



ANNUAL REPORT ON DIRECTOR REMUNERATION OF LISTED COMPANIES

ISSUER IDENTIFICATION DETAILS

Year end-date:

[31/12/2022]

TAX ID (CIF):

[A-28023430]

Company name:

[**ENDESA, S.A.**]

Registered office:

[RIBERA DEL LOIRA, 60 MADRID]



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A. REMUNERATION POLICY OF THE COMPANY FOR THE CURRENT FINANCIAL YEAR

A.1.1 Explain the current director remuneration policy applicable to the year in progress. To the extent that it is relevant, certain information may be included in relation to the remuneration policy approved by the General Shareholders' Meeting, provided that these references are clear, specific and concrete.

Such specific determinations for the current year as the board may have made in accordance with the contracts signed with the executive directors and with the remuneration policy approved by the General Shareholders' Meeting must be described, as regards directors' remuneration both in their capacity as such and for executive functions carried out.

In any case, the following aspects must be reported, as a minimum:

- a) Description of the procedures and company bodies involved in determining, approving and applying the remuneration policy and its terms and conditions.
- b) Indicate and, where applicable, explain whether comparable companies have been taken into account in order to establish the company's remuneration policy.
- c) Information on whether any external advisors took part in this process and, if so, their identity.
- d) Procedures set forth in the current remuneration policy for directors in order to apply temporary exceptions to the policy, conditions under which those exceptions can be used and components that may be subject to exceptions according to the policy.

Procedures and company bodies involved in determining, approving and applying the remuneration policy and its terms and conditions: Endesa's Appointments and Compensation Committee is the body responsible for proposing the Directors Compensation Policy to the Board of Directors and for issuing a specific report to accompany this proposal, for approval by the General Meeting

Furthermore, the Committee shall annually review the Directors Compensation Policy, with internal support from the heads of the People and Organization, Strategy, Economic-Financial and Sustainability areas as well as from the Secretary of the Committee, in order to verify that such policy is aligned with the Company's position and strategy and with market conditions, as well as to assess whether said policy contributes to the creation of long-term value and to adequate risk control and management. In addition, if it deems it appropriate, the Committee may contract the services of an external advisor to participate in the preparation of the Directors Compensation Policy proposal.

As relates to application of the Policy, Endesa's Appointments and Compensation Committee is the body responsible for proposing to the Board of Directors the individual compensation, fixed and variable, as well as other contract terms for the Executive Directors, including possible severance pay for early termination of their duties and the amounts to be paid by the Company for insurance premiums or contributions to savings systems, in accordance with the provisions of the Company's internal regulations and directors compensation policy approved by the General Shareholders' Meeting.

The Appointments and Compensation Committee shall be responsible for proposing to the Board of Directors the exact amount to be paid in each fiscal year to the Directors in their capacity as such, subject to the limit set by the General Shareholders' Meeting, as well as allocating such amount between the directors, in the manner, time and proportion as freely determined, considering the positions, functions and internal responsibilities and of institutional representation entrusted to each Director, their membership in Board Committees and all other relevant objective circumstances.

Finally, it should be noted that the Appointments and Compensation Committee shall have the following duties relating to calculating or verifying the compensation accrued by the directors:

- To annually verify that the Directors Compensation Policy is properly applied and that no payments not provided for in said policy are made to Directors.
- To verify, in cooperation with the Internal Audit Department, any information regarding compensation of Directors included in the annual report on directors compensation.
- To verify, in cooperation with the Directorate General of Internal Auditing, whether any circumstances exist that would justify the application of the *malus* or claw-back clauses provided for the Executive Directors and to propose, where appropriate, the relevant measures to recover the applicable amounts.

Current director remuneration policy applicable to the year 2023:



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- Endesa's Directors Compensation Policy for financial year 2022 was approved at the most recent Annual General Shareholders' Meeting, on 29 April 2022, for financial years 2022, 2023 and 2024, at the proposal of Endesa's Board of Directors and following a report from the Appointments and Compensation Committee.

As pointed out herein above, the Appointments and Compensation Committee carried out a review of the Compensation Policy for 2022-2024, with the participation of the external consultants Ernst & Young Abogados, S.L.P., making a comparative analysis ("benchmark") between companies comparable to Endesa with regard to the remuneration of Endesa's directors, in order to ensure that their compensation is in line with market conditions. The conclusions of Ernst & Young Abogados' report are attached hereto as Annex II.

Procedures provided for in the current directors compensation policy for applying temporary exceptions to the policy within the framework established by the Directors Compensation Policy of Endesa, section 3.3 (Revision of Executive Director compensation), it would be possible to revise (taking into account the information on the evolution of the salary market, the growth forecast every year and/or the corresponding studies and market analysis) and, where appropriate, modify the following, with the approval of the Board of Directors on the proposal of the Appointments and Compensation Committee: The annual fixed compensation and the target of the variable compensation of the executive directors, when the circumstances established in section 3.3 of Endesa's Directors Compensation Policy occur. These changes would be subject to publication in the Annual Report on Director Remuneration and subsequent approval by the General Shareholders' Meeting.

A.1.2 Relative importance of variable remuneration items vis-à-vis fixed remuneration (remuneration mix) and the criteria and objectives taken into consideration in their determination and to ensure an appropriate balance between the fixed and variable components of the remuneration. In particular, indicate the actions taken by the company in relation to the remuneration system to reduce exposure to excessive risks and to align it with the long-term objectives, values and interests of the company, which will include, as the case may be, mention of the measures taken to ensure that the long-term results of the company are taken into account in the remuneration policy, the measures adopted in relation to those categories of personnel whose professional activities have a material impact on the risk profile of the company and measures in place to avoid conflicts of interest.

Furthermore, indicate whether the company has established any period for the accrual or vesting of certain variable remuneration items, in cash, shares or other financial instruments, any deferral period in the payment of amounts or delivery of accrued and vested financial instruments, or whether any clause has been agreed reducing the deferred remuneration not yet vested or obliging the director to return remuneration received, when such remuneration has been based on figures that have since been clearly shown to be inaccurate.

The remuneration of non-executive Directors is specified in a fixed monthly allowance and an attendance allowance, without items of variable remuneration. This is why the concept of "compensation mix" only refers to the CEO.

The structure for the CEO's remuneration envisaged for 2023 guarantees an adequate mix between fixed compensation, short-term variable compensation and long-term variable compensation.

The total compensation for an Executive Director in fiscal year 2023 may vary between a minimum, represented by fixed compensation, and a maximum, which can be attained by exceeding targets.
Chief Executive Officer's compensation mix:

In a scenario of 100% target goal achievement, the weight of the fixed compensation would represent 48%, the short-term variable compensation 27% and the long-term variable compensation 25%, in all cases (fixed, ordinary variable and long-term variable) of the total remuneration. In a scenario of maximum target achievement (up to 120% of the short-term variable and 180% of the long-term variable compensation), the weight of the fixed compensation would represent 37%, the short-term variable compensation 27% and the long-term variable compensation 36%, all of the total remuneration (fixed, ordinary variable and long-term variable). The balance in the compensation mix does not provide any incentive for assuming too many risks.

It should be pointed out that both short-term variable compensation and long-term variable compensation are linked to the Company's Strategic Plan, which integrates business and financial targets, ESG factors, and which is focused and designed based on the fight against climate change. In this regard, it should be pointed out that the company's strategic plan includes Endesa's action plan on climate change, reinforcing its commitment to decarbonisation, which has been brought forward to 2040, with an increase in investments in renewable energies and the digitalization of the grid, as well as in the electrification of residential demand and sectors such as industry and transport. For all these reasons the compensation of Executive Directors is always aligned with the Company's short- and long-term risks. In this regard:

- Ordinary or short-term variable remuneration for 2023 uses five measurement criteria based on quantitative indicators, including ESG metrics. Specifically, it includes: three financial criteria related to profit and cash, one for business and one for occupational safety. The specific objectives determined for each of these criteria have been designed considering the 2023-2025 Strategic Plan of Endesa and, in this sense, it is guaranteed that the Company's performance and objectives for the fiscal year are taken into account.



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Short-term variable remuneration based on the Company's results shall be paid out once the General Shareholders' Meeting has approved the annual financial statements for the financial year being remunerated and, if the external audit report contains any qualifications, the results shall be reduced accordingly.

- Long-term variable remuneration for 2023 (Strategic Incentive 2023-2025) uses four measurement parameters based on quantitative performance indicators, including ESG metrics. The specific targets determined for each of these parameters are designed considering Endesa's 2023-2025 Strategic Plan with a focus on the long-term and sustainability, from the point of view of the Company's own objectives with regard to the environment, climate change, shareholder return and gender balance (women in succession pools). In the long-term remuneration, since 2014, the plans have provided for deferred payment and require the Director to be active when payment is made (unless the director is retiring or leaving the company due to termination of a fixed-term contract, in which case the director may collect on the plans completed as at the date of removal, although payment will be deferred until the applicable date, even if the director is not active at that time); these payments are made in two installments: 30%, if applicable, in the year after the plan ends, and the remaining 70%, if applicable, in the second year after the termination of the plan.

Additionally, from the last "2020-2022 Strategic Incentive" shares were included as part of the payment, to adapt the payment of executive directors to the best corporate governance practices.

- The Board of Directors, at the proposal of the Appointments and Compensation Committee, is in charge of establishing the targets and their weighting and metrics at the beginning of each fiscal year, as well as for assessing compliance with targets at the end of the year. In this task of assessing the fulfillment of the short and long term objectives, the Appointments and Compensation Committee will perform its function of verifying the remuneration information of the Directors with the support of the General Audit Department, which will make an analysis and issue a conclusion on the fulfillment of the short- and long-term objectives of the executive directors and will ensure the absence of conflicts of interest in determining the achievement level of said objectives.

It should also be noted that the Appointments and Compensation Committee consists of five members, four of whom are independent Directors, one being the Chairman of this Committee. Three members of the Committee are also members of the Audit and Compliance Committee. The overlap in membership of such three members on these two Committees ensures that compensation-related risks are considered during Committee discussions and in Committee proposals to the Board as regards both establishing and assessing annual and multi-annual incentives.

- As regards short and long-term variable compensation, a "malus" clause will be implemented, authorizing the company to withhold payments of any accrued and outstanding variable compensation, as well as a clawback clause requiring Directors to return any variable compensation received when following payment of the incentive it is found that the data used for such calculation or payment was erroneous. The Appointments and Compensation Committee has approved a procedure for verification of MALUS and CLAW-BACK clauses, by means of which the Committee verifies, with the support of Endesa's Audit Department, whether circumstances exist that justify the application of the malus or claw-back clauses in relation to the variable remuneration of the executive directors in the last five years. These verification measures will be applied to the current executive directors, with projections for former executive directors.

A1.3. Amount and nature of fixed components that are due to be accrued during the year by directors in their capacity as such.

Directors shall be entitled to the following compensation based on their condition as such: a monthly fixed allocation and attendance allowances for each meeting of the governing bodies of the Company and its Committees.

The following accruals are planned for fiscal year 2023:

- "Fixed monthly allocation" at the date of issuance of this Report, for the members of the Board of Directors in their capacity as such, the amount applied for this concept has been maintained since January 2013, and is €15.6 thousand gross.

Fixed allocation to the Chairman of the Board of Directors: In April 2019 the Ordinary General Shareholders' Meeting approved a fixed monthly amount of €50 thousand gross in the Compensation Policy (instead of the fixed monthly allocation of €15.5 thousand gross established for the other directors), for the position of non-executive Chairman of the Board of Directors. This item of remuneration has not changed.

Fixed allocation for Committee chairpersons: in the revision of the 2022-2024 Compensation Policy, the Appointments and Compensation Committee proposed to the Board of Directors an increase in committee chairpersons' fixed allocation, as follows: the Audit and Compliance Committee chairman would receive a gross monthly amount of €5 thousand (€3 thousand in 2022), and the Appointments and Compensation Committee and Sustainability and Governance Committee chairmen would receive a gross monthly amount of €3 thousand (€2 thousand in 2022), in compensation for their increased dedication and greater responsibilities. (See section A.2)

- "Attendance allowances": as of the date of issuance of this Report, the amount approved by the Board on 21 January 2013 is maintained, which is €1.5 thousand gross per meeting.

- The estimated remuneration of the Directors in their capacity as such, for the year 2023, will range between €188 thousand and €224 thousand gross/Director, as fixed allocation, and approximately between €21 thousand and €50 thousand gross/director as attendance allowances.



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- The non-executive Chairman of the Board is expected to receive in fiscal year 2023 an amount of ca. €600 thousand gross as fixed allocation, €36 thousand gross as Chairman of the Sustainability and Governance Committee and approximately €28 thousand in allowances for attendance at the meetings of the Board of Directors and the Sustainability and Governance Committee.

- Directors Bogas, Starace, De Paoli, Cammisureca and Gostinelli have fully waived their right to compensation arising from their status as Directors.

A1.4. Amount and nature of fixed components that are due to be accrued during the year for the performance of senior management functions of executive directors.

For the year 2023, as a fixed annual remuneration for the performance of senior management duties, the CEO, Mr. José Damián Bogas Gálvez will accrue €1,000 thousand. This remuneration increased by 4.1666%, entailing an increase in his annual fixed gross remuneration of €40,000, as a result of the annual review of the 2022-2024 Compensation Policy, which concluded with the Appointments and Compensation Committee's proposal to the Board of Directors that the Chief Executive Officer's fixed remuneration be updated in line with the policy on the compensation of Endesa's executives and employees, as well as on the basis of the conclusions of the benchmarking carried out by the external consultant, Ernst & Young Abogados, S.L.P. (The conclusions of Ernst & Young Abogados' report are attached hereto as Annex II).

A1.5. Amount and nature of any component of remuneration in kind that will accrue during the year, including, but not limited to, insurance premiums paid in favour of the director.

In 2023 the items of remuneration in kind of the CEO of the year 2022, described in section B.14, are maintained: life insurance amounting to €85.32 thousand; collective health care policy with a subsidy of 100% of the cost of the payment of the holder and dependent relatives for an amount of €7.39 thousand, respectively; as well as other remuneration in kind, which include electricity supply at the employee rate or the assignment of a company car under a renting system for €41.08 thousand. Additionally, the CEO accrues an amount of €4.98 thousand for the granting of loans and guarantees.

