of the board of directors. Irrespective of whether such resignation is filed as a significant event, the motive for the same must be explained in the annual corporate governance report.

Complies [ X ] Complies partly [ ] Explain [ ] Not applicable [ ]

25. The appointments committee should ensure that non-executive directors have enough time to properly perform their duties.

The Board of Directors' Regulations should establish the maximum number of boards of directors that its directors may sit on.

Complies [ X ] Complies partly [ ] Explain [ ]

26. The board of directors should meet with the necessary frequency to properly perform its functions and, at least, eight times a year, in accordance with a calendar and agendas set at the beginning of the year, to which each director may individually propose the addition of other items.

Complies [ X ] Complies partly [ ] Explain [ ]

27. Director absences should be kept to the bare minimum and quantified in the annual corporate governance report. And, when necessary, they should delegate with instructions.

Complies [ X ] Complies partly [ ] Explain [ ]

28. When directors or the secretary express concern about some proposal or, in the case of directors, about the company's performance, and such concerns are not resolved at the board meeting, the person expressing them can request that they be recorded in the minute book.

Complies [ ] Complies partly [ ] Explain [ ] Not applicable [X]

29. The company should establish suitable channels for directors to obtain the advice and guidance they need to carry out their duties including, if required by the circumstances, external assistance at the company's expense.

Complies [ X ] Complies partly [ ] Explain [ ]

30. Regardless of the knowledge required of the directors for exercising their duties, the companies should also offer directors refresher programmes when circumstances so advise.

Complies [ X ] Explain [ ] Not applicable [ ]

## ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

31. The agenda should clearly indicate those points on which the board of directors has to adopt a decision or agreement so that the directors may study or gather, in advance, the information required to make such decisions.

When, exceptionally, in urgent cases, the chairman wants to submit decisions or agreements that are not on the agenda to the board of directors for approval, prior and express consent will be required from the majority of directors present, which will be duly recorded in the minutes.

Complies [ X ] Complies partly [ ] Explain [ ]

32. Directors shall be regularly informed of any changes in shareholdings and of the opinion of significant shareholders, investors and credit rating agencies as regards the company and its group.

Complies [ X ] Complies partly [ ] Explain [ ]

33. The chair, as the person responsible for the effective operation of the Board of Directors, in addition to carrying out the duties assigned by law and the bylaws, should prepare and submit to the Board of Directors and agenda in terms of dates and matters to be discussed, organise and coordinate the regular assessment of the Board as well as, if appropriate, the CEO at the Company, assume responsibility for the management of the Board and the

effectiveness of its operations, ensure that sufficient time is dedicated to the debate of strategic matters and prepare and review the knowledge recycling programs for each director when circumstances so advise.

Complies [ X ] Complies partly [ ] Explain [ ]

34. When there is a coordinating director, the bylaws or board of directors' regulations should attribute to him or her, besides the powers corresponding by law, the following duties: presiding over the board of directors in the absence of the chairman and the vice chairmen, if there are any; echoing the concerns of the non-executive directors; maintaining contact with investors and

shareholders to learn their points of view for the purpose of forming an opinion regarding their concerns, in particular, in relation to the company's corporate governance; and coordinating the plan for the succession of the chairman.

Complies [ X ] Complies partly [ ] Explain [ ] Not applicable [ ]

35. The Secretary should take care to ensure that its actions and decisions are informed by those good governance recommendations of this Code of Good Governance that are applicable to the Company.

Complies [ X ] Explain [ ]

## ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

36. The board of directors, in plenary session, should evaluate and adopt, where applicable, an action plan once a year to correct deficiencies detected with regard to:
- a) The quality and efficiency of the operation of the board of directors.
  - b) The operation and composition of its committees.
  - c) Diversity in the composition and powers of the board of directors.
  - d) The performance of their duties by the chairman of the board of directors and by the company's chief executive officer.
  - e) The performance and contribution of each director, paying special attention to those responsible for the various board committees.

The evaluation of the different committees will be based on the reports they submit to the board of directors and the latter will be evaluated based on the report submitted by the appointments committee.

Every three years, the board of directors shall be assisted in carrying out an assessment by an independent external consultant, whose independence will be verified by the appointments committee.

The business relationships that the consultant or any company in its group maintains with the company or any group company must be listed in the annual corporate governance report.

