



Borja Acha Besga
Secretary of the Board of Directors

Madrid, 29 April 2022

Pursuant to Article 227 of the Spanish Securities Market Act, Endesa, S.A. hereby reports the following significant information:

Reporting Related-Party Transactions

Endesa reports the related-party transactions entered into with its controlling shareholder Enel S.p.A. and its group of companies in the period from 26 January 2022 to 29 April 2022, in accordance with the provisions of articles 529 unvicies and 529 tervicies of the Corporate Enterprises Act, which establish the obligation of companies to publicly announce, no later than the time they are entered into, the related-party transactions carried out by it or companies in its group with the same counterparty in the last twelve months, and which amount to or exceed: (a) 5 per cent of the total assets or (b) 2.5 per cent of the annual amount of annual turnover.

With the approval by the Board of Directors on 29 April 2022 of the last of the related-party transactions described below, Endesa has exceeded the limit of 2.5 per cent of annual turnover as set out in section 529 unvicies.

It should be noted that Endesa has not entered into any related-party transactions with its controlling shareholder Enel S.p.A. and its group of companies since the entry into force of Law 5/2021 on 3 July 2021 until 26 January 2022.

I. LIST OF RELATED PARTY TRANSACTIONS CARRIED OUT WITH THE ENEL GROUP IN THE PERIOD FROM 1 JANUARY 2022 TO 29 APRIL 2022

1. Contracts for the provision of technical and management support services between the Enel Group and Endesa for 2022.
2. Renewal of the joint management agreement for methane tankers and FOB LNG contracts of US origin between Endesa Energía and Enel Global Trading for 2022.
3. Purchase contract for the sale of Homix Home devices by Endesa X Servicios S.L. to Enel X Italia S.r.l.

4. Contract between Endesa Energía and Endesa Operaciones y Servicios Comerciales with Codensa, relating to services related to the supervision of Call Centre and Telesales activities on the offshore platforms located in Colombia and Peru.
5. Provision of engineering services for the development of hydroelectric plant optimisation projects between Enel Green Power España, S.L.U. and Enel Green Power SPA.
6. Contracts for the provision of engineering and technical support services and works management by Endesa Ingeniería, S.L. to Enel Transmisión Chile, S.A.
7. Acquisition of a liquefied natural gas ship from Enel Generación Chile, S.A. by Endesa Energía, S.A..
8. Partial sale of Endesa X Servicios' electric mobility business, as well as related transactions associated with this sale.

II. CONCLUSION OF THE AUDIT AND COMPLIANCE COMMITTEE REPORTS

The Audit and Compliance Committee has issued a report for each of the related party transactions in which it has concluded that the transactions entered into are fair and reasonable from the point of view of Endesa and the shareholders other than the related party.

In addition, for all related transactions there is at least one independent expert's report that has concluded that the transactions between Enel and Endesa are fair and reasonable from the point of view of Endesa and non-related party shareholders.

III. CONCLUSION OF THE BOARD OF DIRECTORS

Endesa's Board of Directors, following a favourable report from the Audit and Compliance Committee, has unanimously approved all transactions.



REPORT OF THE AUDIT AND COMPLIANCE COMMITTEE ON THE FAIRNESS AND REASONABLENESS OF THE CONTRACTS FOR THE PROVISION OF TECHNICAL SERVICES AND MANAGEMENT SUPPORT BETWEEN THE ENEL GROUP AND ENESA FOR 2022

REPORT OF THE AUDIT AND COMPLIANCE COMMITTEE ON THE FAIRNESS AND REASONABLENESS OF THE CONTRACTS FOR THE PROVISION OF TECHNICAL SERVICES AND MANAGEMENT SUPPORT BETWEEN THE ENEL GROUP AND ENDESA FOR 2022

I. INTRODUCTION AND REGULATORY CONTEXT

In accordance with the provisions of section 3 of article 529 duovicies of the consolidated text of the Spanish Corporate Enterprises Act approved by Royal Legislative Decree 1/2010, of 2 July, Endesa's Audit and Compliance Committee issues this Report to assess whether the transaction is fair and reasonable from the point of view of the company and, where appropriate, shareholders other than the related party, and to give an account of the assumptions on which the assessment is based and the methods used.

In accordance with paragraph 3 of Article 529 unvicies, the Report issued and, where appropriate, published by Endesa's Audit and Compliance Committee, must at least include the following information:

- a) information on the nature of the transaction and the relationship with the related party,
- b) the identity of the related party,
- c) the date and the value or amount of the consideration for the transaction, and
- d) any other information required to assess whether this is fair and reasonable from the point of view of the company and of shareholders who are not related parties

On 21 December 2021, Endesa's Board of Directors approved a new Regulation on related-party transactions, after repealing the Regulation in force. In addition, on 21 December 2021 Endesa's Audit and Compliance Committee approved a new operational procedure for related-party transactions that develops the guidelines contained in the Regulation, defining the operations, functions and responsibilities of the general regime established for the application, approval, publication and supervision of related-party transactions. The regulation has been applied in this case.

II. BRIEF DESCRIPTION OF THE TRANSACTION

a) Purpose of the transaction.

Endesa and its subsidiaries have been receiving management support services and technical services from the Enel Group and its subsidiaries since 2009. During this time, the service delivery model has adapted to the changes in the Group's organisational structure and has introduced technical improvements.

The purpose of the transaction "**Contracts for the provision of technical services and management support between the Enel Group and Endesa during 2022**" is the provision of support services by the Enel Group to the Corporate areas of the Endesa Group, as well as the provision of Technical Services to its Business areas. These may also be regarded as reciprocity contracts, i.e., the Endesa Group may also provide services to the Enel Group.

It should be noted that the services proposed for the Corporate and Business areas are associated with procurement management activities, as well as the maintenance and development of computer and telecommunications systems.

The contracts are formalised between the supplier and service recipient with the following documents:

- Closed catalogue of services and activities, which are likely to generate utility or benefit for the recipient, together with a list of pre-established documents (deliverables) that can certify the effective provision of services.
- Quoted price of each service, established in accordance with the current Spanish transfer pricing regulations.

In 2021, the catalogue included 372 services (107 management support services and 265 technical services). In 2022, the catalogue will have 382 services, as compared to the 2021 catalogue (89 management support services and 293 technical services). Minor changes that do not affect the service catalogue were made, associated with the definition of activities that encompass some of the existing services and with the deliverables of each service.

The services are provided through the following contracts:

- **Support management**, Procurement and ICT services, provided by Enel, SpA to Endesa, S.A. and its subsidiaries. The management support services are provided to the Group companies under the following main categories or areas: Administration, Finance and Control (which include the Risk Control, Administration, Planning and Control and Financial and Insurance units), Human Resources, Communication, Legal and Corporate Affairs, Audit and Sustainability.
- **Technical**, Procurement and ICT services **for the Thermal Generation Business**, provided by Enel Global Thermal Generation SrL to Endesa Generación, S.A. and its subsidiaries: The services of the *Thermal Generation* business line are associated with the production of conventional electricity, focusing on the operation of coal, combined cycle and fuel-gas thermal power plants.
- **Technical**, Procurement and ICT services for the **Distribution Business**, provided by Enel Global Infrastructure & Networks SrL to Endesa Red, S.A. and its subsidiaries.
- **Technical**, Procurement and ICT services for the **Renewable Generation** business, provided by Enel Green Power SpA to Enel Green Power España S.L
- **Technical**, Procurement and ICT services **for the Supply Business**, provided by Enel Global Services to Endesa Energía S.A. and its subsidiaries.
- **Technical** and ICT services for **Endesa-X's Business**, provided by Enel X SrL to Endesa X Soluciones S.A.
- **Technical** and ICT services for the **Trading Business**, provided by Enel Global Trading, SpA to Endesa, S.A.
- In addition, and transversally, Enel (and its subsidiaries) provides **ICT services** to the Endesa Group. In particular, each business line has an operational group that has been specifically appointed to address all cybersecurity issues and matters, another operational group that provides technology and infrastructure services, as well as other services related to specific projects in each area.
- Finally, and as in the previous case, Enel (and its subsidiaries) provides **Procurement services** across all of Endesa's business lines.