Furthermore, with regard to the Chairman of the Board of Directors, qualified as a non-executive independent director, as remuneration for the representative functions he undertakes in the performance of his position, is assigned a car with driver in the amount of €12.20 thousand and health care insurance for €7.39 thousand, under the same conditions as the Chief Executive Officer.

A1.6. Amount and nature of variable components, differentiating between those established in the short and long terms. Financial and non-financial, including social, environmental and climate change parameters selected to determine variable remuneration for the current year, explaining the extent to which these parameters are related to performance, both of the director and of the company, and to its risk profile, and the methodology, necessary period and techniques envisaged to be able to determine the effective degree of compliance, at the end of the year, with the parameters used in the design of the variable remuneration, explaining the criteria and factors applied in regard to the time required and methods of verifying that the performance or any other conditions linked to the accrual and vesting of each component of variable remuneration have effectively been met.

Indicate the range, in monetary terms, of the different variable components according to the degree of fulfilment of the objectives and parameters established, and whether any maximum monetary amounts exist in absolute terms.

For financial year 2023, the CEO has been assigned short-term variable remuneration and long-term variable remuneration. Both short-term and long-term targets are linked to variables related to the CEO's performance and to financial and non-financial factors, all of them aligned with the Company's Strategic Plan, which includes economic and financial targets and ESG factors and is focused and designed based on the fight against climate change. In this regard, it should be pointed out that the company's strategic plan includes Endesa's action plan on climate change, the latest update of which (Strategic Plan 2023-2025) reinforces its commitment to decarbonisation, which has been brought forward to 2040, with an increase in investments in renewable energies and the digitalization of the grid, as well as in the electrification of residential demand and sectors such as industry and transport.

Short-term variable remuneration:

The management of short-term variable remuneration in Endesa is based on the recognition of each person's contribution to the fulfillment of Endesa's Strategic Plan, based on the objectives assigned to such person.

The methodology for assigning the objectives is related to the performance of both the CEO, the entity and its risk profile, as these objectives are linked to the annual budgets and company strategy. The objectives set to determine the variable remuneration of executive directors are directly related to the annual objectives of the strategic plan and value creation for the company, while contributing to the safety of people working in and for the company.



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The CEO contributes to the continuous monitoring of the indicators and proposes the corrective actions that enable their fulfillment, maintaining a controlled risk profile adapted to the environment.

Each target has been weighted based on its relative importance. Achievement metrics are established for each target based on their level of demand, including a minimum performance threshold below which no right to incentive payment shall arise, a target level set at 100% and a maximum level, up to 120%, for surpassing objectives.

Objectives approved by the Board for Executive Directors for fiscal year 2023:

- Economic Objective: Endesa Net Ordinary Profit (Profit of the Parent Company in the Financial Year) - 15% weighting
- Financial Objective: Endesa FFO: Cash flow before dividends, extraordinary transactions and net investments - 20% weighting
- Economic Objective: Integrated margin - 25% weighting
- Business/Regulation Objective - 20% weighting
- Safety Objective: linked to the number of occupational accidents, the combined frequency index and training and communication disseminated - 20% weighting

For fiscal year 2023, the target value of the short-term variable remuneration for the CEO is €567 thousand, and the maximum value that can be reached is 120%, which would represent an amount of €680 thousand.

Variable compensation based on the Company's profit shall be paid out once the 2024 General Meeting has approved the annual financial statements and, if any reservations are expressed in the external audit report, the amount of said profit shall be reduced accordingly. Additionally and prior to the Board's approval of the performance on the short-term objectives, the Appointments and Compensation Committee, with the assistance of the Internal Audit Department, will verify compliance with the objectives and the correct application of the parameters.

The variable compensation established for Executive Directors is covered by clauses enabling payments to be deferred long enough to confirm that the objectives have been met, and are also subject to clawback clauses.

Long-term variable remuneration:

The Loyalty Plan or Strategic Incentive is structured through successive three-year programs, starting every year. The incentive incorporates a deferred payment feature, and require that the Director be active at the time payment is made (unless the director is retiring or leaving the company due to termination of a fixed-term contract, in which case the director may collect on the plans completed as at the date of removal, although payment will be deferred until the applicable date, even if the director is not active in the company at that time); these payments are made in two installments: 30% of the incentive, if applicable, in the year after the plan ends, and the remaining 70%, if applicable, in the second year after termination of the plan.

The Board, at the proposal of the Appointments and Compensation Committee, shall be in charge of establishing targets and determining the achievement level thereof. A threshold level beyond which the target is considered met and two performance levels for targets that have been overachieved is established for each target: performance beyond the first level equals 150% and performance beyond the second level constitutes maximum achievement of 180%. Therefore, variable compensation levels for each of the Programs will range from 0%-180% of the incentive base (target equals 100% achievement).

The objectives of long-term variable remuneration are aligned with the creation of shareholder value; they use the reference to Endesa's share price, the TSR (Total Shareholders Return of Endesa), ROIC-WACC and other ESG indicators, especially those related to climate change, decarbonization, and other fields such as governance, gender balance (women in succession pools).

At the end of the 2023 financial year, the outcomes of the 2021-2023 Program for the Chief Executive Officer will be determined. Likewise, and as it continues in force, we also detail the 2022-2024 Program; and finally, the 2023-2025 Plan is reported. It will be submitted to the next Ordinary General Shareholders' Meeting in 2023 for approval.

- For the 2021-2023 program, four targets have been set (detailed below), which use the 2021-2025 BIP as a reference. An additional target was included in this program, relating to the commitment to sustainability and energy transition. This target is based on the ratio between net installed capacity from renewable energy sources and Endesa's net installed capacity in 2023. Targets:

- 50% "Total Shareholders Return": performance of Endesa's average TSR compared to the average TSR of the Euro-Stoxx Utilities Index (Peer Group). This indicator measures the total return of a share as the sum of its components:

(i) capital gains: change in the value of the share between the beginning and the end of the reference period; and (ii) reinvested dividends: impact of all dividends paid (during the period) and reinvested in the same shares at the date of discount of each dividend. The TSR target achievement will be measured on the basis of the performance scale set forth below (using linear interpolation between the thresholds). No payment shall be made for performance falling under the minimum threshold. The thresholds and achievement scales are attached hereto as Table 6 - 2021-2023 PROGRAM TARGET MEASURES AND THRESHOLDS.

-25% Endesa's total cumulative "Return On Average Capital Employed" (ROACE) for the 2021-2023 period. Endesa's cumulative ROACE target represents the ratio between ordinary operating income (ordinary EBIT) and average Net Invested Capital (NIC), on a cumulative basis, during the 2021-2023 period. The thresholds and achievement scales are attached hereto as Table 6 - 2021-2023 PROGRAM TARGET MEASURES AND THRESHOLDS.

-15% "Net installed capacity for renewable energy sources" calculated as the ratio between ENDESA's net installed capacity from renewable energy sources and its total cumulative net installed capacity in 2023. The thresholds and achievement scales are attached hereto as Table 6 - 2021-2023 PROGRAM TARGET MEASURES AND THRESHOLDS.

-10% Reduction in CO₂ Emissions (CO₂): reduction of Endesa's specific CO₂ emissions (gCO₂ / kWh) in 2023. This indicator measures emissions of Endesa in Spain and Portugal in 2023, defined as the ratio between absolute CO₂ emissions from electricity generation by Endesa and total net production of Endesa in the relevant year. The achievement scale by linear interpolation between the thresholds is attached hereto as Table 6 - 2021-2023 PROGRAM TARGET MEASURES AND THRESHOLDS. Endesa's ability to reduce its CO₂ emissions is directly linked to the thermal gap existing in the Spanish mainland's electricity system, as Endesa has a legal obligation to guarantee electricity supply. The target has been established for a 32 TWh thermal gap in 2023, as specified in the 2021-2023 BIP. If the effective thermal gap varies, the target for reduction in CO₂ emissions will be adjusted using a formula based on the potential scenarios in which the thermal gap could change.

A threshold level beyond which the target is considered met up to 100% and two performance levels for targets that have been overachieved is established for each target: performance beyond the first level equals 150% and performance beyond the second level constitutes maximum achievement of 180%.

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For the 2021-2023 program, the target value for the CEO is €518 thousand, and its maximum value can reach 180%, which would represent a maximum amount of €932 thousand.

- The targets for the 2022-2024 program are the same as the previous program, but referring to the 2022-2024 three-year period and taking the 2022-2026 BIP as a benchmark. This program includes an additional target relating to gender equality (women in succession pools).

Targets:

- 50% "Total Shareholders Return": performance of Endesa's average TSR compared to the average TSR of the Euro-Stoxx Utilities Index (Peer Group). This indicator measures the total return of a share as the sum of its components:

(i) capital gains: change in the value of the share between the beginning and the end of the reference period; and (ii) reinvested dividends: impact of all dividends paid (during the period) and reinvested in the same shares at the date of discount of each dividend. The TSR target achievement will be measured on the basis of the performance scale set forth below (using linear interpolation between the thresholds). No payment shall be made for performance falling under the minimum threshold. The thresholds and achievement scales are attached hereto as Table 7 - 2022-2024 PROGRAM TARGET MEASURES AND THRESHOLDS.

- 25% Endesa's total cumulative "Return On Average Capital Employed" (ROACE) for the 2022-2024 period. Endesa's cumulative ROACE target represents the ratio between ordinary operating income (ordinary EBIT) and average Net Invested Capital (NIC), on a cumulative basis, during the 2022-2024 period. The thresholds and achievement scales are attached hereto as Table 7 - 2022-2024 PROGRAM TARGET MEASURES AND THRESHOLDS.

-10% "Net installed capacity for renewable energy sources" calculated as the ratio between ENDESA's net installed capacity from renewable energy sources and its total cumulative net installed capacity in 2024. The thresholds and achievement scales are attached hereto as Table 7 - 2022-2024 PROGRAM TARGET MEASURES AND THRESHOLDS.

-10% Reduction in CO₂ Emissions (CO₂): reduction of Endesa's specific CO₂ emissions (gCO₂ / kWh) in 2024. This indicator measures emissions of Endesa in Spain and Portugal in 2024, defined as the ratio between absolute CO₂ emissions from electricity generation by Endesa and total net production of Endesa in the relevant year. The achievement scale by linear interpolation between the thresholds is attached hereto as Table 7 - 2022-2024 PROGRAM TARGET MEASURES AND THRESHOLDS. Endesa's ability to reduce its CO₂ emissions is directly linked to the thermal gap existing in the Spanish mainland's electricity system, as Endesa has a legal obligation to guarantee electricity supply. The target has been established for a 14.4 TWh thermal gap in 2024, as specified in the 2022-2024 BIP. If the effective thermal gap varies, the target for reduction in CO₂ emissions will be adjusted using a formula based on the potential scenarios in which the thermal gap could change.

- 5% (% of women in succession pools): The percentage of women in management succession pools is measured as the total number of women in managers' succession pools (Manager+Top200), divided by the total number of successors. The thresholds and achievement scales are attached hereto as Table 7 - 2022-2024 PROGRAM TARGET MEASURES AND THRESHOLDS.

A threshold level beyond which the target is considered met up to 100% and two performance levels for targets that have been overachieved is established for each target: performance beyond the first level equals 150% and performance beyond the second level constitutes maximum achievement of 180%. For the 2022-2024 program, the target value for the CEO is €518 thousand, and its maximum value can reach 180%, which would represent a maximum amount of €932 thousand.

- The targets for the 2023-2025 program are the same as the previous program, but referring to the 2023-2025 three-year period and taking the 2023-2027 BIP as a benchmark. In this program, the ROACE target is replaced with the difference between ROIC and WACC and the "Net installed capacity for renewable energy sources" target is removed, increasing the weight of the gender balance target (women in succession pools) and maintaining the CO₂ emissions targets.

Targets:

- 50% "Total Shareholders Return": performance of Endesa's average TSR compared to the average TSR of the Euro-Stoxx Utilities Index (Peer Group). This indicator measures the total return of a share as the sum of its components:

(i) capital gains: change in the value of the share between the beginning and the end of the reference period; and (ii) reinvested dividends: impact of all dividends paid (during the period) and reinvested in the same shares at the date of discount of each dividend. The TSR target achievement will be measured on the basis of the performance scale set forth below (using linear interpolation between the thresholds). No payment shall be made for performance falling under the minimum threshold. The thresholds and achievement scales are attached hereto as Table 8 - 2023-2025 PROGRAM TARGET MEASURES AND THRESHOLDS.

- 30% "Return on Invested Capital - Weighted Average Cost of Capital" (ROIC -WACC) 2023-2025 period. Endesa's cumulative ROIC-WACC target represented by the ratio between the NOPAT (ordinary EBIT with no tax impact) and Net Capital Invested (NCI), on a cumulative basis, during the 2023-2025 period. The thresholds and achievement scales are attached hereto as Table 8 - 2023-2025 PROGRAM TARGET MEASURES AND THRESHOLDS.

-10% Reduction in CO₂ Emissions (CO₂): reduction of Endesa's specific CO₂ emissions (gCO₂ / kWh) in 2025. This indicator measures emissions of Endesa in Spain and Portugal in 2025, defined as the ratio between absolute CO₂ emissions from electricity generation by Endesa and total net production of Endesa in the relevant year. The achievement scale by linear interpolation between the thresholds is attached hereto as Table 8 - 2023-2025 PROGRAM TARGET MEASURES AND THRESHOLDS. Endesa's ability to reduce its CO₂ emissions is directly linked to the thermal gap existing in the Spanish mainland's electricity system, as Endesa has a legal obligation to guarantee electricity supply. The target has been established for a 10.5 TWh thermal gap in 2025, as specified in the 2023-2025 BIP. If the effective thermal gap varies, the target for reduction in CO₂ emissions will be adjusted using a formula based on the potential scenarios in which the thermal gap could change.

- 10% (% of women in succession pools): The percentage of women in management succession pools is measured as the total number of women in managers' succession pools (Manager+Top200), divided by the total number of successors. The thresholds and achievement scales are attached hereto as Table 8 - 2023-2025 PROGRAM TARGET MEASURES AND THRESHOLDS.