The process and areas evaluated will be described in the annual corporate governance report.

Complies [ X ] Complies partly [ ] Explain [ ]

37. When the company has an executive committee, the breakdown of its members by director category should be similar to that of the board of directors itself. The secretary of the board should also act as secretary to the executive committee.

Complies [ ] Complies partly [ ] Explain [ ] Not applicable [X]

38. The board of directors should be kept fully informed of the business transacted and decisions made by the executive committee. To this end, all members of the board of directors should receive a copy of the executive committee's minutes.

Complies [ ] Complies partly [ ] Explain [ ] Not applicable [X]

39. The members of the audit committee and, especially, its chairman should be appointed bearing in mind their knowledge and experience in accounting, auditing or risk management, and most of those members should be independent directors.

Complies [ X ] Complies partly [ ] Explain [ ]

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## ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

40. Under the supervision of the audit committee, there should be a unit that assumes the internal audit function and ensures the proper operation of internal reporting and control systems and that reports to the non-executive chairman of the board or of the audit committee.

Complies [ X ] Complies partly [   ] Explain [   ]

41. The head of the unit that assumes the internal audit function should present an annual work programme to the audit committee; directly report any incidents arising during its implementation; and submit an activity report at the end of each year.

Complies [ X ] Complies partly [   ] Explain [   ] Not applicable [   ]

## ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

42. Besides those set out in law, the following duties correspond to the audit committee:

1. With respect to internal control and reporting systems:

- a) To monitor the preparation and the integrity of the financial information prepared on the company and, where appropriate, the group, check for compliance with legal provisions, the accurate demarcation of the scope of consolidation, and the correct application of accounting principles.
- b) To strive for the independence of the unit that assumes the internal auditing function; propose the selection, appointment, re-election and removal of the person responsible for the internal auditing services; propose the budget for such service; approve the focus and work plan to ensure the activity is primarily focused on relevant risks for the company; receive regular information on its activities; and verify that senior management takes into consideration the conclusions and recommendations of its reports.
- c) To establish and supervise a mechanism whereby staff can report, confidentially and, if possible and necessary, anonymously, any irregularities they detect in the course of their duties, in particular financial or accounting irregularities, with potentially serious implications for the firm.

2. With respect to the external auditor:

- a) To investigate the issues giving rise to the resignation of any external auditor.
- b) To ensure that the remuneration of the external auditor for its work does not compromise its quality or its independence.
- c) To oversee that the company reports, as a material fact, to the Spanish Securities Market Commission (CNMV) the change of auditor and accompanies it with a declaration on the possible existence of disagreements with the outgoing auditor and, if any, the content thereof.
- d) To ensure that the external auditor maintains an annual meeting with the board of directors, in plenary session, to inform it regarding the work performed and the financial position of and risks faced by the company.
- e) To ensure that the company and the external auditor adhere to current regulations on the provision of non-audit services, the limits on the concentration of the auditor's business and, in general, other regulations on the independence of the auditors;

Complies [ X ] Complies partly [ ] Explain [ ]

43. The audit committee should be empowered to meet with any company employee or manager, even ordering their appearance without the presence of another senior officer.

Complies [ X ] Complies partly [ ] Explain [ ]

## ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

44. The audit committee should be informed of any transactions that would implement structural and corporate changes that the company aims to make for their analysis and a preliminary report to the board of directors on their economic conditions and their accounting impact and, especially, where applicable, on the proposed exchange ratio.

Complies [ X ] Complies partly [ ] Explain [ ] Not applicable [ ]

45. The risk management and control policy should identify at least:

- a) The different types of risk, financial and non-financial, (inter alia, operational, technological, legal, social, environmental, political and reputational) that the company is exposed to, including among financial or economic risks, contingent liabilities and other risks not on the balance sheet.
- b) The determination of the risk level the company sees as acceptable.
- c) Measures in place to mitigate the impact of identified risk events should they occur.
- d) The internal reporting and control systems to be used to control and manage the above risks, including contingent liabilities and off-balance sheet risks.