➤ Contractual terms and conditions of the services:

- The contract will have a one-year duration and can be extended for successive periods of equal duration. The contracts shall be fully-executed from the date of authorisation of Endesa at the meeting of its Board of Directors, held on 26 January 2022, with effect from 1 January 2022 to 31 December 2022.

The contracts will be extended for a one-year period, unless express notice of termination is given by any of the parties in advance, and with the corresponding report of the Audit and Compliance Committee and approval of Endesa's Board of Directors. The Audit and Compliance Committee has established the need for the contract extension to be reviewed every year. The contract extension will be reviewed by the Audit and Compliance Committee. A specific mechanism has been established for any of the parties to request an update of the List of Services and in which the Supplier undertakes to provide a new List of Services with the updated prices two months before the contract is renewed.

- The contract may be terminated prior to the expiration of its term in the following cases:
 - Without prior notice, if one of the parties ceases to belong to the Enel Group. In this case, the parties shall negotiate the amounts due within a period of no more than two months and in good faith.
 - In the case of mutual agreement between the parties.
 - In the case of non-compliance with the obligations established in the agreement.

b) Transaction amount

➤ The contracts for the provision of Technical and Management Support Services by Enel, SpA and some of its subsidiaries to Endesa, S.A. and its subsidiaries are worth €138.31 million for the year 2022, with the following breakdown.

- Support Management, Procurement and ICT services provided by Enel, SpA to Endesa, S.A. and its subsidiaries: €23.20 million.
- Technical, Procurement and ICT services for the Thermal Generation Business, provided by Enel Global Thermal Generation SrL to Endesa Generación, S.A. and its subsidiaries: €19.12 million.
- Technical, Procurement and ICT services for the Distribution Business, provided by Enel Global Infrastructure & Networks SrL to Endesa Red, S.A. and its subsidiaries: €25.44 million.
- Technical, Procurement and ICT services for the Renewable Generation Business, provided by Enel Green Power SpA to Enel Green Power España S.L.: €23.86 million.
- Technical, Procurement and ICT services for the Supply Business, provided by Enel Global Services to Endesa Energía S.A. and its subsidiaries: €20.82 million
- Technical and ICT services for Endesa-X's Business, provided by Enel X SrL to Endesa X Soluciones S.A.: €12.08 million.
- Technical and ICT services for the Trading Business, provided by Enel Global Trading, SpA to Endesa, S.A.: €13.79 million.

This agreement also includes the renewal for 2022 of the Technical Service contracts provided by Endesa, S.A. to other subsidiaries of Enel SpA in the field of trading, worth €0.90 million.

➤ The price of the Services included in the contracts for the provision of Technical and Management Support Services by Enel, SpA and some of its subsidiaries to Endesa, S.A. and its subsidiaries is calculated as follows:

- In some cases, and where possible, such as prices based on the external cost incurred by Enel, without adding any margin; and
- In all other cases, such as re-invoicing of the costs incurred by Enel in the provision of the services, adding a margin (5%, 7% and 8%, depending on each case).
 - The costs associated with activities for the benefit of shareholders and those associated with duplicate services (those already carried out by the recipient), if any, will not be used to determine the cost.
 - If there are variations on the initial estimated price (per recipient), there may be changes on the final invoices. A new authorisation of the Audit and Compliance Committee is required when these variations exceed 10% of the contract value.
 - There are possible adjustments to the initial quoted price, (a) in case of deviations between the quote and real costs, or (b) in case of non-recurring services or services that are provided according to Endesa's real needs throughout the year. The initial quoted price must be adjusted in these cases to the service that is actually being provided.

III. IDENTIFICATION OF THE PARTY RELATED TO ENDESA:

Service providers: Enel SpA, Enel Global Service SpA, Enel Global I&N SpA, Enel Global Thermal Generation Spa, Enel Global Trading SpA, Enel Green Power SpA and Enel X SrL.

Service recipients: Endesa, S.A., Endesa Generación Portugal, S.A., Distribuidora Eléctrica del Puerto de la Cruz, S.A., Energías de Aragón I, S.L., E-Distribución Eléctrica, S.L., Empresa Carbonífera del Sur, S.A., Endesa Ingeniería, S.L., Endesa Energía, S.A., Energía XXI, S.L., Endesa Operaciones y Servicios Comerciales, S.L., Endesa Generación, S.A., Gas y Electricidad Generación, S.A., Unión Eléctrica de Canarias Generación, S.A., Endesa Red, S.A., Enel Green Power España S.L, Endesa Medios y Servicios, S.L and Endesa X Soluciones S.L.

Enel SpA is the sole shareholder of Enel Iberia S.L, which is in turn a shareholder of Endesa S.A with a 70.101% stake. Related-party transactions are those entered into by Endesa or its subsidiaries with Endesa's shareholders who hold 10% or more of the voting rights or who are represented on the Board of Directors, as well as with any other parties considered as parties related to Endesa, in compliance with the International Accounting Standards. Therefore, all transactions entered into by Endesa or its subsidiaries and Enel or its subsidiaries will be considered related-party transactions (excluding the Endesa Group¹).

Enel and its subsidiaries (excluding the Endesa Group) and Endesa and its subsidiaries are considered "the same counterparty" when calculating the thresholds to publish related-party transactions. In other words, the same counterparty is considered both the related person, whether natural or legal, as well as any other entity under its control, and, in the case of natural persons, close relatives, as defined in IAS 24.

IV. ANALYSIS OF THE TRANSACTION FROM THE POINT OF VIEW OF THE INTEREST OF ENDESA AND OF SHAREHOLDERS OTHER THAN RELATED PARTIES

a) Operational, technical and commercial rationality.

The proposed services are aimed at providing the necessary support to almost all of the Endesa Group's business lines (except for Nuclear Power) and all corporate areas, and are the contractual result of the business organisation and strategy shared by the Enel Group and the Endesa Group. The rationale of the proposed services is aimed at achieving the following goals and creating the following synergies:

- In general,
 - The globalisation of services as a means of capturing synergies since it allows the company to take advantage of the knowledge and experience of the solutions that have already been proposed in other countries, reducing not only the cost of development but also the time of resolution, and the prevention of future problems.
 - The provision of the service by Endesa or a third party contracted by Endesa would not allow the company to benefit from economies of scale, resulting in a higher cost of the service when compared to that provided by Enel, since it does not have the experience in other countries or can take advantage of synergies and cross-knowledge between the countries.
 - The correct execution of the business strategy shared by the Enel Group and the Endesa Group for each of the business lines and corporate areas is achieved.
 - The best practices resulting from the experience acquired by sharing knowledge that gives a competitive advantage to the recipients are transferred.
 - The processes and procedures are standardised and harmonised, facilitating the audit and compliance processes, with the consequent reduction of risks.
 - The same systems, platforms and applications are used, generating important synergies and economies of scale.
 - The functions within the organisation are rationalised through a correct distribution of the activities, avoiding their duplication, which results in cost savings and specialisation of the teams, making the resources more efficient.
- With regards to the *Procurement* and ICT services, in addition to the cost savings and improvement of efficiency, contracting volumes are added, with the resulting savings associated with economies of scale and the achievement of an optimum negotiating position at the time of contracting and when executing the contracts.