A threshold level beyond which the target is considered met up to 100% and two performance levels for targets that have been overachieved is established for each target: performance beyond the first level equals 150% and performance beyond the second level constitutes maximum achievement of 180%. For the 2023-2025 program, the target value for the CEO is €518 thousand, and its maximum value can reach 180%, which would represent a maximum amount of €932 thousand.



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-Expost control of short- and long-term variable remuneration: a "malus" clause is provided, authorizing the company to withhold payments of any accrued and outstanding variable compensation and a clawback clause requiring directors to return any variable compensation received where following payment of the incentive it is found that the data used for such calculation or payment was clearly erroneous.

- The Appointments and Compensation Committee may submit a proposal to the Board for nonpayment or request reimbursement of variable components if it is subsequently determined that payments were based on data that was clearly erroneous.

A1.7. Main characteristics of long-term savings schemes. Among other information, indicate the contingencies covered by the scheme, whether it is a defined contribution or a defined benefit scheme, the annual contribution that has to be made to defined contribution schemes, the benefits to which directors are entitled in the case of defined benefit schemes, the vesting conditions of the economic rights of directors and their compatibility with any other type of payment or indemnification for early termination or dismissal, or deriving from the termination of the contractual relationship, in the terms provided, between the company and the director.

Indicate whether the accrual or vesting of any of the long-term savings plans is linked to the attainment of certain objectives or parameters relating to the director's short- or long-term performance.

Non-Executive Directors do not participate in any long-term savings scheme.

Mr Bogas is a beneficiary of a Supplemental Social Welfare System to cover the contingencies of retirement, disability and death.

- Retirement:

That system is implemented through contributions to the "Endesa Group Employees' Pension Plan" in which the executive is a participant depending on which company they were hired by and when, and additional contributions made to an insurance policy or similar instrument for that purpose.

For 2023, the Company maintains its commitment relative to Mr. Bogas's defined benefit, by which he will receive an annual, constant lifetime annuity when he steps down as Chief Executive Officer for any reason, for an estimated annual amount of €898 thousand. In previous years, an estimated amount of €867 thousand per year of his annuity payable in 2022 had been provided. Nevertheless, in light of Mr. Bogas' reappointment in 2022, and the consequent deferment of his retirement, and in accordance with the Compensation Policy, it has been estimated that his annuity will become payable from 30 April 2023. Each year until Mr. Bogas' effective retirement, this amount will be updated and disclosed in the Annual Report on Directors' Compensation. This amount will be reduced by his state pension from the social security and his pension plan benefits, and 45% of the income he receives will revert to his surviving spouse in the event of his post-retirement death, minus the social security widow's benefit.

The estimated annual amount of the commitment defined in the preceding paragraph shall be realized on the effective date of Mr. Bogas' retirement.

The rights of the beneficiary accrue thereto at the time of the contribution.

This scheme is separate from and compatible with the compensation conditions referred to in the following section.

- Death:

Regarding the coverage for death, Endesa has signed a life and accident insurance policy which guarantees certain capital and/or income depending on the contingency in question.

Coverage of disability or death and of retirement are exclusive benefits, i.e. in the event of death or disability prior to effective retirement, the director, in the case of disability, or their beneficiaries, in the case of death, shall receive the benefits specified for such events, without this representing any right to receive retirement benefits.

- Long-term savings plans are not linked to the attainment of certain objectives or parameters relating to the director's short- or long-term performance.

A1.8. Any type of payment or indemnification for early termination or dismissal, or deriving from the termination of the contractual relationship, in the terms provided, between the company and the director, whether at the company's or the director's initiative, as well as any type of agreement reached, such as exclusivity, post-contractual non-competition, minimum contract term or loyalty, that entitles the director to any kind of remuneration.

Conditions for the Chief Executive Officer:

The contract signed with the Chief Executive Officer does not provide for compensation for dismissal from office.



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Notwithstanding the foregoing and based on the contractual framework for Mr. Bogas, approved by the Board of Directors in early 2020, which modified the time at which the entitlement to "guaranteed compensation or indemnity" can be triggered prior to reaching 65 years of age, and which now has been postponed up to the time he ceases to be the Chief Executive Officer for any reason, when the Chief Executive Officer ceases to hold this position, his previous relationship will be automatically terminated i.e., his senior management contract, currently suspended since his appointment as CEO, in which case, due to the termination of such senior management employment, Mr. Bogas will be entitled to receive a net amount of €7,347 thousand, this amount being the result of reducing the gross severance payment vested by the amount of the withholdings on account of personal income tax and, where appropriate, the Social Security contributions applicable on the payment date. This amount will be updated upwards according to the CPI of the previous year.

This compensation is incompatible with any other indemnity payment that may arise from termination of his/her employment as director. This net amount of €7,347 thousand includes the two-year post-contractual non-competition covenant provided in the CEO's senior management contract.

This indemnity or guaranteed compensation is compatible with the defined benefit saving scheme for the CEO. The termination in the event of death or retirement recognizes the right of the CEO or its assignees to the guaranteed compensation.

A1.9. Indicate the conditions that the contracts of executive directors performing senior management functions should contain. Among other things, information must be provided on the duration, limits on amounts of indemnification, minimum contract term clauses, notice periods and payment in lieu of these notice periods, and any other clauses relating to signing bonuses, as well as compensation or golden parachute clauses for early termination of the contractual relationship between the company and the executive director. Include, among others, the pacts or agreement on non-competition, exclusivity, minimum contract terms and loyalty, and post-contractual non-competition, unless these have been explained in the previous section.

Executive Director contracts are indefinite. They generally include confidentiality, document return, termination and non-competition clauses in the following terms:

1. Confidentiality: the Director commits and undertakes to maintain strict confidentiality of all data and information on Endesa available to the Director by virtue of his/her position in the Company and further undertakes to neither use nor take advantage of said information whether for him/herself or on behalf of third parties.
2. Return of Documents: upon termination of his/her employment, the Director shall return to the Company all books, documents, materials and other assets related to his/her activity which may currently be under his/her authority, possession, or control.
3. Termination: In the case of the CEO, the termination of the contract requires a minimum of one month's notice. The contract signed with the Chief Executive Officer does not provide for compensation for dismissal from office.

Notwithstanding the foregoing, when the Chief Executive Officer resigns, their previous relationship – his senior management contract, suspended since his appointment as CEO – will be automatically terminated, in which case, through the termination of his executive management relationship, Mr. Bogas will be entitled to receive a net amount of €7,347 thousand, this sum being the result of reducing the gross severance payment consolidated by the amount of withholdings on account of personal income tax and, where appropriate, the Social Security contributions applicable on the payment date. This amount will be updated upwards according to the CPI of the previous year.

This compensation is incompatible with any other indemnity payment that may arise from termination of his/her employment as director. This net amount of €7,347 thousand includes the two-year post-contractual non-competition covenant provided in the CEO's senior management contract.

This indemnity or guaranteed compensation is compatible with the defined benefit saving scheme for the CEO. The termination in the event of death or retirement recognizes the right of the CEO or its assignees to the guaranteed compensation.

4. Settlement of wages: the severance payments described in section 3 above are without prejudice to the settlement of wages accrued by the Executive Director over the period of his/her directorship, the respect of any pension-related entitlements, including the contribution for the year of the termination, as well as the maintenance for a reasonable period of time in the Board of Directors' opinion of the compensation in kind received as of the termination of the employment relationship.

5. Post-contractual non-competition covenant: Specifically, in the case of termination of the CEO's employment, the conditions set forth in their contract include a post-contractual non-competition clause with a term of two years, with the compensation included in the severance payment for senior management contractual termination referred to above.

A1.10. The nature and estimated amount of any other supplementary remuneration that will be accrued by directors in the current year in consideration for services rendered other than those inherent in their position.

N/A

A1.11. Other items of remuneration such as any deriving from the company's granting the director advances, loans or guarantees or any other remuneration.

Endesa has a system of loans established for its senior managers to purchase their main home or for other needs. In addition, the executive directors and, in general, the Senior Executives can benefit from both types of loans whose maximum capital is an annual payment or semi-annual payment of their estimated gross annual compensation, respectively.



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As of the date of this report, the Chief Executive Officer has an interest-bearing loan and an interest-free loan, which was increased in 2022 with the granting of an advance. Both loans are included in section A.1, item 5, as remuneration in kind. The loan terms and conditions are described in section B.13.

Additionally, the Chief Executive Officer, based on the agreements prior to his status as Executive Director, has acquired rights, as severance payment, created by way of a guarantee, as described in section A.1, item 8.

A1.12. The nature and estimated amount of any other planned supplementary remuneration to be accrued by directors in the current year that is not included in the foregoing sections, whether paid by the company or by another group company.

N/A.

A.2. Explain any significant change in the remuneration policy applicable in the current year resulting from:

- a) A new policy or an amendment to a policy already approved by the General Meeting.
- b) Significant changes in the specific determinations established by the board for the current year regarding the remuneration policy in force with respect to those applied in the previous year.
- c) Proposals that the Board of Directors has agreed to submit to the general shareholders' meeting to which this annual report will be submitted and for which it is proposed that they be applicable to the current year.

Endesa's Directors Compensation Policy applicable in 2022 was approved at the most recent Annual General Shareholders' Meeting, on 29 April 2022, for fiscal years 2022, 2023 and 2024.

At its January 2023 meeting, with the support of the external consultant, Ernst & Young Abogados, S.L.P., the Appointments and Compensation Committee conducted its annual review of the current Policy. Its analysis concluded with some changes being proposed to the Board of Directors. Such changes, although they do not necessitate amending the current Policy, are reported in this section in compliance with the transparency principle set forth in the Company's Policy, including in section 3.3 thereof.

Specifically, the committee, in light of the study carried out by the external consultant, Ernst & Young Abogados, S.L.P., which included a benchmarking analysis, on the compensation paid to Endesa's directors (see Annex II) in order to verify the market conditions, proposed the following changes to the Board:

- a) Increasing the fixed remuneration of the Appointments and Compensation Committee chairman from €24,000 per year to €36,000 per year, starting in January 2023.
- b) Increasing the fixed remuneration of the Sustainability and Governance Committee chairman from €24,000 per year to €36,000 per year, starting in January 2023.
- c) Increasing the fixed remuneration of the Audit and Compliance Committee chairman from €36,000 per year to €60,000 per year, starting in January 2023.
- d) Adjusting the Chief Executive Officer's fixed remuneration, in line with the practice followed with Endesa's executives and employees, by 4.1666%, thus raising his annual fixed gross remuneration by €40,000, to €1,000,000. This adjustment will take effect as of January 2023.

With respect to the proposed changes to a), b) and c) associated with the remuneration system applicable to directors in their capacity as such, the "fixed remuneration" of Endesa's three committee chairpersons is slightly below the 25th percentile of the Spanish and European samples. Committee chairpersons' attendance allowances (which are in line with those of the committee members) are between the 25th percentile and the median of the national sample, and between the median and the 75th percentile of the European sample. As for the market analysis, their percentile is below that of Endesa committee members for this item.

The increase for the Audit and Compliance Committee chairman is based not only on E&Y's analysis, which shows that he is the least-well remunerated of Endesa's three committee chairpersons (as his fixed remuneration is slightly below the 25th percentile of the companies in the national sample and below the 25th percentile of those in the European sample), but also on the Audit and Compliance Committee chairman's special, greater dedication and responsibility with regard to related-party transactions, risk monitoring and financial reporting.

Lastly, with respect to changes a), b) and c), it is not necessary to amend the Policy, because, in accordance with section 4 thereof: "The Board of Directors itself, at the proposal of the Appointments and Compensation Committee, shall be in charge of determining the exact amount to be paid in each fiscal year, subject to the limit set by the General Shareholders' Meeting, as well as allocating such amount between the directors, in the manner, time and proportion as freely determined, considering the positions, functions and internal responsibilities and of institutional representation entrusted to each Director, their membership in Board Committees and all other relevant objective circumstances."



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Regarding proposed change d), associated with the remuneration system applicable to the Chief Executive Officer, the relative position of the target total compensation of Endesa's CEO — between the 25th percentile and the median of the national sample and in line with the 25th percentile of the European sample — would justify a revision of his compensation. Despite this conclusion, based on a qualitative analysis of the amounts of the CEO's compensation in fiscal year 2022, the implications of the study for 2023 are especially affected by the macroeconomic context of global inflation.

Hence, E&Y, taking into account the estimated salary adjustments expected by the Company (ENDESA), as well as other studies and analyses, notes the possibility of raising the CEO's fixed remuneration by up to 4.5%.

Lastly, with respect to change d), section 3.3 of Endesa's Compensation Policy states that: "Any potential changes to the Directors' fixed annual compensation during the period covered by this Policy shall be determined by the Board of Directors, taking into account, *inter alia*, performance information on the Spanish labor market, growth forecasts for each year and relevant market research and analyses. These changes will be disclosed in the Annual Report on Directors' Compensation, which shall be submitted, as a separate agenda item, to a binding vote of the next General Shareholders' Meeting held." In any event, as stated in the Policy, this resolution is contingent on the General Shareholders' Meeting giving its binding approval of the Annual Report on Directors' Compensation.

A.3. Identify the direct link to the document containing the company's current remuneration policy, which must be available on the company's website.

<https://www.endesa.com/es/accionistas-e-inversores/gobierno-corporativo/remuneraciones-consejeros>

A.4. Explain, taking into account the data provided in Section B.4, how account has been taken of the voting of shareholders at the General Shareholders' Meeting to which the annual report on remuneration for the previous year was submitted on a consultative basis.

Since 2017, Endesa's Board of Directors proposes to the General Shareholders' Meetings a vote on the Annual Report on Directors' Compensation on a binding basis and not on an advisory basis, as indicated by current regulations. In this regard, it should be noted that this question A.4 arises precisely because companies generally vote on their annual remuneration reports on an advisory basis, but Endesa does so on a binding basis (as for the rest of the agenda items).