Complies [ X ] Complies partly [ ] Explain [ ]

46. Under the direct supervision of the audit committee or, where applicable, of a specialist committee of the board of directors, there should be an internal risk control and management function exercised by one of the company's internal units or departments that has expressly been entrusted with the following duties:

- a) Ensure the proper operation of the risk control and management systems and, in particular, ensure that all important risks that affect the company are appropriately identified, managed and quantified.
- b) Actively participate in drawing up the risk strategy and in important decisions regarding its management.
- c) Ensure that the risk control and management systems appropriately mitigate risk as part of the policy defined by the board of directors.

Complies [ X ] Complies partly [ ] Explain [ ]

47. The members of the appointments and remuneration committee - or the appointments committee and the remuneration committee, if they are separate - should be appointed ensuring that they have the appropriate knowledge, aptitude and experience for the functions that they are called upon to perform and the majority of those members should be independent directors.

Complies [ X ] Complies partly [ ] Explain [ ]

## ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

48. Large cap companies should have a separate appointments committee and remuneration committee.

Complies [  ] Explain [  ] Not applicable [  ]

The ENDESA Board of Directors is composed of 11 members, six of whom are independent. Following the recommendations of the Code of Good Governance, the majority of the members of the Appointments and Remuneration Committee (composed of six members) are independent. Specifically, five of the board members classed as independent sit on this Committee. It has been decided not to separate the current Appointments and Remuneration Committee into two different committees (appointments committee and remuneration committee) because the composition of both would be practically identical. Also, the existence of a single committee guarantees the coordination (required and necessary between the two committees, if they were separated) in the matter of evaluation and remuneration, and does not affect independence, since the composition of the committees in the event of separation would be very similar.

49. The nomination committee should consult with the chairman of the board of directors and the company's chief executive officer, especially on matters relating to executive directors.

Any board member should be able to suggest directorship candidates to the appointments committee for its consideration.

Complies [  ] Complies partly [  ] Explain [  ]

50. The remuneration committee should exercise its functions independently and, besides the functions attributed to it by law, should also have the following duties:

- a) To propose the standard conditions for senior officer employment contracts to the board of directors.
- b) To check compliance with the remuneration policy set by the company.
- c) To regularly review the remuneration policy applied to directors and senior management, including systems of remuneration in shares and its application, and also guarantee that their individual remuneration is proportionate to that paid to the other company directors and senior management.
- d) To ensure that any potential conflicts of interest do not threaten the independence of any external advising provided to the committee.
- e) To verify information regarding remuneration of directors and senior executives provided in various corporate documents, including the annual report on remuneration of directors.

Complies [  ] Complies partly [  ] Explain [  ]

51. The remuneration committee should consult with the chairman and chief executive, especially on matters relating to executive directors and senior officers.

Complies [  ] Complies partly [  ] Explain [  ]

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## ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

52. The rules for the composition and operation of the supervision and control committees should be in the board of directors' regulations and should be consistent with those applicable to the commissions that are applicable by law in accordance with the above recommendations, including:
- a) They should exclusively comprise non-executive directors, and the majority should be independent directors.
  - b) Committees should be chaired by an independent director.
  - c) The board of directors should appoint the members of such committees with regard to the knowledge, aptitudes and experience of its directors and the terms of reference of each committee; discuss their proposals and reports; and should report on their activity to the first board plenary following their meetings and should answer for the work done.
  - d) The committees may engage external advisors, when they feel this is necessary for the discharge of their duties.
  - e) Minutes should be taken of their meetings and should be available to all directors.
- Complies [ X ] Complies partly [   ] Explain [   ] Not applicable [   ]

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## ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

53. One or several committees of the board of directors should be responsible for supervising compliance with the corporate governance rules, with internal codes of conduct and with the corporate social responsibility policy; these may be the audit committee, the appointments committee, the corporate social responsibility committee, if there is one, or a specialist committee that the board of directors, exercising its powers of self-organisation, decides to create for the purpose, which will have the following specific minimum duties:
- a) Supervision of compliance with the internal codes of conduct and the company's corporate governance rules.
  - b) Supervision of the communications strategy and relationships with shareholders and investors, including small and medium shareholders.
  - c) Regular assessment of the suitability of the company's corporate governance system, so that it complies with its mission of promoting social interest and takes into account, as applicable, the legitimate interests of the other stakeholders.
  - d) Review of the company's corporate social responsibility policy, ensuring it is aimed at creating value.
  - e) Monitoring the corporate social responsibility strategy and practices and assess compliance therewith.
  - f) Supervision and assessment of the engagement processes for different interest groups.
  - g) Assessment of all aspects related to the company's non-financial risks - including operating, technological, legal, social, environmental, political and reputational risks.
  - h) Coordinating the process for reporting non-financial and diversity information, in accordance with applicable regulations and international benchmark standards.