It is common practice to share services within a Group at the national and international level and, in particular, in the energy sector, which is a knowledge-intensive sector. Moreover, it would be unusual for the Enel Group not to provide these services, since it would prevent the Endesa Group from benefiting from being part of a Multinational Group (present in 30 countries) that operates across the entire value chain, from generation to supply, and this could leave the Endesa Group at a disadvantage with respect to its competition.

b) Economic rationality. Methods used

Pricing formula and relationship with the rationale of the transaction:

The goals of the proposed services and the pricing method are aligned for the following reasons:

- The company providing the service carries out the activity for the Group, avoiding duplicate roles/costs, distributing the cost among the different recipients, obtaining a lower unit cost at the recipient level.
- By concentrating the activity in a single supplier, the teams specialise in improving efficiency and effectiveness.

➤ Valuation of services:

The re-invoicing of costs plus a margin, distributed according to a distribution key, is a widespread practice, validated by the OECD in its Transfer Pricing Guidelines.

The transfer pricing policy applied in the provision of services involves invoicing all costs incurred in providing such services plus a margin:

- 0% in the cases in which an external cost is being re-invoiced (for example, and in the vast majority of cases, the cost of licences), to the extent that the remuneration of the service provider is determined by taking into account its internal costs only (and not external costs, on which no margin is applied);
- In other cases, 5, 7 or 8 percent, depending on the additional value provided by the contract.

The Net Operating Margin (**NOM**) method was used for the assessment of the market adequacy of the price agreed between the parties. The Operating Income on Total Costs (**OITC**) was used as an indicator of the level of profit to check whether transfer pricing has been established, in accordance with the arm's length principle.

For all the above, it can be concluded that the remuneration applied to the provision of services is consistent with the arm's length principle. Therefore, the economic rationality of the operation can be justified.

c) Other information

➤ Endesa's internal controls can help check that the M&T services are being provided by Enel to the service recipients in the required terms throughout the year.

- Prior to the approval of the contract, an independent expert will analyse the catalogue of services covered by the contract to prove that each of them is useful and necessary for Endesa. According to the contract, the cost base will not take into account those costs incurred by Enel as a result of shareholder activities (those inherent to their status as an Endesa shareholder) and duplicate activities (those already carried out by Endesa, without Enel's participation being required).
- The contract model establishes that the deliverables corresponding to each service must be determined prior to the provision of the services, in such a way that the effective provision of the service can be certified with documents after delivery.
- Each of Endesa's Managing Directors must examine the individual catalogue of services that Enel makes available to Endesa once a year, analysing it and accepting each service individually, on the understanding that there is a need and/or usefulness for the Company for each of the services.

- The CEO must approve the internal procedure that ensures that each of the Units receiving these services is assessing and controlling the services being received and their documents, so that this serves as support and backs the conclusions that must finally be drawn up by the Independent Expert assessing the results. In this regard, Operational Instruction No. 516 "Internal Control with respect to the Technical and Management Support Services provided by Enel to Endesa" was published on 1 April 2017 and has been followed after it was published.
- Endesa's Audit Department will supervise the execution of this contract directly, ensuring the effective approval and compliance with the internal procedure mentioned above. The result of its activity will be reported every six months to the Audit and Compliance Committee.
- The contract establishes an annual duration, with the possibility of terminating it at the end of each year, requiring a two-month notice, which guarantees the dynamic adaptation of the same to the interests and needs of Endesa.

In addition, Endesa will commission a top-level independent expert to analyse the documents received from Enel and have the expert prepare and submit a report to the Audit and Compliance Committee on:

- The actual Services provided, which will involve reviewing and ensuring that the deliverables made available to Endesa correspond to those agreed in the Contract, and that such deliverables adequately prove that the Services have been provided in the manner required by Endesa in the Contract; and
- The consistency of the price invoiced by Enel: for which the following will be checked: (i) that the cost-sharing criterion has been correctly applied to those services assessed using the increased cost method; (ii) that the internal services that can be compared are suitable and sufficient from the point of view of Spanish taxes; and (iii) that the hours, persons or resources used by Enel in providing the services are reasonable.

These checks make it possible to reinforce the conclusions of this report.

V. INDEPENDENT EXPERT REPORTS ISSUED AT THE REQUEST OF THE AUDIT AND COMPLIANCE COMMITTEE

The Audit and Compliance Committee has taken into account the following reports when analysing the transaction:

- Report prepared by Garrigues Legal on the contractual documents.
- Report prepared by Ernst & Young Abogados, S.L.P. on the fairness and reasonableness of the contracts being analysed.
Ernst & Young Abogados, S.L.P has issued its Report in its capacity as an independent expert. On the date the report was issued, EY Abogados did not maintain any sort of commercial relations with the Enel Group or with the Endesa Group that could compromise its condition as an independent expert for the purposes of issuing this Report or that, in particular, could place them in a situation of conflict of interest to conduct the analysis and draw up the conclusions set out therein.

The Report issued for Endesa's Audit and Compliance Committee assesses the actual benefit obtained by Endesa Group entities from the M&T services, with particular emphasis on the

need for all services, based on the general market practices (i.e. analysing whether Endesa Group entities could have carried out such activities autonomously, more effectively and efficiently than a third party, or whether they would have been able to obtain such services from third parties on the market under better conditions than those planned by Enel).

After analysing the M&T Services to be provided within the Enel/Endesa Group, based on the information received as well as the exchange of information between Endesa and EY Abogados, it can be concluded that the provision of such services by Enel to Endesa provides, among others, the following advantages:

- A rationalisation of the corporate functions through the correct distribution of the activities, avoiding the duplication of the same;
- Specialised teams, increasing the efficiency of the resources, while transferring the best practices of suppliers to the different Group companies, as a result of the experience acquired by their presence in the different countries in which they operate;
- Processes and procedure standardisation and homogenisation;
- Addition of total volumes when taking out the services.

This translates into cost savings, the improvement of operational efficiency, risk reduction and the generation of economies of scale and a better position and greater bargaining power in the market.

For all these reasons, it can be concluded that Enel is the best possible provider (technical and/or commercial rationality of the transaction), and that the remuneration applied is in line with the principle of full competition (economic rationality).

Therefore, the report concludes that the provision of the M&T services to be provided by Enel to Endesa (and its subsidiaries) described above is fair and reasonable from the point of view of Endesa and shareholders who are not related parties.

VI. CONCLUSION OF THE AUDIT AND COMPLIANCE COMMITTEE:

First, it must be stated that the Audit and Compliance Committee is made up of five non-executive members of the Board of Directors, four of whom (80%) are independent. The Committee also includes a Proprietary Director representing the controlling shareholder Enel, which owns 70.10% of Endesa's shareholding.

In accordance with paragraph 3 of Article 529 duovicies of the Corporate Enterprises Act, Alberto de Paoli, Proprietary Director, representative of Enel, has not participated in the preparation of this Report.