However, the data for the vote on the 2021 annual report on directors compensation at the 2022 General Meeting show 97.34% of the number of votes in favor (96.53% in 2021, for the 2020 remunerations report). Each year Endesa endeavors to progress and align with the best Corporate Governance practices. Each year, the Company analyzes the results for the votes and whenever possible tries to ascertain the specific reasons for any votes against the proposals. An analysis of the votes against the 2021 Remuneration Report (2.59% of the total; 3.33% in 2020), based on a review of policies of proxy advisors and investors, reveals that each year an attempt is made to offer the best explanation on the metrics used for the targets, as well as to disclose and update all of the present and future compensation items of the executive directors. In addition, Endesa's Directors Compensation Policy provides that, "when a new member of the Senior Management joins the Company or its Group, a maximum limit of two years of total annual compensation shall be established for payments for termination of contracts, including amounts not already paid out under long-term savings schemes as well as amounts paid under post-contractual non-competition agreements, which shall also apply under the same terms to the contracts with executive Directors."

B. OVERALL SUMMARY OF HOW REMUNERATION POLICY WAS APPLIED DURING THE YEAR LAST ENDED

B.1.1 Explain the process followed to apply the remuneration policy and determine the individual remuneration contained in Section C of this report. This information will include the role played by the remuneration committee, the decisions taken by the Board of Directors and the identity and role of any external advisors whose services may have been used in the process of applying the remuneration policy in the year last ended.

The remuneration of the Directors during 2022 was governed by the strict application of the "Endesa Directors Compensation Policy 2022-2024." For both the Executive Directors and the Directors in their capacity as such, the following were applied:

- The amounts of annual fixed remuneration and the variable remuneration target values, as defined for the Chief Executive Officer in the Policy. In relation to the short- and long-term variable remuneration of the CEO, the Board of Directors, at the proposal of the Appointments and Compensation Committee approved, at the beginning of fiscal year 2022, the financial and non-financial objectives of the variable remuneration scheme, the weightings of each objective, as well as the metrics/criteria or thresholds of fulfillment; and, at the end of the fiscal year, the verification of the degree of achievement of such objectives, in order to determine the amount of the short- and long-term variable remuneration. For these purposes, in exercise of its oversight duties, the Appointments and Compensation Committee has had the support of the Audit Department of Endesa.



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- the amounts defined in the Policy for the monthly fixed allocation for the members of the Board of Directors, for the positions of Non-Executive Chairman of the Board and Chairmen of the Committees, and for the attendance allowances of the Directors in their capacity as such.

The Appointments and Compensation Committee and the Board of Directors did not consider the revision of these items, amounts and values in fiscal year 2022, within the framework of action for their amendment, as provided for in the Policy.

Lastly, it should be noted that the Appointments and Compensation Committee, with internal advice from the Company has prepared and submitted to the Board of Directors this Directors Compensation Report, which includes the amounts received or which may be received in relation to their status as Directors and, as the case may be, for carrying out executive duties. The Appointments and Compensation Committee has verified the data in this Report, with the support of the Audit Department of Endesa.

B.1.2. Explain any deviation from the procedure established for the application of the remuneration policy that has occurred during the year.

N/A.

B.1.3 Indicate whether any temporary exception has been applied to the remuneration policy and, if so, explain the exceptional circumstances that have led to the application of these exceptions, the specific components of the remuneration policy affected and the reasons why the entity believes that these exceptions have been necessary to serve the long-term interests and sustainability of the society as a whole or ensure its viability. Similarly, quantify the impact that the application of these exceptions has had on the remuneration of each director over the year.

N/A.

B.2. Explain the different actions taken by the company in relation to the remuneration system and how they have contributed to reducing exposure to excessive risks, aligning it with the long-term objectives, values and interests of the company, including a reference to the measures adopted to ensure that the long-term results of the company have been taken into consideration in the remuneration accrued. Ensure that an appropriate balance has been attained between the fixed and variable components of the remuneration, the measures adopted in relation to those categories of personnel whose professional activities have a material effect on the company's risk profile and the measures in place to avoid any possible conflicts of interest.

The compensation policy applicable to the Board of Directors is based on the principles of balance, effective dedication of the Board and alignment with the long-term strategies and interests of Endesa and its shareholders.

- The remuneration of non-executive Directors consists of a fixed monthly allocation and an attendance allowance, without any items of variable remuneration. This is why the concept of "compensation mix" only refers to the executive Directors.

The remuneration of the Directors in their capacity as such is aimed at, as regards remuneration of directors for their condition as such, adequately compensating Directors in accordance with the principles of equality, dedication and responsibility, provided said remuneration shall under no circumstances compromise their independence of opinion, and also in accordance with the economic situation of the Company and the market standards with comparable companies.

In this regard, the maximum annual remuneration to be paid to the Directors in terms of attendance allowances, fixed monthly allocation, membership on the Board of Directors and chairmanship of the Board of Directors and its Committees was approved and set by the Annual General Shareholders' Meeting held on 5 May 2020 at €4 million.

- The compensation structure for the Chief Executive Officer in 2022 guaranteed an adequate mix between fixed compensation, ordinary variable compensation and long-term variable compensation. The balance in the compensation mix does not provide any incentive for assuming too many risks. Specifically:

Chief Executive Officer's compensation mix: The weighting of fixed remuneration represented 41.25%, short-term variable remuneration 29.23% and long-term variable remuneration 29.52%. In other words, the variable remuneration of the CEO in 2022 represented approximately 58.75% of his total cash remuneration.



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- The ordinary or short-term variable remuneration for fiscal year 2022 has been determined using five metrics, based on quantitative financial, performance, effectiveness, business and occupational safety indicators. The specific objectives determined for each of these metrics were designed considering the 2022-2024 Strategic Plan of Endesa and, in this sense, guaranteed that the Company's long-term performance and objectives are taken into account. This means that remuneration is in line with the Company's risks.

- The long-term variable remuneration for fiscal year 2022 uses four metrics, based on quantitative performance, shareholder return, environmental or climate-change and CO₂ reduction indicators. The specific objectives set for each of these metrics were designed considering the 2020-2022 Strategic Plan of Endesa and focused on the long term or sustainability, from the perspective of the Company's and shareholder return objectives. This means that remuneration is in line with Company's risks.

- The Board of Directors, at the proposal of the Appointments and Compensation Committee, is in charge of establishing the targets and their weighting and metrics at the beginning of each fiscal year, as well as for assessing compliance with targets at the end of the year. In this task of assessing the fulfillment of the short and long term objectives, the Appointments and Compensation Committee will perform its function of verifying the remuneration information of the Directors with the support of the General Audit Department, which will make an analysis and issue a conclusion on the fulfillment of the short- and long-term objectives of the executive directors and will ensure the absence of conflicts of interest in determining the achievement level of said objectives.

It should also be noted that the Appointments and Compensation Committee consists of five members, four of whom are independent Directors, one being the Chairman of this Committee. Three members of the Committee are also members of the Audit and Compliance Committee. The overlap in membership of such three members on these two Committees ensures that compensation-related risks are considered during Committee discussions and in Committee proposals to the Board as regards both establishing and assessing annual and multi-annual incentives.

- As regards short and long-term variable compensation, a "malus" clause will be implemented, authorizing the company to withhold payments of any accrued and outstanding variable compensation, as well as a clawback clause requiring Directors to return any variable compensation received when following payment of the incentive it is found that the data used for such calculation or payment was erroneous. The variable remuneration for fiscal year 2022 is related to the performance of the Company, so it will be paid, as the case may be, once the 2022 annual financial statements have been approved by the next General Shareholders' Meeting.

The Appointments and Compensation Committee may submit a proposal to the Board of Directors for it to request reimbursement of variable components if it is subsequently determined that payments were based on data that was clearly erroneous.

Payment of the long-term remuneration accrued in 2022 (2020-2022 Loyalty Plan) is to be deferred. Specifically, 30% of the incentive will be paid in 2023, and the remaining 70% in 2024. For the purpose of payment, it will be necessary for the Executive Director to be active (only in case of retirement or termination of a fixed-term contract is payment envisaged for completed incentives for which payment is pending, with such payment being made on the date originally established).

B.3. Explain how the remuneration accrued and consolidated over the financial the year complies with the provisions of the current remuneration policy and, in particular, how it contributes to the company's long-term and sustainable performance.

Furthermore, report on the relationship between the remuneration obtained by the directors and the results or other performance measures of the company in the short and long term, explaining, if applicable, how variations in the company's performance have influenced changes in directors' remuneration, including any accrued remuneration payment of which has been deferred, and how such remuneration contributes to the short- and long-term results of the company.

The remuneration accrued during fiscal year 2022 complies with the provisions of the Endesa Directors Compensation Policy 2022-2024, as shown in this section B, and specifically in sections B.1, B.5, B.6 and B.7.

Both short- and long-term targets are linked to variables that are related to their performance and to financial and non-financial factors, all of them aligned with the Company's Strategic Plan, which includes ESG factors, and which has been focused and designed based on the fight against climate change. In this regard, it should be pointed out that the company's strategic plan includes Endesa's action plan on climate change.

Specifically, the Strategic Plan 2022-2024 reinforces the Company's commitment to decarbonisation, which has been brought forward to 2040, with an increase in investments in renewable energies and the digitalization of the grid, as well as in the electrification of residential demand and sectors such as industry and transport.

- The methodology for assigning the objectives is related to the performance of both the CEO and the entity and its risk profile, as these objectives are linked to the annual budgets and strategy of the company. Ordinary or short-term variable remuneration for 2022 is geared towards achieving the targets established in the strategic plan, and in addition to the business objectives, the safety of all workers is established as one of the main objectives. This short-term variable remuneration scheme uses five metrics, based on quantitative indicators, three financial metrics related to profit and cash, one business indicator and one occupational safety indicator. The specific objectives determined for each of these criteria have been designed considering the 2022-2024 Strategic Plan of Endesa and, in this sense, it is guaranteed that the Company's performance and objectives for the fiscal year are taken into account.

Short-term variable remuneration based on the Company's results shall be paid out once the General Shareholders' Meeting has approved the annual financial statements for the financial year being remunerated and, if the external audit report contains any qualifications, the results shall be reduced accordingly.

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- Long-term variable remuneration is established as a tool that relates the remuneration of the executive director, as well as that of managers with strategic responsibilities in the company, whose main purposes include to reward their contribution to sustainable compliance with the Strategic Plan, to ESG, Environmental (climate change, reduction of emissions, decarbonisation, etc.) and shareholder value objectives. The long-term variable remuneration for fiscal year 2022 uses four metrics, based on quantitative indicators of performance, shareholder return, environmental and energy transition or climate-change and gender balance.

The specific objectives set for each of these metrics have been designed considering the 2022-2024 Strategic Plan of Endesa, focusing specifically on the sustainability, Company profit and shareholder return objectives.

Year on year, the objectives of the Strategic Incentive incorporate new ESG indicators that have an impact on the company's business objectives in the short term, e.g. the ROACE; ROACE is calculated by dividing the EBIT by the average NIC (Net Invested Capital) for the period. In the strategic plan, investment in growth in renewable energies has been strongly increased. This higher investment has a longer-term effect, and for this reason the value of the ROACE for the Strategic Plan is affected by the efforts made to achieve energy transition that will enable emission-free generation in the shortest possible time. An important part of this increased investment effort, which is concentrated in the last years of the plan, is reflected in the longer-term (>2023) EBIT and therefore a correction of the ROACE does not occur in the period.

As regards long-term compensation, since 2014, the plans provide for deferred payment and require that the Director be active at the time payment is made; these payments are made in two installments: 30%, if applicable, in the year after the plan ends, and the remaining 70%, if applicable, two years after termination of the plan. Only in case of retirement or termination of a fixed-term contract is payment envisaged for completed incentives for which payment is pending, with such payment being made on the date originally established.

B.4. Report on the result of the consultative vote at the General Shareholders' Meeting on remuneration in the previous year, indicating the number of votes in favour, votes against, abstentions and blank ballots:

	Number	% of total
Votes cast	899,710,691	84.98
	Number	% of votes cast
Votes against	23,268,481	2.59
Votes in favour	875,914,445	97.34
Blank ballots	1,168	0.00
Abstentions	526,597	0.06

Observations

B.5. Explain how the fixed components accrued and vested during the year by the directors in their capacity as such were determined, their relative proportion with regard to each director and how they changed with respect to the previous year.

Directors shall be entitled to the following compensation based on their condition as such: a monthly fixed allocation and attendance allowances for each meeting of the governing bodies of the Company and its Committees.

Fixed allocation:

- The Members of the Board of Directors received a fixed gross monthly allocation of €15,642.56, i.e., €187.7 thousand gross per year.
- The non-executive Chairman of the Board of Directors received a monthly fixed amount of 50,000 euros (gross) (instead of the monthly fixed allocation of 15,642.56 (gross) provided for other members), i.e., €600 thousand gross per year.
- The Chairman of the Audit and Compliance Committee received a monthly fixed allocation of €3,000 (gross) (in addition to the monthly fixed allocation as Board member), i.e., €36 thousand gross per year. And the Chairmen of the Appointments and Compensation Committee and the Sustainability and Governance Committee received a monthly fixed allocation of €2,000 (gross) (in addition to their monthly fixed allocation as Board members), i.e., €24 thousand gross per year.

Per diem allowances:

- The concept and amount of the "Attendance allowances" have not been modified since fiscal year 2013; the only variations in fiscal year 2022 affect the number of sessions and the attendance rate of each of the Directors. In fiscal year 2022, a total of 180 per diem allowances were accrued. The amount for attending each session of the Board of Directors, Auditing and Compliance Committee and Appointments and Compensation Committee amounts to €1.5 thousand gross.



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- Directors Bogas, Starace, De Paoli, Cammisecca and Gostinelli have fully waived their right to compensation arising from their status as Directors.
- The Appointments and Compensation Committee has verified this information, with the support of the Audit Department of Endesa.

B.6. Explain how the salaries accrued and vested by each of the executive directors over the past financial year for the performance of management duties were determined, and how they changed with respect to the previous year.

In accordance with Endesa's Compensation Policy, in 2022 the fixed annual remuneration of the Chief Executive Officer, Mr. José Damián Bogas Gálvez, remained unchanged compared to 2020 i.e., €960 thousand gross per year.

B.7. Explain the nature and the main characteristics of the variable components of the remuneration systems accrued and vested in the year last ended.