Complies [ X ] Complies partly [    ] Explain [    ]

## ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

54. The corporate social responsibility policy should include the principles or commitments that the company assumes voluntarily in its relationship with the different stakeholders and should identify at least:
- a) The goals of the corporate social responsibility policy and the development of support instruments.
  - b) Corporate strategy relating to sustainability, the environment and social matters.
  - c) Specific practices in matters relating to: shareholders, employees, clients, providers, social matters, environment, diversity, tax obligations, respect for human rights and prevention of illegal conduct.
  - d) The methods or systems for monitoring the results of applying the specific practices indicated in the previous letter, the associated risk and management of the same.
  - e) Mechanisms for supervising non-financial risk, ethics, and business conduct.
  - f) Channels of communication, participation and dialogue with stakeholders.
  - g) Responsible communication practices that prevent manipulation of information and protect integrity and honour.

Complies [ X ] Complies partly [    ] Explain [    ]

55. The company should report, in a separate document or in the management report, on matters relating to corporate social responsibility, using any of the internationally accepted methodologies.

Complies [ X ] Complies partly [    ] Explain [    ]

56. The remuneration of the directors should be as necessary to attract and retain directors of the desired profile and to remunerate the dedication, qualification and responsibility that the role requires, but not so high as to compromise the non-executive director criteria of independence.

Complies [ X ] Explain [    ]

57. Remuneration linked to the company's performance and personal effort, and also remuneration comprising the delivery of shares, share options or rights to shares, or other share-based instruments and long-term savings systems such as pension plans, retirement schemes or other social benefit systems should be confined to executive directors.

The delivery of shares may be contemplated as remuneration for non-executive directors when they are obliged to retain them until the end of their tenure. The above will not be applicable to shares that the directors have to sell to satisfy costs related to their acquisition.

Complies [ X ] Complies partly [    ] Explain [    ]

## ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

58. In the case of variable remuneration, remuneration policies should include technical safeguards to ensure they reflect the professional performance of the beneficiaries and not only the general progress of the markets or the company's sector, atypical or exceptional transactions or circumstances of this kind.

And, in particular, with regard to the variable components of the remuneration:

- a) They should be related to pre-determined and measurable performance criteria and those criteria should consider the risk assumed to obtain a result.
- b) They should promote the sustainability of the company and include non-financial criteria that should be appropriate for the creation of long-term value, such as compliance with the company's internal rules and procedures and its risk control and management policies.
- c) They should be based on balance between compliance with objectives in the short, medium and long term, which allow performance to be remunerated for continued effort over a long enough period of time for their contribution to the creation of sustainable value to be appreciated, so that the elements for measuring this performance do not only revolve around specific, occasional or special events.

Complies [ X ] Complies partly [ ] Explain [ ] Not applicable [ ]

59. Payment of a significant part of the variable components of the remuneration should be deferred for a sufficient minimum period to check that previously established performance conditions have been met.

Complies [ X ] Complies partly [ ] Explain [ ] Not applicable [ ]

60. In the case of remuneration linked to company earnings, deductions should be computed for any qualifications stated in the external auditor's report.

Complies [ X ] Complies partly [ ] Explain [ ] Not applicable [ ]

61. A significant percentage of the variable remuneration of executive directors should be linked to the delivery of shares or share-based financial instruments.

Complies [ X ] Complies partly [ ] Explain [ ] Not applicable [ ]

## ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

62. Once the shares or options or rights to shares corresponding to the remuneration systems have been attributed, the directors may not transfer ownership of a number of shares equivalent to twice their annual fixed remuneration, nor may they exercise the options or rights until, at least, three years after they were attributed.

The above will not be applicable to shares that the directors have to sell to satisfy costs related to their acquisition.

Complies [  ] Complies partly [  ] Explain [  ] Not applicable [X]

63. Contractual agreements should include a clause that allows the company to claim a refund of variable components of remuneration when the payment was not adapted to performance conditions or when they were paid based on data which later proved to be incorrect.