All other members of the Audit and Compliance Committee have participated and agreed on the content of this Report on the "**Contracts for the provision of technical services and management support between the Enel Group and Endesa during 2022**"

In accordance with the background information mentioned above, the Audit and Compliance Committee concludes that with the contracts subject to the analysis:

- The correct execution of the business strategy shared by the Enel Group and the Endesa Group for each of the business lines and corporate areas is achieved.
- The centralisation of services allows large volumes to be generated, resulting in economies of scale and allowing the company to receive more advantageous offers.
- The processes and procedures are standardised and harmonised for all services, which facilitates audit and compliance processes, with the consequent reduction of risks.

- By centralising services, businesses are managed globally, i.e., the same systems, platforms and applications are used, creating great synergies and economies of scale.
- The functions within the organisation are rationalised through a correct distribution of the activities, avoiding their duplication, which results in cost savings and specialisation of the teams, making the resources more efficient.
- The remuneration associated with the provision of services is consistent with the arm's length principle and, therefore, the economic rationality of the transaction is justified.
- The contract has a series of internal controls that help verify that they are effectively being provided by Enel on the required terms throughout the year and by the recipient entities.

In view of the above, the Audit and Compliance Committee concludes that the contracts for the Technical and Management Support Services to be provided by Enel, SpA and some of its subsidiaries to Endesa, S.A. and its subsidiaries, and the Technical Services of the Energy Management Business to be provided by Endesa, S.A to Enel Global Trading SpA during the business year ending on 31 December 2022 are fair and reasonable from the point of view of Endesa and its shareholders other than the related party.

VII. CONCLUSION OF THE BOARD OF DIRECTORS

Endesa's Board of Directors, following a favorable report from the Audit and Compliance Committee, has unanimously approved all transactions.

The logo for Endesa, featuring the word "endesa" in a lowercase, blue, sans-serif font. The letters are slightly spaced out, and the 'e' and 'a' have a unique design with a horizontal bar extending from the middle.A larger version of the Endesa logo, identical in style to the one above, positioned centrally on the page.

REPORT OF THE AUDIT AND COMPLIANCE COMMITTEE ON THE FAIRNESS AND REASONABLENESS OF THE RENEWAL OF THE JOINT MANAGEMENT AGREEMENT FOR LNG CARRIERS AND OF THE FOB CONTRACTS FOR LNG OF US ORIGIN BETWEEN ENDESA ENERGÍA AND ENEL GLOBAL TRADING FOR 2022

REPORT OF THE AUDIT AND COMPLIANCE COMMITTEE ON THE FAIRNESS AND REASONABLENESS OF THE RENEWAL OF THE JOINT MANAGEMENT AGREEMENT FOR LNG CARRIERS AND OF THE FOB CONTRACTS FOR LNG OF US ORIGIN BETWEEN ENDESA ENERGÍA AND ENEL GLOBAL TRADING FOR 2022

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In accordance with paragraph 3 of Article 529 unvicies, the Report issued and, where appropriate, published by Endesa's Audit and Compliance Committee, must at least include the following information:

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- b) the identity of the related party,
- c) the date and the value or amount of the consideration for the transaction, and
- d) any other information required to assess whether this is fair and reasonable from the point of view of the company and of shareholders who are not related parties

On 21 December 2021, Endesa's Board of Directors approved a new Regulation on related-party transactions, after repealing the Regulation in force. In addition, on 21 December 2021 Endesa's Audit and Compliance Committee approved a new operational procedure for related-party transactions that develops the guidelines contained in the Regulation, defining the operations, functions and responsibilities of the general regime established for the application, approval, publication and supervision of related-party transactions. The regulation has been applied in this case.

II. BRIEF DESCRIPTION OF THE GENERAL TRANSACTION

a) Purpose of the transaction.

The purpose of the transaction is the "**Renewal of the joint management agreement for LNG carriers and of the FOB contracts for LNG of US origin**" between Endesa Energía and Enel Global Trading (EGT) for 2022. The estimated value of the Joint Management Agreement for the Shipping business calculated according to the market prices on 10 January 2022 is €55.2M. In any case, the Audit and Compliance Committee will be informed of the final amount of the transactions and, if these exceed the estimated amount by 50%, they will be submitted again to the Board of Directors for their authorisation.

This renewal includes a fourth Addendum to the Agreement, which will involve the implementation of limited amendments.

The agreement regulates the joint management of carriers and the joint management of LNG contracts:

Joint carrier management: The operational management of carriers is coordinated by a central management team, made up of **Endesa, S.A.** ("Endesa") and **Enel Global Trading S.p.A** ("EGT") staff, which covers only the shipping corresponding to the US Free On Board (FOB) contracts of both

companies. The ownership of the contracts shall not change. Each company shall maintain the ownership of its charter policies, as well as its obligations to the ship operator. However, re-invoicing mechanisms will be defined to adjust the balance of payments according to the rights of use (for the structural fleet) and according to the effective use for spot charters.

Service LNG contract management: The agreement for the joint management of LNG contracts aims to optimise the resources by performing different activities, such as annual contract planning, as well as to take advantage of the operational opportunities that may arise. The possibility of performing physical swaps of intra-month LNG at the same price is contemplated (it does not imply money transfers between Endesa and Enel).

b) Transaction amount

➤ The price of the shipping transactions operations between Endesa Energía and EGT will be established in the following process:

- The management team will prepare the structural schedules on the basis of the contracts at the start of each period, according to the estimated needs, with the aim of minimising the maritime transport costs.
- The rights of use shall be allocated to the carriers (days of use per year) and the average price of the structural fleet shall be determined.
- If necessary, spot gas will be purchased to cover differences between the structural fleet and the total needs.
- Each company will be responsible for paying for its carriers to the ship operator, according to the terms of its own contracts.
- The amount paid by each company will be readjusted every quarter according to the corresponding amount, depending on its rights of use and the use of the additional spot price, according to the allocation factor.
- In the case of surplus capacity, LNG can be sold to the market or exchanged between companies at market prices,
- Additional spot purchases of carriers made during the year if these are due to the joint management activity, they will be distributed between both parties, using the corresponding distribution factors, and if they are due to causes not contemplated in the schedules or associated with the shipping management processes, the company requesting the purchase shall assume the cost.
- The costs associated with each trip (loading, unloading and channels) will be charged to the owner of the LNG carrier for the specific trip.
- If the changes in the shipping schedule are brought about by one of the parties, the costs or revenues derived from these changes will be passed on to the party originating them,

The allocation factor will be determined at the start of the period, based on the volume of contracts of each company, and the quarterly adjustments will be made based on the average structural and spot fleet prices obtained from the initial schedule.

The adjustment will be calculated as the difference between the costs that are already borne by each company and the cost, according to the assigned use, reviewing the allocation percentages established at the start to ensure that they reflect the changes with respect to the initial shipping needs in the medium term. The initially quoted price may be adjusted if there are deviations between the quoted and real costs.

The reason for using carriers of a specific company is exclusively due to the result of the joint optimisation of the fleet. Each trip is made with the carrier in the optimum position to minimise the total cost.

Therefore, the estimated² value of the Joint Management Agreement for the Shipping business would be \$62.5M (\$55.2M), calculated as the sum of the amount paid to Enel for using its carriers, the amount charged from Enel for the use of Endesa's carriers, and the amount received for the quarterly adjustments.

Likewise, the proposed agreements do not include intra-group LNG sales. In the event that these are carried out, they must be authorised by the Board of Directors after a report is submitted to the Audit and Compliance Committee, since this will be regarded a new transaction between related parties.

The price of these services provided reciprocally between Endesa and EGT has been calculated as the re-invoicing of the costs incurred in providing such services and a 5% margin.