In particular:

- a) Identify each of the remuneration plans that determined the different types of variable remuneration accrued by each of the directors in the year last ended, including information on their scope, date of approval, date of implementation, any vesting conditions that apply, periods of accrual and validity, criteria used to evaluate performance and how this affected the establishment of the variable amount accrued, as well as the measurement criteria used and the time needed to be able to adequately measure all the conditions and criteria stipulated, explaining the criteria and factors applied in regard to the time required and the methods of verifying that the performance or any other kind of conditions linked to the accrual and vesting of each component of variable remuneration have effectively been met.
- b) In the case of share options and other financial instruments, the general characteristics of each plan must include information on the conditions both for acquiring unconditional ownership (vesting) of these options or financial instruments and for exercising them, including the exercise price and period.
- c) Each director that is a beneficiary of remunerations systems or plans that include variable remuneration, and his or her category (executive director, external proprietary director, external independent director or other external director).
- d) Information is to be provided on any periods for accrual or deferment of payment applied and/or the periods for retention/unavailability of shares or other financial instruments, if any.

Explain the short-term variable components of the remuneration systems

At Endesa, short-term variable remuneration is managed based on the recognition of the contribution of each person to the Company's results according to the targets assigned and subsequent measurement of the results obtained according to the Company's guidelines. In February 2022, the Board of Directors, following the Report of the Appointments and Compensation Committee, approved the coordination of the objectives of the CEO for the year 2022, which were linked to the Company's Strategic Plan, through indicators relating to the Company's profit and the short-term performance of its business.



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The assessment of these objectives was approved by the Board of Directors at the proposal of the Appointments and Compensation Committee at its meeting on 22 February 2023. In this regard, performance levels for 2022 targets are as follows:

- Economic Objective: Net Profit of Parent Company in the Financial Year (15% weighting). Final achievement for the year was 37% higher than the expected value as per target, and thus the achievement degree for this target met the maximum level of 120%.
 - Financial Objective: FFO (cash flow before dividends, extraordinary transactions and net investments) 20% weighting). Final achievement for the year was better than the expected value as per target, and thus the achievement degree for this target met the achievement level of 120%.
 - Business Objective (20% weighting). The result as at year end was an "achievement" level for the 3 objectives, and thus the performance degree for this target met the maximum of 120%.
 - Economic Objective: Integrated margin: linked to the management of the Integrated Margin and the resolution of incidents in I&N invoicing (25% weighting). Final achievement for the year was 38.7% higher than the expected value as per target, and thus the achievement degree for this target met the maximum level of 120%.
 - Safety Objective: linked to the number of occupational accidents and the combined frequency index (20% weighting). This objective was met in 2022, and thus the related performance degree for the target met the maximum achievement level of 120%.
- The values for fiscal year 2022 targets, together with the weighting of each target, provide an overall weighted performance of 120% out of a maximum of 120%.

Based on the criteria set forth in the instructions to this Report, in financial year 2022, as at the end date of the accrual period for short-term variable compensation, the CEO accrued the amounts indicated in the "Short-Term Variable Remuneration" column of the table in Section C.1.a).i). This compensation was approved by the Board at the proposal of the Appointments and Compensation Committee, although said compensation will not be paid out until the upcoming General Shareholders' Meeting has approved the annual financial statements.

Explain the long-term variable components of the remuneration systems:

Long-term variable compensation at Endesa is set out in the so-called Loyalty Plan, the main goal of which is to strengthen the commitment of employees holding high-responsibility positions to achieving the Group's strategic objectives. A threshold level beyond which the target is considered met up to 50% (applicable to 2017-2019, but not to 2020-2022) and two performance levels for targets that have been overachieved is established for each target - performance beyond the first level equals 150% and performance beyond the second level constitutes maximum achievement of 180%. Therefore, variable compensation levels for each of the Programs will range from 0%-180% of the incentive base (target equals 100% achievement).

A) The 2020-2022 Loyalty Plan was approved at the General Shareholders' Meeting on 5 May 2020. At the end of the 2023 financial year, the Appointments and Compensation Committee assessed the achievement levels of the 2020-2022 Loyalty Plan (Table 5- 2020-2022 PROGRAM TARGET MEASURES AND THRESHOLDS), with an amount of €466 thousand being accrued for the CEO.

- Assessment of the target for "Total Shareholders Return" (TSR) with a weighting of 50%

Endesa's average "TSR" for the 2020-2022 three-year period was calculated, according to the Regulation, as the average TSR of the three-month periods preceding the beginning (1/10/2019-31/12/2019) and expiration (1/10/2022-31/12/2022) of the accrual period. The average figure for the period stands at -11.72, compared with the benchmark Euro-Stoxx Utilities SX6E index, which has a cumulative average TSR of 12.76%. This means that Endesa's average TSR was -91.8% compared to the average TSR for the Euro-Stoxx Utilities Index, and is therefore less than 100%. Consequently, the achievement level for the TRS target (with a weighting of 50% in the Plan) is 0.0%.

- Assessment of the "Return On Average Capital Employed" target, with a 40% weighting. ENDESA's cumulative ROACE target is based on the ratio between its ordinary operating income (ordinary EBIT) and average Net Invested Capital (NIC), on a cumulative basis, during the 2020-2022 period

Specifically for this target, a Budget compliance level of 49.3% was established, a first level of overachievement if cumulative ROACE reached 50% and a second level of overachievement of 180% for a cumulative ROACE of 50.8% or higher. ENDESA's cumulative ROACE in the period reached 58.7%, and thus the target is considered met at 180.0%. Consequently, the achievement level for the cumulative ROACE target (with a weighting of 40% in the Plan) is 180%.

- Assessment of the "Reduction in CO₂ emissions" target, with a 10% weighting.

Specific CO₂ emissions of Endesa in Spain and Portugal in 2022 (defined as the ratio between absolute CO₂ emissions from electricity generation by Endesa and total net production of Endesa during the year) were 205 gCO₂ / kWh. Additionally, the target was established for a thermal gap of 31 TWh in 2022 (as specified in the 2020-2022 BIP). Currently, REE records a thermal gap of 68.2 TWh; consequently, if the target is adjusted according to the formula provided in the Loyalty Plan ($E = [1.6 \times Ht] + 122$), Endesa's specific emissions should be 231.2 gCO₂/KWh in order to attain the LTI target 100%. Regarding compliance with the target maximum (180%), emissions should be below 219.6 gCO₂/KWh, which is also the case. Consequently, the achievement level for the Reduction in CO₂ emissions target (with a weighting of 10% in the Plan) is 180%.

Total result of the 2020-2022 program in accordance with the degree of attainment of the targets: TSR (0%), cumulative ROACE (180%) and Reduction in CO₂ emissions (180%); hence, the comprehensive achievement level for 2020-2022 loyalty plan purposes reached 90%, which implies €466 thousand for the Chief Executive Officer (90% of the base of €518 thousand established in the 2020-2022 loyalty plan for the CEO).

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In accordance with Endesa's Directors Compensation Policy, the plans provide for deferred payment and require that the Director be active at the time payment is made (unless the director is retiring or leaving the company due to termination of a fixed-term contract, in which case the director may collect on the plans completed as at the date of removal, although payment will be deferred until the applicable date, even if the director is not active at that time); these payments are made in two installments:

- 30% of the incentive, if applicable, in the year after the plan ends, (fiscal year 2023)
- and the remaining 70%, if applicable, in the second year after termination of the plan (fiscal year 2024).

That is why, in relation to the long-term variable remuneration, in the Remuneration accruing in cash table (C.1.a) ii) the amount effectively vested for the Executive Directors in fiscal year 2022 has been included, representing 30% of the 2019-2021 Loyalty Plan and 70% of the 2018-2020 Loyalty Plan, totaling €687 thousand for the CEO, the achievement of which was detailed in the annual reports on Directors compensation for fiscal years 2020 and 2021, respectively. See Annex Table 9 - LOYALTY PLANS SCHEDULE. For all these reasons, the amounts indicated for the Chairman and CEO in the "long-term variable remuneration" column of table C.1.a).i) reflect an achievement level of 150.9% for the 2018-2020 Loyalty Plan and 90% for the 2019-2021 Loyalty Plan. The target values for the Chairman in both the 2018-2020 and 2019-2021 programs is €518 thousand; and the maximum value could reach 180%.

B) The 2019-2021 Loyalty Plan defined the following objectives for the CEO: The thresholds and achievement scales are attached hereto as Table 3 - 2019-2021 PROGRAM TARGET MEASURES AND THRESHOLDS.

- 50% "Total Shareholders Return" (TSR): Endesa's average "TSR" for the 2019-2021 three-year period was calculated, according to the Regulation, as the average of the 30 TSRs corresponding to the 1-31 December 2018 and 1-31 December 2021 periods, totaling 20.27%, compared to the benchmark, the Euro-Stoxx Utilities SX6E Index, that recorded an average TSR of 53.16%. This means that Endesa's average TSR was 38.1% compared to the average TSR for the Euro-Stoxx Utilities Index, and is therefore less than 100%. The target becomes 0.0%. Consequently, the achievement level for the TRS target (with a weighting of 50% in the Plan) is 0.0%.
- 40% "Return On Average Capital Employed". ENDESA's cumulative ROACE target is defined as the ratio between ordinary operating income (ordinary EBIT) and average Net Invested Capital (NIC), on a cumulative basis, during the 2019-2021 period. Specifically for this target, a Budget compliance level of 43.2% was established, a first level of overachievement if cumulative ROACE reached 43.9% and a second level of overachievement of 180% for a cumulative ROACE of 44.5% or higher. ENDESA's cumulative ROACE in the period reached 49.4%, and thus the target is considered met at 180.0%. Consequently, the achievement level for the cumulative ROACE target (with a weighting of 40% in the Plan) is 72%
- 10% "Reduction in CO₂ emissions" target, with a 10% weighting. Specific CO₂ emissions of Endesa in Spain and Portugal in 2021 (defined as the ratio between absolute CO₂ emissions from electricity generation by Endesa and total net production of Endesa during the year) were 183 gCO₂ / kWh. Additionally, the target was established for a thermal gap of 40 TWh in 2021 (as specified in the 2019-2021 BIP). Currently, REE records a thermal gap of 42.5 TWh; consequently, if the target is adjusted according to the formula provided in the Loyalty Plan ($E = [2.7 \times Ht] + 223$), the target maximum, 180%, would be attained. Consequently, the achievement level for the Reduction in CO₂ emissions target (with a weighting of 10% in the Plan) is 18%.

In accordance with the degree of attainment of the 2019-2021 program's targets: TSR (0%), cumulative ROACE (72%) and Reduction in CO₂ emissions (18%); hence, the comprehensive achievement level for 2019-2021 loyalty plan purposes reached 90%, which implies €466 thousand (90% of the base of €518 thousand established in the 2019-2021 loyalty plan for the Chief Executive Officer).

C) The 2018-2020 Loyalty Plan defined the following objectives for the CEO: The thresholds and achievement scales are attached hereto as Table 1 - 2018-2020 PROGRAM TARGET MEASURES AND THRESHOLDS.

- 50% "Total Shareholder Return" (TSR): average TSR of Endesa compared to average TSR of the selected benchmark, Euro-Stoxx Utilities Index, for the accrual period. The TSR target achievement will be measured on the basis of a performance scale using linear interpolation between the thresholds. No payment shall be made for performance falling under the minimum threshold. In order to assess the extent to which targets have been met, the average TSR of Endesa and the Euro Stoxx Utilities Index shall be calculated for the period preceding implementation of the plan and once three years have elapsed. Endesa's average "TSR" for the 2018-2020 three-year period was calculated, according to the Regulation, as the average of the 30 TSRs corresponding to the 1-31 December 2017 and 1-31 December 2020 periods, totaling 49.17%, compared to the benchmark, the Euro-Stoxx Utilities SX6E Index, that recorded an average TSR of 47.11%. This means that Endesa's average TSR was 104% compared to the average TSR for the Euro-Stoxx Utilities Index, and is therefore between 100% and 110%. By linear interpolation between these ranges, the target is considered met at 121.85%. Consequently, the achievement level for the TRS target (with a weighting of 50% in the Plan) is 60.9%.
- 40% Endesa's cumulative "Return On Average Capital Employed" (ROACE) for the accrual period. Endesa's cumulative ROACE target, represented by the ratio between ordinary operating income (ordinary EBIT) and Average Net Invested Capital, shall be valued on a cumulative basis for the accrual period according to a performance scale using linear interpolation between the thresholds. The thresholds and achievement scales are attached hereto as Table 1 - 2018-2020 PROGRAM TARGET MEASURES AND THRESHOLDS. Specifically for this target, a Budget compliance level of 41% was established, a first level of overachievement if cumulative ROACE reached 41.5% and a second level of overachievement of 180% for a cumulative ROACE of 42.3% or higher. ENDESA's cumulative ROACE in the period reached 46.0%, and thus the target is considered met at 180%. Consequently, the achievement level for the cumulative ROACE target (with a weighting of 40% in the Plan) is 72%.
- 10% Assessment of the "Reduction in CO₂ emissions" target. Specific CO₂ emissions of Endesa in Spain and Portugal in 2020 (defined as the ratio between absolute CO₂ emissions from electricity generation by Endesa and total net production of Endesa during the year), established for a 47 TWh thermal gap in 2020 (as specified in the 2018-2020 BIP). The thresholds and achievement scales are attached hereto as Table 1 - 2018-2020 PROGRAM TARGET MEASURES AND THRESHOLDS. Currently, REE records a thermal gap of 43.2 TWh; consequently, if the target is adjusted according to the formula provided in the Loyalty Plan ($E = [2.7 \times Ht] + 223$), the target maximum, 180%, would be attained. Consequently, the achievement level for the Reduction in CO₂ emissions target (with a weighting of 10% in the Plan) is 18%.

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In accordance with the established measurement criteria, the TSR target exceeded the established target by 4% and thus, performance reached an achievement level of 121.85%; the ROACE target performance exceeded the established target by 12.2% and thus, it reached an overachievement level of 180%; and the performance of the CO₂ target is above the second overachievement level, so the achievement level is 180%. For all these reasons, the achievement level for 2018-2020 LTI Plan purposes reached 150.9%, which implies €782 thousand (150% of the base of €518 thousand established in the 2018-2020 loyalty plan for the Chief Executive Officer).