Complies [ X ] Complies partly [  ] Explain [  ] Not applicable [  ]

64. Payments for termination of contract should not exceed a set amount equivalent to two years of total annual remuneration and should not be paid until the company has been able to check that the director has complied with the previously established performance criteria.

Complies [  ] Complies partly [ X ] Explain [  ] Not applicable [  ]

The contractual conditions of the current executive director were established prior to this recommendation. However, ENDESA's Directors' Remuneration Policy establishes that when new directors are incorporated into Senior Management at the Company or Group, a maximum number of two years of total annual remuneration will be set as payment for contract termination, applicable in any case in the same terms to the executive director contracts.

## ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

### H. Other information of interest

1. If you consider that there is any material aspect or principle relating to the Corporate Governance practices followed by your company that has not been addressed in this report and which is necessary to provide a more comprehensive view of the corporate governance structure and practices at the company or group, explain briefly.
2. You may include in this section any other information, clarification or observation related to the above sections of this report.

Specifically indicate whether the company is subject to corporate governance legislation from a country other than Spain and, if so, include the compulsory information to be provided when different from that required by this report.

3. Also state whether the company voluntarily subscribes to other international, sectoral or other ethical principles or standard practices. If applicable identify the code and date of adoption. In particular, please mention whether it has subscribed to the Code of Good Tax Practices of 20 July 2010:

#### CODE OF BEST PRACTICES

The Board of Directors of ENDESA, in its meeting of 20 December 2010, agreed ENDESA's accession to the Code of Good Tax Practices (CGTP). Likewise, on 25 January 2016, it ratified the accession of ENDESA, SA and its Spanish controlled subsidiaries to it, after the incorporation of an Annex with new conduct obligations for both the Company and the Administration.

In compliance with the Corporate Governance rules on tax matters and the provisions of the Code of Good Tax Practices, the ENDESA Tax Affairs Manager periodically informs the Audit and Compliance Committee of the company's tax situation. ENDESA has been presenting the Reinforced Transparency Report to the State Tax Administration Agency since 2016. The aforementioned Report is a breakdown of information that ENDESA voluntarily presents to the Administration in accordance with the provisions of the Annex to the Code of Good Tax Practices. On 5 July 2019 it presented the Report for the year 2018.

This annual corporate governance report was approved by the Board of Directors of the company, in its meeting of:

[ 24/02/2020 ]

List whether any directors voted against or abstained from voting on the approval of this Report.

[ ] Yes  
[  ] No

ENDESA Group

Auditor's report on the "Information relating to  
Internal Control over Financial Reporting  
(ICFR-SCIIF in Spanish)" for 2019

Translation of a report originally issued in Spanish. In the event of discrepancy the Spanish-language version prevails

## AUDITOR'S REPORT ON THE "INFORMATION RELATING TO INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR-SCIIF IN SPANISH)" OF THE ENDESA GROUP FOR 2019

To the Directors,

At the request of the management of ENDESA, S.A. (the Company) and its subsidiaries (the Group), and in accordance with our engagement letter dated February 7, 2020, we have performed certain procedures on the accompanying "ICFR-related information" included in the 2019 Annual Corporate Governance Report of the Group, which summarizes the Company's internal control procedures regarding annual financial information.

The Board of Directors is responsible for taking appropriate measures to reasonably ensure the implementation, maintenance, supervision, and improvement of a correct internal control system, as well as preparing and establishing the content of all the related accompanying ICFR data.

It is worth noting that apart from the quality of design and operability of the ENDESA Group's internal control system in relation to its annual financial information, it only provides a reasonable, rather than absolute, degree of security regarding its objectives due to the inherent limitations to the internal control system as a whole.

Throughout the course of our audit work on the financial statements, and in conformity with Technical Auditing Standards, the sole purpose of our evaluation of the Group's internal control system was to establish the scope, nature, and timing of the audit procedures performed on the Group's financial statements. Therefore, our internal control assessment, performed for the audit of the aforementioned financial statements, was not sufficiently extensive to enable us to issue a specific opinion on the effectiveness of the internal control over the regulated annual financial information issued.