Variations on the initially estimated price of +/- 10% may be invoiced without the need for additional approval.

III. IDENTIFICATION OF THE PARTY RELATED TO ENDESA

As party of the first part, **Endesa Energía, S.A.U. ("Endesa Energía")** is a fully-owned subsidiary of Endesa, S.A.

As party of the second part, **Enel Global Trading S.p.A. ("EGT")** is a fully-owned subsidiary of Enel S.p.A.

Enel SpA is the sole shareholder of Enel Iberia S.L, which is in turn a shareholder of Endesa S.A with a 70.101% stake. Related-party transactions are those entered into by Endesa or its subsidiaries with Endesa's shareholders who hold 10% or more of the voting rights or who are represented on the Board of Directors, as well as with any other parties considered as parties related to Endesa, in compliance with the International Accounting Standards. Therefore, all transactions entered into by Endesa or its subsidiaries and Enel or its subsidiaries will be considered related-party transactions (excluding the Endesa Group³).

Enel and its subsidiaries (excluding the Endesa Group) and Endesa and its subsidiaries are considered "the same counterparty" when calculating the thresholds to publish related-party transactions. In other words, the same counterparty is considered both the related person, whether natural or legal, as well as any other entity under its control, and, in the case of natural persons, close relatives, as defined in IAS 24.

IV. ANALYSIS OF THE TRANSACTION FROM THE POINT OF VIEW OF THE INTEREST OF ENDESA AND OF SHAREHOLDERS OTHER THAN RELATED PARTIES

1. Operational, technical and/or commercial rationality

The main purpose of the Agreement adopted between Endesa Energía and Enel is to increase flexibility and take advantage of the synergies of the Enel Group's operations.

In this way, the transaction allows the following: (i) design and preparation of the gas strategy, (ii) management of forward gas contracts, (iii) transfer of contracts, (iv) management of the wholesale margin, and (v) operational management of the gas, all of which will be carried out with a global approach, in addition to (i) management of the commercial margin and the pricing strategy, (ii) customer management, (iii) local logistics management, (iv) risk management, and (v) hedging execution, all of which will be carried out individually by each company.

It is therefore reasonable to have a centralised management model in accordance with the Enel Group's Strategic Plan and Endesa's Strategic Plan, which allows EGT and Endesa Energía to optimise the

² Estimate calculated with market prices on 10 January 2022.

³ Endesa Group: with regards to the internal regulations associated with related-party transactions, the term "Endesa Group" refers to Endesa, S.A. and its subsidiaries, as described in Article 42 of the Code of Commerce.

carrier fleet, with the aim of maximising the value of contracts (maximising revenues and minimising costs). Moreover, the Joint Management Unit, conceived as a market operator with a more solid position and greater negotiation capacity than EGT and Endesa Energía separately, results in a greater use of opportunities and greater competitiveness in obtaining price offers.

Therefore, the advantages derived from the Joint Management Agreement for LNG carriers and the FOB contracts for LNG of US origin are summarised below:

- **Positioning and strategy.** The joint management of shipping and LNG contracts enhances strategic positioning, maximising synergies in the operation of assets and minimising the costs and risks associated with the activity. In addition, it allows a response to be given to specific incidents that may alter the amount of LNG available in an agile manner and to complete purchase and sale transactions that respond to the financial interests of Endesa Energía and EGT, provided that the financial conditions are beneficial to both companies.
- **Operational capacity.** Joint action increases the fleet usage efficiency, allowing the optimisation of routes according to the needs of Endesa Energía and EGT (incorporating certain variables, such as the calculation of times, distances and routes and making the relevant adjustments, according to each situation). In addition, it can streamline the response to any need avoiding the need for constant carrier sub-charter processes. Moreover, the use of opportunities and their geographical scope is expanded, contributing to better risk management.
- **Risks.** The economic risks inherent to the activity are reduced through joint action, contributing to the partial mitigation of such risks. An increase in the management capacity mitigates the risks associated with the shipping activity (cargo losses, delays, weather changes, etc.). Likewise, the larger number of joint resources allows both companies to deal more easily with events that have occurred and to overcome them with success.
- **Costs.** The capacity to perform intra-group LNG transactions between Endesa Energía and EGT prevents the need to purchase resources from the market, saving the associated costs, reducing risks for the counterparty, increasing the security of supply and improving margins. Likewise, it offers savings in port costs derived from economies of scale (tugboats, pilots, moorings, etc.), thus optimising how activities are planned and avoiding the unnecessary transfer of assets.
- **Autonomy.** A high degree of independence is available in decision-making through joint action, using a centralised management model. In this regard, the model is not only used to manage and coordinate the activities to be carried out centrally, but it allows both companies to take advantage of synergies and become more cost-effective, giving each company a high degree of autonomy, to the extent that they can manage their own carriers.

Therefore, joint management is presented as the market trend that improves the position and strategy of companies, while maximising the operational efficiency of assets and mitigating the costs and risks inherent to the activity, provided that the joint management practices are carried out according to a series of predefined rules that guarantee that benefits are obtained without penalising the interests or transactions of any of the parties.

2. Guarantees set forth

The Joint Management Unit shall send the necessary justification documents to each party within a period of two months after the end of the term of the Agreement to justify the provision of reciprocal services and allow the review of at least the following aspects, although not limited to these aspects:

- The Shipping schedule and possible adjustments to the one sent prior to the start of the corresponding validity period will be executed.
- The factors and criteria used to assign Shipping contracts.
- The average prices of Shipping applied during the period.
- Sales to third parties or between the parties and spot Shipping purchases under the terms and conditions set forth.
- The adjustments between the parties derived from the Use Factor.

The review will be conducted by independent experts.

In case of disagreement in the execution of the Agreement, the parties will apply the dispute resolution system stated in clause 18 of the Agreement, by which they undertake to negotiate for 15 days; any agreement reached will require the approval of Endesa's Audit and Compliance Committee. If no agreement is reached, the parties shall submit the dispute to three arbitrators appointed by the International Chamber of Arbitration based in Paris.

3. Economic reasonableness

The OECD Guidelines establish that, in order for an intra-group provision of services to comply with the arm's length principle, it is necessary to determine whether the activities carried out by the provider generate a benefit to the recipient (benefit test), so that an independent third party would have been willing to carry out the activities covered by the services or to engage with another entity for such purposes. In turn, this requirement is enunciated in article 18.5 of the Corporate Tax Law, establishing the generation of an advantage or utility to the recipient as a necessary condition for the determination of the existence of an intra-group service.

The Joint Management of LNG carriers and FOB LNG Contracts of US origin arises from the need to optimise the use of contracted carriers to meet the needs of both companies. This allows Endesa Energía and EGT to benefit from operational agility and efficiency, increasing their incident management capacity and allowing them to make greater use of business opportunities, while optimising the human, material and technical resources.

The expected mutual and proportional benefits are critical for independent companies to agree on sharing the consequences of pooling resources and skills. The reasonable expected benefit derived from the joint management of the activities will be identified when this distribution system is implemented within the context of a joint management transaction of shipping and FOB LNG contracts, which will be compared to the individual management of the activity, thus justifying the closure of the transaction at the price established by the third-party ship operator under the policy contracts provided.

With regards to the adequacy of the market value principle, on the basis of the comparability analysis conducted by PwC and in accordance with paragraph 2.14 of the OECD Guidelines and Article 18.4 of the LIS, it has been concluded that the Comparable Uncontrolled Price ("CUP") method is the most appropriate to justify that the price established in the related-party transactions carried out in the context of the joint management transaction associated with shipping and FOB LNG contracts between Endesa Energía and EGT is in line with the principle of free competition.