B.8. Indicate whether certain variable components have been reduced or clawed back when, in the former case, payment of non-vested amounts has been deferred or, in the latter case, they have vested and been paid, on the basis of data that have subsequently been clearly shown to be inaccurate. Describe the amounts reduced or clawed back through the application of the "malus" (reduction) or clawback clauses, why they were implemented and the years to which they refer.

The circumstances described in this section did not occur. In any case, it should be noted that the Appointments and Compensation Committee, in accordance with its Verification Procedure approved for such purpose and with the support of Endesa's Audit Department, has verified that there have been no circumstances that make malus and claw-back clauses applicable to executive directors in the last five years.

B.9. Explain the main characteristics of the long-term savings schemes where the amount or equivalent annual cost appears in the tables in Section C, including retirement and any other survivor benefit, whether financed in whole or in part by the company or through internal or external contributions, indicating the type of plan, whether it is a defined contribution or defined benefit plan, the contingencies covered, the conditions on which the economic rights vest in favour of the directors and their compatibility with any type of indemnification for early termination or cessation of the contractual relationship between the company and the director.

Non-Executive Directors do not participate in any long-term savings scheme.

The Executive Directors and Senior Executives are beneficiaries of a Supplemental Social Welfare System to cover the contingencies of retirement, disability and death.

- Retirement:

That system is implemented through contributions to the "Endesa Group Employees' Pension Plan" in which the executive is a participant depending on which company they were hired by and when, and additional contributions made to an insurance policy or similar instrument for that purpose.

A defined benefit saving scheme has been established for the Chief Executive Officer based on his seniority and history with the Endesa Group. In the 2022 financial year, the contribution amounts to €5.7 thousand.

Based on prior arrangements as an Executive Director, the Company maintained its defined benefit commitment with the CEO, consisting of a constant lifetime annuity, upon effective retirement, in the amount of €817 thousand per annum (amount included in the amounts payable in 2022; see section A.1.7) less the amount of the public social security pension, and which shall be payable to the surviving spouse in the event of death after retirement, in an amount equal to 45% of that which was being received, deducting the amount of the applicable widowers pension under the social security system. This amount represented 85% of the CEO's pensionable salary, defined as the fixed salary from 2012 plus the annual variable target salary for 2012, divided by 1.35% and projected out to retirement at a rate of 2% per annum.

The rights of the beneficiary accrue thereto at the time of the contribution. This scheme is separate from and compatible with the compensation conditions referred to in section A.1, item 8.

- Disability and death:

Regarding the coverage of disability and death, Endesa has signed a life and accident insurance policy which guarantees certain capital and/or income depending on the contingency in question.

Coverage of disability or death and of retirement are exclusive benefits, i.e. in the event of death or disability prior to effective retirement, the director, in the case of disability, or its beneficiaries, in the case of death, shall receive the benefits specified for such events, without incurring any right to receive retirement benefits.

The long-term savings schemes are fully funded by the Company and are provided through the company's Pension Plan and/or insurance policies, which are also contracted by the Company.

Regarding the rights accrued under these savings schemes, as of 31/12/2022, the Chief Executive Officer Mr. Bogas holds rights amounting to €13,868 thousand, as specified in Table C.1 a)iii.



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B.10. Explain, where applicable, the indemnification or any other type of payment deriving from the early cessation, whether at the company's or the director's initiative, or from the termination of the contract in the terms provided therein, accrued and/or received by directors during the year last ended.

N/A

B.11. Indicate whether there have been any significant changes in the contracts of persons exercising senior management functions, such as executive directors, and, if so, explain them. In addition, explain the main conditions of the new contracts signed with executive directors during the year, unless these have already been explained in Section A.1.

In 2022, there were no changes in the contracts of the Executive Directors. Nevertheless, with a view to ensuring full transparency, it should be noted that: On 29 April 2022, Mr. Bogas was reappointed as an Endesa director, with which his term was extended for four years, being also reappointed as Endesa's Chief Executive Officer.

Consequently, the Appointments and Compensation Committee proposed updating the annex to the CEO's contract titled "Retirement Rules", in order to revise the date (30 April 2022) on which his lifetime retirement-benefit annuity will be payable, with an indication that the new date will be that on which Mr. Bogas steps down as CEO and his effective retirement is recognized by the competent government body.

In addition, it should be noted that the deferment of Mr. Bogas effective retirement because of his reappointment as CEO necessitated, in accordance with Endesa's Directors' Compensation Policy, recalculating his lifetime retirement-benefit annuity, estimated at €867,744, taking 2022, when he turned 67, as the baseline. Therefore, the estimate of Mr. Bogas' lifetime annuity will be calculated each year until he steps down as CEO and starts his effective retirement from Endesa. In addition, each year the new amount will be disclosed in the Annual Report on Directors' Compensation. His lifetime annuity payable as of 30 April 2022 is estimated at €898,454 per year. Each year this amount will be updated and disclosed in the Annual Report on Directors' Compensation.

B.12. Explain any supplementary remuneration accrued by directors in consideration of the provision of services other than those inherent in their position.

In 2022, the circumstances described in this section did not occur.

B.13. Explain any remuneration deriving from advances, loans or guarantees granted, indicating the interest rate, their key characteristics and any amounts returned, as well as the obligations assumed on their behalf by way of guarantee.

Endesa has a system of loans established for its senior managers to purchase their main home or for other needs. In addition, the executive directors and, in general, the Senior Executives can benefit from both types of loans whose maximum capital is an annual payment or semi-annual payment of their estimated gross annual compensation, respectively.

At the date of issuance of this Report, the CEO has a loan amounting to €230 thousand, with an average interest rate of 0.0167% planned for the year 2022 and an interest-free loan (the interest subsidy is considered remuneration in kind) worth €166 thousand, which was extended in 2022 through the granting of an advance in the amount of €256 thousand. As of the date of this report repayment on the loans has not begun.

B.14. Itemise the remuneration in kind accrued by the directors during the year, briefly explaining the nature of the various salary components.

In 2022, the items of remuneration in kind of the CEO of year 2021 are maintained: life insurance amounting to €85.32 thousand; collective health care policy with a subsidy of 100% of the cost of the payment of the holder and dependent relatives for an amount of €7.39 thousand; as well as other remuneration in kind, which include electricity supply at the employee rate or the assignment of a company car under a renting system for €41.08 thousand. Additionally, the CEO accrues an amount of €4.98 thousand for the granting of loans and guarantees. The total amount of the CEO remuneration for these items is €138.77 thousand, and is included in section C.1.iv.



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In 2022, the Chairman of the Board of Directors had a collective health care policy with a subsidy of 100% of the cost for the holder and dependent relatives for an amount of €7.39 thousand and an assignment of company car through a renting scheme in the amount of €12.20 thousand.

B.15. Explain the remuneration accrued by any director by virtue of payments made by the listed company to a third company in which the director provides services when these payments seek to remunerate the director's services to the company.

N/A

B.16. Explain and detail the amounts accrued in the year in relation to any other remuneration concept other than that set forth above, whatever its nature or the group entity that pays it, including all benefits in any form, such as when it is considered a related-party transaction or, especially, when it significantly affects the true image of the total remuneration accrued by the director. Explain the amount granted or pending payment, the nature of the consideration received and the reasons for those that would have been considered, if applicable, that do not constitute remuneration to the director or in consideration for the performance of their executive functions and whether or not has been considered appropriate to be included among the amounts accrued under the "Other concepts" heading in Section C.

N/A



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C. ITEMISED INDIVIDUAL REMUNERATION ACCRUED BY EACH DIRECTOR

Name	Type	Period of accrual in year 2022
JUAN SÁNCHEZ-CALERO GUILARTE	Independent Chairman	From 01/01/2022 to 31/12/2022
FRANCESCO STARACE	Shareholder-Appointed Director	From 01/01/2022 to 31/12/2022
JOSE DAMIAN BOGAS GALVEZ	Chief Executive Officer	From 01/01/2022 to 31/12/2022
MARÍA EUGENIA BIETO CAUBET	Independent Director	From 01/01/2022 to 31/12/2022
ANTONIO CAMMISECRA	Shareholder-Appointed Director	From 01/01/2022 to 31/12/2022
IGNACIO GARRALDA RUIZ DE VELASCO	Independent Director	From 01/01/2022 to 31/12/2022
PILAR GONZÁLEZ DE FRUTOS	Independent Director	From 01/01/2022 to 31/12/2022
FRANCESCA GOSTINELLI	Shareholder-Appointed Director	From 29/04/2022 to 31/12/2022
MARIA PATRIZIA GRIECO	Shareholder-Appointed Director	From 01/01/2022 to 29/04/2022
ALICIA KOPLOWITZ Y ROMERO DE JUSEU	Independent Director	From 01/01/2022 to 31/12/2022
FRANCISCO DE LACERDA	Independent Director	From 01/01/2022 to 31/12/2022
ALBERTO DE PAOLI	Shareholder-Appointed Director	From 01/01/2022 to 31/12/2022
CRISTINA DE PARIAS HALCÓN	Independent Director	From 29/04/2022 to 31/12/2022



ANNUAL REPORT ON DIRECTOR REMUNERATION OF LISTED COMPANIES

C.1. Please complete the following tables on the individual compensation of each of the directors (including compensation for carrying out executive duties) earned during the year.

a) Remuneration from the reporting company:

i) Remuneration accruing in cash (thousands of euros)

Name	Fixed remuneration	Attendance fees	Remuneration for membership of board committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Indemnification	Other items	Total year 2022	Total year 2021
JUAN SÁNCHEZ-CALERO GUILARTE	624	29							653	653
FRANCESCO STARACE										
JOSE DAMIAN BOGAS GALVEZ				960	680	687			2,327	1,976
MARÍA EUGENIA BIETO CAUBET	188	50							238	238
ANTONIO CAMMISECRA										
IGNACIO GARRALDA RUIZ DE VELASCO	211	38							249	244
PILAR GONZÁLEZ DE FRUTOS	188	51							239	238
FRANCESCA GOSTINELLI										
MARIA PATRIZIA GRIECO	62	10							72	215
ALICIA KOPLOWITZ Y ROMERO DE JUSEU	188	19							207	224
FRANCISCO DE LACERDA	224	51							275	267
ALBERTO DE PAOLI										
CRISTINA DE PARIAS HALCÓN	126	22							148	

Observations

With respect to the long-term variable remuneration, at the end of fiscal year 2022, the 2020-2022 Loyalty Plan was accrued for the CEO, in the amount of €466 thousand. However, in accordance with Endesa's Directors Compensation Policy, the plans provide for deferred payment and require that the Director be active at the time payment is made (unless the director is retiring or leaving the company due to termination of a fixed-term contract, in which case the director may collect on the plans completed as at the date of removal, although payment will be deferred until the applicable date, even if the director is not active at that time); these payments are made in two installments: 30% of the incentive, if applicable, in the year after the plan ends (FY 2023), and the remaining 70%, if applicable, in the second year after termination of the Plan (FY 2024). In this sense, the remuneration cannot be considered vested in order to determine an unconditional right, as per the instructions of Circular 3/2021, of 28 September, of the National Securities Market Commission (see note 1).

ANNUAL REPORT ON DIRECTOR REMUNERATION OF LISTED COMPANIES

That is why, in relation to the long-term variable remuneration, in the Remuneration accruing in cash table (C.1.a) i) the amount effectively vested for the Executive Directors in fiscal year 2022 has been included, representing 30% of the 2019-2021 Loyalty Plan and 70% of the 2018-2020 Loyalty Plan, totaling €687 thousand for the CEO. See Annex Table 9 LOYALTY PLANS SCHEDULE.

Note 1: For the purposes of this Circular, it shall be understood that the director has accrued long-term variable remuneration on the date of completion of the accrual period, when the targets to which the variable remuneration was linked have been met. However, if "malus" clauses exist (which may reduce the variable remuneration in whole or in part), their vesting and granting as remuneration for the year will not take place until, after the term of the plan as ended, it has been verified whether the application of such clauses is appropriate or not. The accrual period is the period of time during which the performance and the achievement of the qualitative and quantitative objectives established for the director are measured in order to determine their unconditional right to receive long-term variable remuneration. Remuneration will be vested when, after accrued, it has been verified that no "malus" clauses apply, as the case may be, or that the application of such clauses would result in a reduced variable remuneration, in which case the unconditional right to receive the remaining variable compensation would be established, regardless of the method or term stipulated for the payment of said remuneration or whether the payment is subject to deferral, withholding or clauses for recovering any remuneration already paid ("claw back").

ii) Table of changes in share-based remuneration schemes and gross profit from vested shares or financial instruments

Name	Name of plan	Financial instruments at start of year 2022		Financial instruments granted during year 2022		Financial instruments vested during the year				Instruments matured but not exercised	Financial instruments at end of year 2022	
		No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent / vested shares	Price of vested shares	EBITDA from vested shares or financial instruments (thousands of euros)	No. of instruments	No. of instruments	No. of equivalent shares
No data												

Observations

ANNUAL REPORT ON DIRECTOR REMUNERATION OF LISTED COMPANIES

iii) Long-term savings schemes

Name	Remuneration from vesting of rights to savings schemes
JOSÉ DAMIÁN BOGAS GÁLVEZ	6

Name	Contribution for the year by the company (thousands of euros)				Amount of accrued funds (thousands of euros)			
	Savings schemes with vested economic rights		Savings schemes with non-vested economic rights		Savings schemes with vested economic rights		Savings schemes with non-vested economic rights	
	Year 2022	Year 2021	Year 2022	Year 2021	Year 2022	Year 2021	Year 2022	Year 2021
JOSÉ DAMIÁN BOGAS GÁLVEZ	6	29					13,868	13,387

Observations

iv) Details of other items

Name	Concept	Amount of remuneration
JUAN SÁNCHEZ-CALERO GUILARTE	Remuneration in kind	20
JOSÉ DAMIÁN BOGAS GÁLVEZ	Remuneration in kind	139

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ANNUAL REPORT ON DIRECTOR REMUNERATION OF LISTED COMPANIES

b) Remuneration of directors of the listed company for seats on the boards of other subsidiary companies:

i) Remuneration accruing in cash (thousands of euros)

Name	Fixed remuneration	Attendance fees	Remuneration for membership of board committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Indemnification	Other items	Total year 2022	Total year 2021
No data										

Observations

ii) Table of changes in share-based remuneration schemes and gross profit from vested shares or financial instruments

Name	Name of plan	Financial instruments at start of year 2022		Financial instruments granted during year 2022		Financial instruments vested during the year				Instruments matured but not exercised	Financial instruments at end of year 2022	
		No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent / vested shares	Price of vested shares	EBITDA from vested shares or financial instruments (thousands of euros)	No. of instruments	No. of instruments	No. of equivalent shares
No data												

ANNUAL REPORT ON DIRECTOR REMUNERATION OF LISTED COMPANIES

Observations

iii) Long-term savings schemes

Name	Remuneration from vesting of rights to savings schemes
No data	

Name	Contribution for the year by the company (thousands of euros)				Amount of accrued funds (thousands of euros)			
	Savings schemes with vested economic rights		Savings schemes with non-vested economic rights		Savings schemes with vested economic rights		Savings schemes with non-vested economic rights	
	Year 2022	Year 2021	Year 2022	Year 2021	Year 2022	Year 2021	Year 2022	Year 2021
No data								

Observations

iv) Details of other items

Name	Concept	Amount of remuneration
No data		

ANNUAL REPORT ON DIRECTOR REMUNERATION OF LISTED COMPANIES

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c) Summary of remuneration (thousands of euros):

This summary must include the amounts corresponding to all the remuneration items included in this report that have accrued to each director, in thousands of euros.