For the purpose of issuing this report, we exclusively applied the following specific procedures described below and indicated in the Guidelines on the Auditors' report relating to information on the Internal Control over Financial Reporting on Listed Companies, published by the Spanish National Securities Market Commission on its website, which establishes the work to be performed, the minimum scope thereof and the content of this report. Given that the scope of the abovementioned procedures performed was limited and substantially less than that of an audit or a review on the internal control system, we have not expressed an opinion regarding its efficacy, design, or operational effectiveness regarding the Group's annual financial information for 2019 described in the accompanying ICFR.

Consequently, had we performed procedures additional to those shown in the abovementioned Guidelines, or carried out an audit or review on the internal control system of regulated annual financial information, other matters might have come to our attention which would have been reported to you.

Since this special engagement does not constitute an audit of the financial statements or a review in accordance with prevailing audit regulations in Spain, we do not express an opinion in the terms established therein.

The following procedures were applied:

1. Read and understand the information prepared by the Group in relation to the ICFR - which is provided in the disclosure information included in the Management Report- and assess whether such information addresses all the required information which will follow the minimum content detailed in Section F, relating to the description of the ICFR, as per the Annual Corporate Governance Report model established by CNMV Circular 5/2013 of June 12, 2013, subsequently amended by CNMV Circular 7/2015 of December 22, 2015 and CNMV Circular 2/2018 of June 12 (hereinafter the CNMV Circulars).
2. Question personnel in charge of preparing the information described in the above section 1, to: (i) obtain an understanding of its preparation process; (ii) obtain information making it possible to evaluate whether the terminology employed is in line with reference framework definitions; (iii) gather information regarding whether the described control procedures are implemented and functioning within the Group.
3. Review the explanatory documentation supporting the information described in section 1 above, which should, mainly, include that information directly provided to those in charge of preparing the descriptive ICFR information. This documentation includes reports prepared by the internal audit function, senior executives and other internal/external specialists in their role supporting the Audit and Compliance Committee.
4. Compare the information contained in section 1 above with the Group's ICFR knowledge obtained as a result of performing the procedures within the framework of auditing the financial statements.
5. Read the minutes of the Board of Directors Meetings, Audit and Compliance Committee, and other Company commissions in order to evaluate the consistency between issues described in the minutes related to the ICFR and information discussed in section 1 above.
6. Obtain the representation letter related to the work performed, duly signed by those responsible for preparing and authorizing the issuance of the information discussed in section 1 above.

As a result of the procedures applied on the ICFR-related information, no inconsistencies or incidents have come to our attention which might affect it.

This report was prepared exclusively within the framework of the requirements of the article 540 of the Spain's Corporate Enterprises Act, and CNMV Circulars on ICFR description in the Annual Corporate Governance Report.

ERNST & YOUNG, S.L.

(Signed on the original version in Spanish)

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Olatz Díez de Artazcoz Herreros

February 24, 2020

ENDESA Group

Auditor's report on the "Information relating to  
Internal Control over Financial Reporting  
(ICFR-SCIIF in Spanish)" for 2019

Translation of a report originally issued in Spanish. In the event of discrepancy the Spanish-language version prevails

## AUDITOR'S REPORT ON THE "INFORMATION RELATING TO INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR-SCIIF IN SPANISH)" OF THE ENDESA GROUP FOR 2019

To the Directors,

At the request of the management of ENDESA, S.A. (the Company) and its subsidiaries (the Group), and in accordance with our engagement letter dated February 7, 2020, we have performed certain procedures on the accompanying "ICFR-related information" included in the 2019 Annual Corporate Governance Report of the Group, which summarizes the Company's internal control procedures regarding annual financial information.

The Board of Directors is responsible for taking appropriate measures to reasonably ensure the implementation, maintenance, supervision, and improvement of a correct internal control system, as well as preparing and establishing the content of all the related accompanying ICFR data.

It is worth noting that apart from the quality of design and operability of the ENDESA Group's internal control system in relation to its annual financial information, it only provides a reasonable, rather than absolute, degree of security regarding its objectives due to the inherent limitations to the internal control system as a whole.

Throughout the course of our audit work on the financial statements, and in conformity with Technical Auditing Standards, the sole purpose of our evaluation of the Group's internal control system was to establish the scope, nature, and timing of the audit procedures performed on the Group's financial statements. Therefore, our internal control assessment, performed for the audit of the aforementioned financial statements, was not sufficiently extensive to enable us to issue a specific opinion on the effectiveness of the internal control over the regulated annual financial information issued.