The system established to determine the price of related-party transactions is based on a price distribution system established by independent third parties (both of the carriers that each company contributes through the policies signed with third-party ship operators and of the spot vessels that need to be acquired as a result of the schedules), based on the percentage days of use allocated to each company. Therefore, information is available on comparable transactions carried out between independent third parties, allowing the CUP method to be applied through external comparable services.

In addition, to control that these transactions are completed at market prices, they will be compared with the reference monthly prices calculated with the average weekly references of at least the following firms (or of other similar firms in good standing): Braemar, Gibson, Poten & Partners, Simpson Spence Young and Fearnley LNG, ensuring that the variation is of a maximum of 2%.

The annual distribution of costs between EGT and Endesa Energía is calculated with the volume of contracts of each company, as established in the Joint Management Agreement. The distribution key used is linked to the profit obtained (or likely to be obtained) by the entity receiving the services, so it can be reasonable to conclude that it meets the rationality criterion established in the regulations of related-party transactions for the distribution of the consideration among the entities benefiting from the services.

For all the above, it is concluded that the method used to determine the price of the related-party transaction between Endesa Energía and EGT is consistent with the prices that independent parties would have agreed under similar circumstances. Therefore, it can be concluded that this transaction is fair and reasonable from the point of view of Endesa and, in particular, of shareholders other than the related party, that is, shareholders other than the Enel Group.

V. INDEPENDENT EXPERT REPORTS ISSUED AT THE REQUEST OF THE AUDIT AND COMPLIANCE COMMITTEE

The Audit and Compliance Committee has taken into account the following reports when analysing the transaction:

- The Report prepared by PricewaterhouseCoopers Tax and Legal S.L. and PricewaterhouseCoopers Asesores de Negocios, S.L. (hereinafter "PwC") on the fairness and reasonableness of the renewal of the contract being analysed.

PwC has issued its Report in its capacity as an independent expert. On the date the report was issued, PwC did not maintain any sort of commercial relations with the Enel Group or with the Endesa Group that could compromise its condition as an independent expert for the purposes of issuing this Report or that, in particular, could place them in a situation of conflict of interest to conduct the analysis and draw up the conclusions set out therein.

In the Report issued for Endesa's Audit and Compliance Committee, it can be concluded that joint management enhances the company's position and strategy, maximises the operational efficiency of assets and mitigates the costs and risks inherent to the activity, provided that such management practices are carried out according to predefined rules that guarantee that benefits are obtained without having a negative impact on the interests or transactions of any of the parties (technical and/or commercial rationality of the transaction), and that the price fixed agreed between the parties (economic rationality) and the contractual conditions are in accordance with the arm's length principle. It is therefore concluded that the Joint Management Agreement for LNG carriers and FOB contracts for LNG of US origin between Endesa Energía and EGT described in this document is fair and reasonable from the point of view of Endesa and its shareholders who are not related parties.

VI. CONCLUSION OF THE AUDIT AND COMPLIANCE COMMITTEE

First, it must be stated that the Audit and Compliance Committee is made up of five non-executive members of the Board of Directors, four of whom (80%) are independent. The Committee also includes a Proprietary Director representing the controlling shareholder Enel, which owns 70.10% of Endesa's shareholding.

In accordance with paragraph 3 of Article 529 duovicies of the Corporate Enterprises Act, Alberto de Paoli, Proprietary Director, representative of Enel, has not participated in the preparation of this Report.

All other members of the Audit and Compliance Committee have participated and agreed on the content of this Report on the "**Renewal of the Joint Management Agreement for LNG carriers and the FOB contracts for LNG of US origin between Endesa Energía and EGT**".

Based on the background information discussed above, the Audit and Compliance Committee concludes that the joint management agreement:

- It is the practice that enhances the position and strategy of companies, maximising compliance with Endesa's Strategic Plan.
- It maximises the operational efficiency of assets and routes, maximising profits and mitigating the costs and risks inherent to the activity.
- It allows the optimisation of the human, material and technical resources.
- It strengthens and broadens the market position, providing it with a greater capacity and bargaining power.
- It allows the companies to benefit from the associated opportunities and synergies, in addition to increasing their geographical scope, contributing to better risk management.
- It reduces the costs derived from the new LNG transactions available in the market, increasing the security of supply and improving margins.
- The method used to determine the price of the related-party transaction is in line with the principle of free competition.

- The contractual terms of the related-party transaction are set in the usual terms for these types of transactions, so they are reasonable.
- Specific mechanisms for guarantees and to review the execution of the Agreement and dispute resolution cases are established in terms similar to those agreed by independent parties.

The Audit and Compliance Committee concludes that the renewal of the Joint Management Agreement for LNG carriers and the FOB LNG contracts of US origin between Endesa Energía and EGT during the 2022 financial year is fair and reasonable from the point of view of Endesa and its shareholders other than the related party.

VII. CONCLUSION OF THE BOARD OF DIRECTORS

Endesa's Board of Directors, following a favorable report from the Audit and Compliance Committee, has unanimously approved all transactions.

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Report of the Audit and Compliance Committee on the fairness and reasonableness of the contract for the sale of Homix Home devices by Endesa X Servicios S.L. to Enel X Italia S.r.l.

Report of the Audit and Compliance Committee on the fairness and reasonableness of the contract for the sale of Homix Home devices by Endesa X Servicios S.L. to Enel X Italia S.r.l.

I. INTRODUCTION AND REGULATORY CONTEXT

In accordance with the provisions of section 3 of article 529 duovicies of the consolidated text of the Spanish Corporate Enterprises Act approved by Royal Legislative Decree 1/2010, of 2 July, Endesa's Audit and Compliance Committee issues this Report to assess whether the transaction is fair and reasonable from the point of view of the company and, where appropriate, shareholders other than the related party, and to give an account of the assumptions on which the assessment is based and the methods used.

In accordance with paragraph 3 of Article 529 unvicies, the Report issued and, where appropriate, published by Endesa's Audit and Compliance Committee, must at least include the following information:

- a) information on the nature of the transaction and the relationship with the related party,
- b) the identity of the related party,
- c) the date and the value or amount of the consideration for the transaction, and
- d) any other information required to assess whether this is fair and reasonable from the point of view of the company and of shareholders who are not related parties

On 21 December 2021, Endesa's Board of Directors approved a new Regulation on related-party transactions, after repealing the Regulation in force. In addition, on 21 December 2021 Endesa's Audit and Compliance Committee approved a new operational procedure for related-party transactions that develops the guidelines contained in the Regulation, defining the operations, functions and responsibilities of the general regime established for the application, approval, publication and supervision of related-party transactions. The regulation has been applied in this case.

II. BRIEF DESCRIPTION OF THE TRANSACTION

a) Purpose of the transaction.

The purpose of the transaction is the sale of Homix Home devices by Endesa X Servicios S.L. (Endesa X) to Enel X Italia S.r.l. (Enel X).

Homix Home is a smart home ecosystem designed to manage energy efficiency that works through a series of smart devices, such as thermostats, light bulbs, presence and door opening/closing sensors, cameras or air-conditioning controllers. These devices can only be connected to the Smarthome platform offered by Enel X and Endesa X to their customers.

On 7 November 2019, Endesa Energía, S.A. ("Endesa Energía")⁴ and Sercomm signed a contract with the aim of regulating the terms and conditions under which Sercomm, at the request of Endesa Energía, would supply the specific models of the Homix Home device with their corresponding features at a price determined according to the volume requested.