Name	Remuneration accruing in the Company					Remuneration accruing in group companies					Total in year 2022, company + group
	Total cash remuneration	Gross benefit of vested shares or financial instruments	Remuneration by way of savings systems	Other items of remuneration	Total in year 2022, company	Total cash remuneration	Gross benefit of vested shares or financial instruments	Remuneration by way of savings systems	Other items of remuneration	Total in year 2022, group	
JUAN SÁNCHEZ-CALERO GUILARTE	653			20	673						673
FRANCESCO STARACE											
JOSE DAMIAN BOGAS GALVEZ	2,327		6	139	2,472						2,472
MARÍA EUGENIA BIETO CAUBET	238				238						238
ANTONIO CAMMISECRA											
IGNACIO GARRALDA RUIZ DE VELASCO	249				249						249



ANNUAL REPORT ON DIRECTOR REMUNERATION OF LISTED COMPANIES

Name	Remuneration accruing in the Company					Remuneration accruing in group companies					Total in year 2022, company + group
	Total cash remuneration	Gross benefit of vested shares or financial instruments	Remuneration by way of savings systems	Other items of remuneration	Total in year 2022, company	Total cash remuneration	Gross benefit of vested shares or financial instruments	Remuneration by way of savings systems	Other items of remuneration	Total in year 2022, group	
PILAR GONZÁLEZ DE FRUTOS	239				239						239
FRANCESCA GOSTINELLI											
MARIA PATRIZIA GRIECO	72				72						72
ALICIA KOPLOWITZ Y ROMERO DE JUSEU	207				207						207
FRANCISCO DE LACERDA	275				275						275
ALBERTO DE PAOLI											
CRISTINA DE PARIAS HALCÓN	148				148						148
TOTAL	4,408		6	159	4,573						4,573

Observations

ANNUAL REPORT ON DIRECTOR REMUNERATION OF LISTED COMPANIES

C.2. Indicate the evolution in the last five years of the amount and percentage variation of the remuneration accrued by each of the directors of the listed company who have held this position during the year, the consolidated results of the company and the average remuneration on an equivalent basis with regard to full-time employees of the company and its subsidiaries that are not directors of the listed company.

Total amounts accrued and % annual variation									
	Year 2022	% Variation 2022/2021	Year 2021	% Variation 2021/2020	Year 2020	% Variation 2020/2019	Year 2019	% Variation 2019/2018	Year 2018
Executive directors									
JOSE DAMIAN BOGAS GALVEZ	2,472	16.17	2,128	-24.35	2,813	8.15	2,601	5.65	2,462
External directors									
JUAN SÁNCHEZ-CALERO GUILARTE	673	2.44	657	5.12	625	39.82	447	-	0
FRANCESCO STARACE	0	-	0	-	0	-	0	-	0
MARÍA EUGENIA BIETO CAUBET	238	0.00	238	61.90	147	-	0	-	0
ANTONIO CAMMISECRA	0	-	0	-	0	-	0	-	0
PILAR GONZÁLEZ DE FRUTOS	239	0.42	238	61.90	147	-	0	-	0
FRANCESCA GOSTINELLI	0	-	0	-	0	-	0	-	0
ALICIA KOPLOWITZ Y ROMERO DE JUSEU	207	-7.59	224	62.32	138	-	0	-	0
FRANCISCO DE LACERDA	275	3.00	267	14.10	234	-3.31	242	1.68	238
ALBERTO DE PAOLI	0	-	0	-	0	-	0	-	0

ANNUAL REPORT ON DIRECTOR REMUNERATION OF LISTED COMPANIES

	Total amounts accrued and % annual variation								
	Year 2022	% Variation 2022/2021	Year 2021	% Variation 2021/2020	Year 2020	% Variation 2020/2019	Year 2019	% Variation 2019/2018	Year 2018
IGNACIO GARRALDA RUIZ DE VELASCO	249	2.05	244	0.41	243	-4.33	254	1.60	250
MARIA PATRIZIA GRIECO	72	-66.51	215	2.87	209	0.97	207	0.00	207
CRISTINA DE PARIAS HALCÓN	148	-	0	-	0	-	0	-	0
Consolidated results of the company									
	2,398	26.08	1,902	-10.79	2,132	36.49	1,562	3.38	1,511
Average employee remuneration									
	78	6.85	73	1.39	72	1.41	71	4.41	68

Observations

For the Directors in their capacity as such, the differences are minimal, and in most cases they are due to the attendance allowances received for each session, depending on a greater or lesser number of sessions held and the attendance of each Director. However, it should be noted that:

- The increase in the cases of Mr. Sánchez Calero between 2019 and 2020, Ms. Bieto, Ms. González and Ms. Koplowitz between 2020 and 2021, are due to the fact that these Directors joined the Board in May in their first year, so complete financial years are not being compared. The increase for Mr. Sánchez-Calero between 2021 and 2020 is mainly due to Mr. Sánchez-Calero being appointed to the position of Chairman of the Sustainability and Governance Committee, created in September 2020.
- The decrease in the remuneration of Ms. Grieco between 2021 and 2022, is due to her removal in April 2022, so complete financial years are not being compared. The decrease in the remuneration of Ms. Koplowitz is due to her resignation, for personal reasons, from the Audit and Compliance Committee and the Sustainability and Governance Committee.

With regard to the Chief Executive Officer:

- The -24% change from 2020 to 2021 is mainly due to a lower payment in the LTI (€729 thousand in 2020 vs. €496 thousand in 2021) and a lower contribution to the retirement scheme, which for the purposes of this report is considered to be remuneration in cash. In 2020, a contribution of €485 thousand was made to the retirement scheme, as necessary to comply with the commitment provided for in his Contract. In 2021, no contribution was made to his retirement scheme (if necessary, contributions will be made when his effective retirement takes place), but a contribution of €29 thousand was made to his death benefit.

The 16% increase in the CEO's remuneration from 2021 to 2022 is due primarily to the improved attainment of the short-term targets (€520 thousand in 2021 vs. €680 thousand in 2022) and long-term targets (LTI: €496 thousand in 2021 vs. €687 thousand in 2022).



ANNUAL REPORT ON DIRECTOR REMUNERATION OF LISTED COMPANIES

- Calculation of average remuneration for employees: The table shows the result from dividing the amount of wages and salaries as per the consolidated annual financial statements of each financial year by the average weighted number of employees for each fiscal year.

The following also details the annual average cost per employee, compared to the total amount of personnel expenses as per the consolidated annual financial statements of each financial year. This includes, in addition to the wages and salaries item, contributions to the pension plan, the impact cost of the provisions for redundancy programs (ERE), provisions for suspension of employment contracts (VRA), as well as other personnel expenses and Social Security payments for each financial year. Using these criteria, the average cost per employee would be: €104 thousand in 2022, €99 thousand in 2021, €118 thousand in 2020, €105 thousand in 2019 and €98 thousand in 2018.

- With regard to salary variation for the workforce as a whole, there has been a 14.06% average increase in salaries in Endesa in the last 5 years. This overall growth includes the Redundancy Plans agreed between the company and union representatives. These involve early retirement for more elderly employees who are generally paid more and the recruitment of younger personnel with lower salaries. The specific figures for the 2018-2022 period are 2,787 terminations and a total of 2,398 persons recruited. The effect of this is a reduction in average salaries in spite of the increases resulting from collective agreements and meritocracy.

With respect to the 6.85% increase from 2021 to 2022, the following factors should be noted: in accordance with Article 8, sections 1 and 4, of the Framework Agreement, in February 2022, employees governed by this Agreement received a cash revision with respect to 2021 which, in relation to the CPI, implies a (cumulative) increase of 2.7% + 1%. In addition, in 2022, salaries were increased by a non-cumulative 2%, in line with higher productivity, calculated as the year-on-year change in EBITDA divided by personnel costs, as set forth in Article 8, section 2, of the Fifth Framework Agreement.

In addition, between 2021 and 2022, the meritocracy actions, and for employees who have assigned targets, there was also a positive impact from the increased fulfillment of these short-and long-term targets as a result of the improved performance compared with the previous year.

In 2023, among other things, the corresponding revision called for in Article 8, sections 1 and 4, of the Framework Agreement will be implemented. Employees governed by this Agreement will receive a salary increase (cumulative increase of 4.85% + 1%) with respect to 2022, in relation to the CPI. In addition, in 2023 salaries are expected to be increased by a non-cumulative 1% or 2%, for higher productivity, calculated as the year-on-year change in EBITDA divided by personnel costs, as set forth in Article 8, section 2, of the Fifth Framework Agreement.

In addition, for Endesa employees overall, including directors, senior management and the CEO, compensation will be raised as a result of the increase in the CPI of between 4% and 5.85%, in keeping with the principles of fairness and equitable treatment of all these groups of employees.



ANNUAL REPORT ON DIRECTOR REMUNERATION OF LISTED COMPANIES

D. OTHER INFORMATION OF INTEREST

If there are any significant issues relating to directors' remuneration that it has not been possible to include in the foregoing sections of this report, but which it is necessary to include in order to provide more comprehensive and reasoned information on the remuneration structure and practices of the company with regard to its directors, list them briefly.

N/A

This annual remuneration report was approved by the Board of Directors of the company in its meeting of:

[22/02/2023]

Indicate whether any director voted against or abstained from approving this report.

[] Yes

[] No

ANNEX I - OTHER INFORMATION

TABLE 1 - 2018- 2020 PROGRAM TARGET MEASURES AND THRESHOLDS (Section B.7)

Total Shareholders Return (TSR) 50% weighting

Endesa TSR vs Index TSR	Endesa TSR > 115% of Index TSR	Endesa TSR between 110% and 115% of Index TSR	Endesa TSR between 100% and 110% of Index TSR	Endesa TSR between 90% and 100% of Index TSR	Endesa TSR < 90% of Index TSR
Multiplier*	180%	150%	100%	50%	0%

*Linear interpolation between the thresholds

Return On Average Capital Employed (ROACE) 40% weighting

Cumulative ROACE (2018-2020)	≥ 42.3%	41.5%	41.0%	39.8%	< 39.8%
Multiplier*	180%	150%	100%	50%	0%

*Linear interpolation between the thresholds

"Reduction in CO₂ Emissions" (CO₂) 10% weighting

"Reduction in CO ₂ Emissions (gCO ₂ /kWh)	≤ 332.5	339.5	350.0	360.5	> 360.5
Multiplier*	180%	150%	100%	50%	0%

*Linear interpolation between the thresholds

TABLE 2 - SIMULATED APPLICATION OF TSR REGRESSIVE CURVE FOR THE 2018-2020 PROGRAM

(Section B.7)

Target attained and corresponding reward	Reward for absolute TSR of Endesa > 0%	Regressive curve multiplier	Reward for absolute TSR of Endesa < 0%			
			-5%	-10%	-15%	-20%
Endesa TSR > 115% Index TSR	180%	1.5	167%	153%	140%	126%
Endesa TSR between 110% and 115%	150%	1.5	139%	128%	116%	105%
Endesa TSR between 100% and 110%	100%	1.5	93%	85%	78%	70%
Endesa TSR between 90% and 100%	50%	1.5	46%	43%	39%	35%
Endesa TSR < 90% Index TRS	0%	1.5	0%	0%	0%	0%

TABLE 3 - 2019-2021 PROGRAM TARGET MEASURES AND THRESHOLDS (Section B.7)

Total Shareholders Return (TSR): 50% weighting

Endesa TSR vs Index TSR	Endesa TSR > 115% of Index TSR	Endesa TSR between 110% and 115% of Index TSR	Endesa TSR between 100% and 110% of Index TSR	Endesa TSR between 90% and 100% of Index TSR	Endesa TSR < 90% of Index TSR
Multiplier*	180%	150%	100%	50%	0%

**Linear interpolation between the thresholds*

Return On Average Capital Employed (ROACE): 40% weighting

Cumulative ROACE (2019-2021)	≥ 44.5%	43.9%	43.2%	42.0%	< 42.0%
Multiplier*	180%	150%	100%	50%	0%

**Linear interpolation between the thresholds*

"Reduction in CO₂ Emissions" (CO₂): 10% weighting

"Reduction in CO ₂ Emissions (gCO ₂ /kWh)	≤ 315.6	322.2	332.2	342.1	> 342.1
Multiplier*	180%	150%	100%	50%	0%

**Linear interpolation between the thresholds*

TABLE 4 - SIMULATED APPLICATION OF TSR REGRESSIVE CURVE FOR THE 2019-2021 PROGRAM (Section B.7)