For the purpose of issuing this report, we exclusively applied the following specific procedures described below and indicated in the Guidelines on the Auditors' report relating to information on the Internal Control over Financial Reporting on Listed Companies, published by the Spanish National Securities Market Commission on its website, which establishes the work to be performed, the minimum scope thereof and the content of this report. Given that the scope of the abovementioned procedures performed was limited and substantially less than that of an audit or a review on the internal control system, we have not expressed an opinion regarding its efficacy, design, or operational effectiveness regarding the Group's annual financial information for 2019 described in the accompanying ICFR.

Consequently, had we performed procedures additional to those shown in the abovementioned Guidelines, or carried out an audit or review on the internal control system of regulated annual financial information, other matters might have come to our attention which would have been reported to you.

Since this special engagement does not constitute an audit of the financial statements or a review in accordance with prevailing audit regulations in Spain, we do not express an opinion in the terms established therein.

The following procedures were applied:

1. Read and understand the information prepared by the Group in relation to the ICFR - which is provided in the disclosure information included in the Management Report- and assess whether such information addresses all the required information which will follow the minimum content detailed in Section F, relating to the description of the ICFR, as per the Annual Corporate Governance Report model established by CNMV Circular 5/2013 of June 12, 2013, subsequently amended by CNMV Circular 7/2015 of December 22, 2015 and CNMV Circular 2/2018 of June 12 (hereinafter the CNMV Circulars).
2. Question personnel in charge of preparing the information described in the above section 1, to: (i) obtain an understanding of its preparation process; (ii) obtain information making it possible to evaluate whether the terminology employed is in line with reference framework definitions; (iii) gather information regarding whether the described control procedures are implemented and functioning within the Group.
3. Review the explanatory documentation supporting the information described in section 1 above, which should, mainly, include that information directly provided to those in charge of preparing the descriptive ICFR information. This documentation includes reports prepared by the internal audit function, senior executives and other internal/external specialists in their role supporting the Audit and Compliance Committee.
4. Compare the information contained in section 1 above with the Group's ICFR knowledge obtained as a result of performing the procedures within the framework of auditing the financial statements.
5. Read the minutes of the Board of Directors Meetings, Audit and Compliance Committee, and other Company commissions in order to evaluate the consistency between issues described in the minutes related to the ICFR and information discussed in section 1 above.
6. Obtain the representation letter related to the work performed, duly signed by those responsible for preparing and authorizing the issuance of the information discussed in section 1 above.

As a result of the procedures applied on the ICFR-related information, no inconsistencies or incidents have come to our attention which might affect it.

This report was prepared exclusively within the framework of the requirements of the article 540 of the Spain's Corporate Enterprises Act, and CNMV Circulars on ICFR description in the Annual Corporate Governance Report.

ERNST & YOUNG, S.L.

(Signed on the original version in Spanish)

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Olatz Díez de Artazcoz Herreros

February 24, 2020

**ANNEX 1-**

DIRECTORS	QUALITIES AND SKILLS							DIVERSITY			
	Finance and Risks	Engineering	Legal	Management	Strategy	ICT	Human Resources	Years in office	Nationality	Gender	Age
Juan Sanchez-Calero Guilarte			✓	✓	✓			1	SP	H	63
Francesco Starace	✓	✓		✓	✓			5	IT	H	64
José Bogas Gálvez	✓	✓		✓	✓			5	SP	H	64
Alberto De Paoli	✓			✓	✓			5	IT	H	54
Miquel Roca Junyent	✓		✓	✓	✓		✓	10	SP	H	79
Alejandro Echevarría Busquet	✓			✓	✓			10	SP	H	77
M <sup>a</sup> Patrizia Grieco	✓		✓	✓	✓	✓		2	IT	M	67
Antonio Cammiseca	✓	✓		✓	✓			1	IT	H	49
Helena Revoredo Delvecchio	✓			✓	✓			5	ARG	M	72
Ignacio Garralda Ruíz de Velasco	✓		✓	✓	✓			4	SP	H	68
Francisco de Lacerda	✓			✓	✓			4	PORT	H	59