⁴ It should be noted that there is a partial spin-off of Endesa Energía and Endesa Ingeniería, S.L. into Endesa X Servicios, S.L. in July 2020, which is why, although the initial contract is signed between Endesa Energía and Sercomm, it is Endesa X Servicios S.L. that sells 2,500 devices to Enel X S.r.l.

Sercomm Corporation, which has developed this product exclusively for the Enel Group, decided to stop manufacturing the Homix Home device.

The purpose of the transaction is the subscription of a contract for the purchase and sale of the devices with Enel X, including the following main terms and conditions:

- Payment of the purchase price by Enel X within 30 days after the corresponding invoice was issued.
- The cost of shipping the Homix Home devices from Spain to Italy would be borne by Enel X.
- Endesa X would be held liable for the costs in case of loss or deterioration of the devices until delivery.
- Exemption from liability of Endesa X vis-à-vis end customers for the warranty of Homix Home devices from delivery.
- Exemption from liability of Endesa X against Enel X for eviction or remedy of hidden defects and warranties.

b) Transaction amount.

The total amount of the Homix Home devices sold by Endesa X Servicios S.L. (Endesa X) to Enel X Italia S.r.l. (Enel X) is €125,568,80.

The devices will be sold by Endesa X to Enel X at exactly the same amount as that invoiced by Sercomm Corporation to Endesa Energía for the devices sold (initial price minus the corresponding volume purchase discount).

III. IDENTIFICATION OF THE PARTY RELATED TO ENDESA:

Selling company: Endesa X Servicios S.L. (hereinafter "Endesa X"), a fully-owned subsidiary, indirectly, of Endesa, S.A. Endesa, S.A., a Spanish listed public limited company ("Endesa").

Purchasing company: Enel X, S.l.r., (hereinafter "Enel X") a fully-owned subsidiary of Enel S.p.A.

Enel SpA is the sole shareholder of Enel Iberia S.L, which is in turn a shareholder of Endesa S.A with a 70.101% stake. Related-party transactions are those entered into by Endesa or its subsidiaries with Endesa's shareholders who hold 10% or more of the voting rights or who are represented on the Board of Directors, as well as with any other parties considered as parties related to Endesa, in compliance with the International Accounting Standards. Therefore, all transactions entered into by Endesa or its subsidiaries and Enel or its subsidiaries will be considered related-party transactions (excluding the Endesa Group)

Enel and its subsidiaries (excluding the Endesa Group) and Endesa and its subsidiaries are considered "the same counterparty" when calculating the thresholds to publish related-party transactions. In other words, the same counterparty is considered both the related person, whether natural or legal, as well as any other entity under its control, and, in the case of natural persons, close relatives, as defined in IAS 24.

IV. ANALYSIS OF THE TRANSACTION FROM THE POINT OF VIEW OF THE INTEREST OF ENDESA AND OF SHAREHOLDERS OTHER THAN RELATED PARTIES

1. Operational, technical and commercial rationality.

The agreement between Endesa X and Enel X for the sale of Homix Home devices in stock by the former is in line with Endesa X's strategy and commercial policy since it allows the company to dispose of part of its stock of devices that were not expected to be sold to its customers before 30 June 2022. This solution does not affect its commercial policy, since it shall not be selling all of the devices in stock, so it allows it to continue with its sales, while allowing Endesa X to start marketing the new version of the devices with new features later, which will allow them to compete with other major tech players.

These devices were exclusively designed and manufactured to be sold to the Enel Group, the functionality of which is limited to the connection to Enel X's own Smarthome platform. Therefore, although they can be sold to third parties, they would need the Enel X platform to run.

Moreover, this transaction would not require Endesa X to cover the storage costs for unsold products.

2. Economic rationality. Methods used

The Comparable Uncontrolled Price ("CUP") method has been chosen to check the compliance with the market value principle for the sale of devices between Endesa X and Enel X. It involves comparing the price of the good in a transaction between related-party entities with the price of an identical good or of similar characteristics between independent entities in comparable circumstances.

In accordance with paragraph 7.31 of the OECD Guidelines, the CUP method shall be the most appropriate method if there is a comparable service provided between independent undertakings in the market in which the service recipient operates (external comparison), or where an associated undertaking provides services to an independent undertaking in comparable circumstances (internal comparison). For this reason, in these cases, the CUP method is preferred to all other methods, as described in paragraph 2.15 of the OECD Guidelines.

The price established for the sale of Homix Home devices by Endesa X to Enel X is determined by the terms and conditions established between Endesa X and Sercomm, a supplier not associated with the Enel Group. Therefore, considering that there is available information on comparable transactions carried out by Endesa X with independent entities (internal comparison), the CUP method can be selected to check compliance with the market value principle of the transaction being analysed.

The sale price of Homix Home devices by Endesa X to Enel X is established on the basis of the terms and conditions agreed between Endesa X and Sercomm, a supplier not associated with the Enel Group. In other words, Endesa X sells the devices at exactly the same price as the price they were purchased from the supplier, Sercomm.

Therefore and according to the OECD Guidelines, it can be concluded that the price determined for the transaction is consistent with the comparable free price, given that the price agreed between Endesa X and Enel X is comparable to that established between an independent supplier (Sercomm) and Enel X / Endesa X and that it constitutes the best option available to Endesa X. Therefore, the economic rationality of the transaction is justified for such reason.

In addition, the provisions of section D.1.5 of the OECD Guidelines on the Influence of Business Transfer Pricing Strategies should be taken into account. In this regard, paragraph 1.114 of the OECD Guidelines states that "business strategies should also be examined to define the transaction and determine the degree of comparability for transfer pricing purposes. These strategies cover a large number of company aspects, such as innovation and the development of new products, degree of diversification, risk aversion, assessment of political changes, impact of current labour laws and others in progress, duration of agreements, and other factors that have an impact on the day-to-day management of the company. It may be necessary to take these business strategies into account when determining the comparability between related-party and unrelated-party transactions, and between related and independent companies". For Endesa X, it is critical to dispose of all the stock of Homix Home devices so it can market the new version of the device as soon as possible. The new supplier is currently working on this new version.

Considering all the above, it is reasonable for Endesa X to sell the Homix Home devices to Enel X at the initial purchasing price.

V. INDEPENDENT EXPERT REPORTS ISSUED AT THE REQUEST OF THE AUDIT AND COMPLIANCE COMMITTEE

The Audit and Compliance Committee has taken into account the following report when analysing the transaction:

- Report by PricewaterhouseCoopers Tax & Legal, S.L. (hereinafter, "PwC Tax & Legal") and PricewaterhouseCoopers Asesores de Negocios, S.L. (hereinafter, "PwC Asesores de Negocios"), on the fairness and reasonableness of the contract being analysed.

The Report was issued by PwC Tax & Legal and PwC Asesores de Negocios as independent experts, having ensured that PwC Tax & Legal and PwC Asesores de Negocios have no commercial relationship with Enel Group or Endesa Group at the time the Report was issued, which could affect them as independent experts issuing the Report or, in particular, which could create a situation of conflict of interests during the analysis and when drawing up the conclusions of the Report.

The Report issued for Endesa's Audit and Compliance Committee assesses the operational and strategic reasonableness of the transaction, the economic reasonableness and the legal and commercial reasonableness, emphasizing the suitability of the sale in all these aspects in accordance with the criteria indicated in its report.