Target attained and corresponding reward	Reward for absolute TSR of Endesa > 0%	Regressive curve multiplier	Reward for absolute TSR of Endesa < 0%			
			-5%	-10%	-15%	-20%
Endesa TSR > 115% Index TSR	180%	1.5	167%	153%	140%	126%
Endesa TSR between 110% and 115%	150%	1.5	139%	128%	116%	105%
Endesa TSR between 100% and 110%	100%	1.5	93%	85%	78%	70%
Endesa TSR between 90% and 100%	50%	1.5	46%	43%	39%	35%
Endesa TSR < 90% Index TRS	0%	1.5	0%	0%	0%	0%

TABLE 5 - 2020-2022 PROGRAM TARGET MEASURES AND THRESHOLDS (Sections B.2 & B.7)**Shareholders Return (TSR): 50% weighting**

Endesa TSR vs Index TSR	Endesa TSR > 115% of Index TSR	Endesa TSR between 110% and 115% of Index TSR	Endesa TSR between 100% and 110% of Index TSR	Endesa TSR < 100% of Index TSR
Multiplier*	180%	150%	100%	0%

Linear interpolation between the thresholds*Return On Average Capital Employed (ROACE): 40% weighting**

Cumulative ROACE (2020-2022)	≥ 50.7%	50.0%	49.3%	< 49.3%
Multiplier*	180%	150%	100%	0%

Linear interpolation between the thresholds*“Reduction in CO₂ Emissions” (CO₂): 10% weighting**

Reduction in CO ₂ Emissions (gCO ₂ /kWh)	≤ 162.9	166.4	171.5	> 171.5
Multiplier*	180%	150%	100%	0%

**Linear interpolation between the thresholds*

TABLE 6 - 2021-2023 PROGRAM TARGET MEASURES AND THRESHOLDS (Section A.1, item 6)**Total Shareholders Return (TSR): 50% weighting**

Endesa TSR vs Index TSR	Endesa TSR > 115% of Index TSR	Endesa TSR between 110% and 115% of Index TSR	Endesa TSR between 100% and 110% of Index TSR	Endesa TSR < 100% of Index TSR
Multiplier*	180%	150%	100%	0%

Linear interpolation between the thresholds*Return On Average Capital Employed (ROACE): 25% weighting**

Cumulative ROACE (2021-2023)	≥ 45.3%	44.6%	43.9%	< 43.9%
Multiplier*	180%	150%	100%	0%

Linear interpolation between the thresholds*Net installed capacity for renewable energies 15% weighting**

Net installed capacity for renewable energies / Net installed capacity	≥ 50.8%	50.6%	50.3%	< 50.3%
Multiplier*	180%	150%	100%	0%

Linear interpolation between the thresholds*"Reduction in CO₂ Emissions" (CO₂): 10% weighting**

Reduction in CO ₂ Emissions (gCO ₂ /kWh)	≤ 133.0	135.8	140.0	> 140.0
Multiplier*	180%	150%	100%	0%

**Linear interpolation between the thresholds*

TABLE 7 - 2022-2024 PROGRAM TARGET MEASURES AND THRESHOLDS (Section A.1, item 6)

Total Shareholders Return (TSR): 50% weighting

Endesa TSR vs Index TSR	Endesa TSR > 115% of Index TSR	Endesa TSR between 110% and 115% of Index TSR	Endesa TSR between 100% and 110% of Index TSR	Endesa TSR < 100% of Index TSR
Multiplier*	180%	150%	100%	0%

**Linear interpolation between the thresholds*

Return On Average Capital Employed (ROACE): 25% weighting

Cumulative ROACE (2022-2024)	≥ 50.9%	50.1%	49.4%	< 49.4%
Multiplier*	180%	150%	100%	0%

**Linear interpolation between the thresholds*

Net installed capacity for renewable energies 10% weighting

Net installed capacity for renewable energies / Net installed capacity	≥ 53.1%	52.8%	52.6%	< 52.6%
Multiplier*	180%	150%	100%	0%

**Linear interpolation between the thresholds*

Reduction in CO₂ Emissions (CO₂): 10% weighting

Reduction in CO ₂ Emissions (gCO ₂ /kWh)	≤ 127	130	134	> 134
Multiplier*	180%	150%	100%	0%

**Linear interpolation between the thresholds*

% of women in succession pools: 5% weighting

% of women in management succession pools	≥ 50%	47%	45%	< 45%
Multiplier*	180%	150%	100%	0%

**Linear interpolation between the thresholds*

TABLE 8 - 2023-2025 PROGRAM TARGET MEASURES AND THRESHOLDS (Section A.1, item 6)

Total Shareholders Return (TSR): 50% weighting

Endesa TSR vs Index TSR	Endesa TSR \geq 115% of Index TSR	Endesa TSR \geq 110% and $<$ 115% of Index TSR	Endesa TSR \geq 100% and $<$ 110% of Index TSR	Endesa TSR $<$ 100% of Index TSR
Multiplier*	180%	150%	100%	0%

**Linear interpolation between the thresholds*

ROIC (Return on Invested Capital) – WACC (Weighted Average Cost of Capital): 30% weighting

ROIC-WACC 2023-2025	\geq 19.7%	19.2%	18.7%	$<$ 18.7%
Multiplier*	180%	150%	100%	0%

**Linear interpolation between the thresholds*

Reduction in CO₂ Emissions (CO₂): 10% weighting

Reduction in CO ₂ Emissions (gCO ₂ /kWh) in 2025	\leq 126	128	132	136	$>$ 136
Multiplier	180%	150%	100%	50%	0%

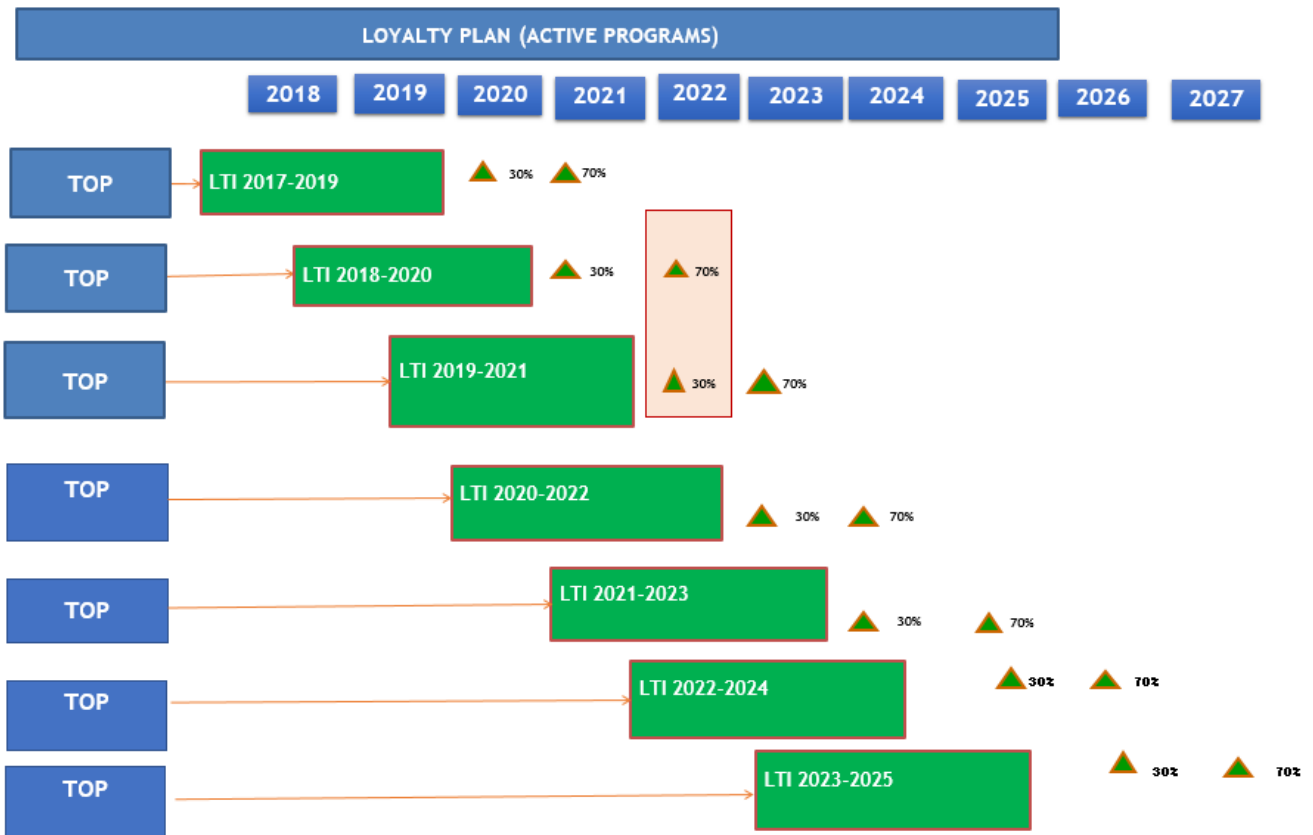
**Linear interpolation between the thresholds*

% of women in succession pools: 10% weighting

% of women in management succession pools in 2025	\geq 50%	47%	45%	$<$ 45%
Multiplier	180%	150%	100%	0%

**Linear interpolation between the thresholds*

TABLE 9- LOYALTY PLANS SCHEDULE (Sections B.7 & C.1.a)i)



ANNEX II

In January 2023, the Company, with the support of Ernst & Young Abogados, S.L.P., carried out an analysis of the external competitiveness of the total remuneration received by Endesa directors, in order to review the possibility of adjusting their remuneration and ensure that it is reasonably in line with the practices of comparable companies.

Specifically, the following positions were analyzed: Chief Executive Officer, Chairman of the Board of Directors, independent members of the Board of Directors and the Chair and members of each of the Company's Board committees.

For this compensation study, two samples made up of companies comparable to Endesa in terms of market capitalization and/or sector were selected:

A national sample, comprised of the following 11 companies on the IBEX 35 Index: Acciona Energía, Amadeus, Cellnex, Enagás, Iberdrola, Naturgy, Red Eléctrica, Repsol, Siemens Gamesa, Solaria and Telefónica.

An European sample made up of the following 11 leading European energy companies, being relevant in the sector: EDP, Engie, Eni, E-on, Fortum, RWE, Snam, Terna, Uniper, Veolia and Verbund.

The conclusions are as follows:

1. Compensation of directors in their capacity as such:

The compensation structure of Endesa directors in their capacity as such, consisting of fixed remuneration plus attendance allowances, is in keeping with 36% of the companies in the national sample and 45% of the European sample, which have established this director remuneration mix.

By contrast, 64% of the Spanish companies and 55% of the European companies reviewed compensate directors for both board membership and attendance to board meetings with fixed remuneration. No Spanish or European company in the peer group compensates its directors solely with attendance allowances.

The fixed remuneration of Endesa's Board members is slightly below the 75th percentile of the national and European samples, and its attendance allowances are below the 25th percentile of the national sample and above the 75th percentile of the European sample.

1.1 Committee chairs and members:

Nearly 100% of the companies analyzed in the national sample pay compensation to committee chairs, while only one of the 22 companies not compensating the holder of this position.

In general, the fixed remuneration of the chairs of Endesa's three committees is slightly below the 25th percentile of the national and European samples. Their attendance allowances (which are in line with those of the committee members) are between the 25th percentile and the median of the national sample, and between the median and the 75th percentile of the European sample.

For their part, Endesa's committee members do not receive fixed remuneration, as their remuneration for holding this position is limited to their committee meeting attendance allowances.

Consequently, Endesa's committee meeting attendance allowances are in line with the median of the national sample and stand at the 75th percentile of the European sample.

1.2 Non-Executive Chairman of the Board of Directors:

For the purposes of our compensation benchmarking, the position of non-executive chairman of Endesa has been equated with that of the board chairman of the companies in the peer group. Where the chairman is considered to be a non-executive chairman, only remuneration for duties performed as part of multi-member corporate bodies has been considered.

This comparison differs from the one used in previous analyses, making the results less representative, given that the national sample contains few positions comparable to that of independent-director chairman. The national peer group is inconsistent inasmuch as the category of chairman encompasses both chairmen who perform executive functions and those who do not. Thirty-six percent of the companies in the national sample (Naturgy, Iberdrola, Enagás and Telefónica) have an executive chairman, while the remaining 64% (Repsol, Red Eléctrica, Siemens Gamesa, Amadeus, Cellnex, Solaria and Acciona Energía) have a non-executive chairman, and only two of the latter are independent (Amadeus and Cellnex).

The fixed remuneration of Endesa's Board Chairman stands at the 75th percentile of the companies in the national and European samples, while attendance allowances are below the 25th percentile of the national sample and above the 75th percentile of the European sample.

In addition, an analysis of a non-executive chairman's remuneration should also compare it with that of other non-executive directors of the same company in order to place it in context in terms of internal fairness. Hence, within the group of peers, 83% of Spanish companies analyzed and 92% of the European companies pay higher remuneration to the board chairman than to directors who are members of the board. Also within the peer group, chairmen receive 315% higher remuneration than board members in the national sample and 305% higher than those in the European sample. At Endesa, the Board Chairman's compensation is 298% higher than that of Board members, placing it in line with the median of the national and European samples.

2. Chief Executive Officer

As for target total remuneration (i.e., the sum of fixed remuneration for executive functions plus short-term variable remuneration plus annualized long-term variable remuneration), the compensation paid to Endesa's Chief Executive Officer is between the 25th percentile and the median for companies in the national sample, and at about the 25th percentile of those in the European sample.

Despite the preceding conclusion, based on a quantitative analysis of the amounts of compensation received by the CEO in fiscal year 2022, it should be noted that the implications of the study for 2023 are affected by the macroeconomic context of global inflation. Specifically, average inflation in Spain in 2022 stood at 8.40%. Consequently, in order to offset the loss of purchasing power, most companies are reviewing and adjusting employee compensation for 2023. Moreover, although director remuneration has not traditionally been tied to the CPI, it seems reasonable to review director remuneration in the context of such aggressive inflation, in the terms provided for in the directors' compensation policy and in light of the recommendations of the proxy advisors and best corporate governance practices.

Given the salary adjustments agreed for the Company's employees in 2023, as well as other published studies and analyses on this issue, it seems reasonable to propose raising the CEO's fixed remuneration by 4.5 percent.