All in all, it can be concluded that this transaction is fair and reasonable from the point of view of Endesa and, in particular, of shareholders other than the related party, that is, shareholders other than the Enel Group.

VI. CONCLUSION OF THE AUDIT AND COMPLIANCE COMMITTEE

First, it must be stated that the Audit and Compliance Committee is made up of five non-executive members of the Board of Directors, four of whom (80%) are independent. The Committee also includes a Proprietary Director representing the controlling shareholder Enel, which owns 70.10% of Endesa's shareholding.

In accordance with paragraph 3 of Article 529 duovicies of the Corporate Enterprises Act, Alberto de Paoli, Proprietary Director, representative of Enel, has not participated in the preparation of this Report.

All other members of the Audit and Compliance Committee have participated and agreed on the content of this Report on the **"Contract for the sale of Homix Home devices by Endesa X Servicios S.L. to Enel X Italia S.r.l."**

Based on the background information discussed above, the Audit and Compliance Committee concludes that:

- The comparable free pricing method used to determine the selling price of Homix Home devices complies with the market value principle.
- Endesa X does not plan to sell all of its devices in stock, so it is advisable to sell them to Enel X.
- The Homix Home device cannot be easily sold to third parties, since these devices have solely been designed to connect to Enel X's Smarthome platform. Therefore, the best option for Endesa is to sell them to Enel X.
- The sale of these devices prevents Endesa X from disposing of these devices from the inventory at zero price.
- The sale of the devices by Endesa X to Enel X does not have a direct impact on Endesa's commercial policy since the company shall not sell the entire stock.
- The devices are sold for the initial purchase price paid to the manufacturer, so there are no additional costs.

- Following the sale, Endesa X will strengthen its strategy for the second half of 2022 by focusing on the sale of new devices.
- The formalisation of the transaction is proposed under the usual legal and commercial terms for these types of transactions.

The Audit and Compliance Committee concludes that the contract for the sale of Homix Home devices by Endesa X Servicios S.L. to Enel X Italia S.r.L. is fair and reasonable from the point of view of Endesa and of its shareholders other than the related party.

VII. CONCLUSION OF THE BOARD OF DIRECTORS

Endesa's Board of Directors, following a favorable report from the Audit and Compliance Committee, has unanimously approved all transactions.

The logo for Endesa, featuring the word "endesa" in a lowercase, blue, sans-serif font. The letters are slightly spaced out, and the 'e' and 'a' have a unique design with a horizontal bar extending from the top and bottom respectively.A larger version of the Endesa logo, identical in design to the one above, positioned centrally on the page.

Report of the Audit and Compliance Committee on the fairness and reasonableness of the renewal of the contract between Endesa Energía and Endesa Operaciones y Servicios Comerciales with Codensa, regarding the Helpline and Telesales supervision services of the offshore platforms in Colombia and Peru

Report of the Audit and Compliance Committee on the fairness and reasonableness of the renewal of the contract between Endesa Energía and Endesa Operaciones y Servicios Comerciales with Codensa, regarding the Helpline and Telesales supervision services of the offshore platforms in Colombia and Peru

I. INTRODUCTION AND REGULATORY CONTEXT

In accordance with the provisions of section 3 of article 529 duovicies of the consolidated text of the Spanish Corporate Enterprises Act approved by Royal Legislative Decree 1/2010, of 2 July, Endesa's Audit and Compliance Committee issues this Report to assess whether the transaction is fair and reasonable from the point of view of the company and, where appropriate, shareholders other than the related party, and to give an account of the assumptions on which the assessment is based and the methods used.

In accordance with paragraph 3 of Article 529 unvicies, the Report issued and, where appropriate, published by Endesa's Audit and Compliance Committee, must at least include the following information:

- a) information on the nature of the transaction and the relationship with the related party,
- b) the identity of the related party,
- c) the date and the value or amount of the consideration for the transaction, and
- d) any other information required to assess whether this is fair and reasonable from the point of view of the company and of shareholders who are not related parties

On 21 December 2021, Endesa's Board of Directors approved a new Regulation on related-party transactions, after repealing the Regulation in force. In addition, on 21 December 2021 Endesa's Audit and Compliance Committee approved a new operational procedure for related-party transactions that develops the guidelines contained in the Regulation, defining the operations, functions and responsibilities of the general regime established for the application, approval, publication and supervision of related-party transactions. The regulation has been applied in this case.

II. BRIEF DESCRIPTION OF THE TRANSACTION

a) Purpose of the transaction.

Endesa has contracted the Helpline and Telesales services on contact centre platforms from different multinational service providers, some in on/nearshore locations (Spain, Portugal and Morocco) and others offshore (Colombia and Peru, specifically in Bogotá, Manizales, Cali and Medellín, which is being replaced by Barranquilla, Pereira and Lima).

The purpose of this transaction is to "**renew the contract between Endesa Energía and Endesa Operación y Servicios Comerciales (EOSC) with Codensa, with regards to the services related to the supervision of the Helpline and Telesales services on the offshore platforms in Colombia and Peru**" from 1 February 2022 to 31 January 2025.

The requested tasks are included in the tasks carried out to control and supervise the activity carried out by the suppliers based in Colombia, from which EOSC and Endesa Energía have contracted the sales and helpline services. Some of the main activities include:

- Supervision of the transaction, implementing the appropriate control procedures with the provider.
- Monitoring of management indicators, preparation of management reports and dashboards.

- Quality management, based on pre-defined indicators.
- Campaign and project management on the Contact Centre platforms.
- On-site support to the Contact Centre platforms and communications with the platform managers appointed by the provider.
- Identification and analysis of the impact of new tasks, procedures or projects led by Endesa or proposed by the Contact Centre provider.
- Training tasks and operational coordination with third parties to ensure that supplier performance levels comply with Endesa's customer management policies and procedures.

Codensa provides third-party control, management and supervision services from independent third parties, and is responsible for taking on the risks and owns the assets associated with these activities.

b) Transaction amount

The total amount of the Call Centre control service provided by Codensa throughout the contract period is €1,522,572 (VAT included).

This remuneration involves reimbursing all service personnel costs (base salary, variable salary linked to achieving goals, telephone line expenses and travel allowances), adding a 2.228% margin to these costs, with the exception of travel allowances, which will only be re-invoiced without this margin.

The average cost was calculated taking the salary band of each profile made available by Codensa to Endesa as a reference, plus the annual bonus and the estimated travel allowances.

III. IDENTIFICATION OF THE PARTY RELATED TO ENDESA:

Service providers: Codensa, S.A. ESP ("Codensa") is the company that manages the electricity distribution services in Bogotá and Cundinamarca (Colombia). The company is owned by Enel Américas S.p.A., which is part of the Enel Group.

Service recipients: As party of the first part, Endesa Energía, S.A.U. ("Endesa Energía") a fully-owned subsidiary of Endesa, S.A. and, therefore, a subsidiary of Endesa Operaciones y Servicios Comerciales, S.L.U. ("EOSC") is a fully-owned subsidiary of Endesa Energía and, therefore, indirectly owned and a subsidiary of Endesa, S.A.

Enel SpA is the sole shareholder of Enel Iberia S.L, which is in turn a shareholder of Endesa S.A with a 70.101% stake. Related-party transactions are those entered into by Endesa or its subsidiaries with Endesa's shareholders who hold 10% or more of the voting rights or who are represented on the Board of Directors, as well as with any other parties considered as parties related to Endesa, in compliance with the International Accounting Standards. Therefore, all transactions entered into by Endesa or its subsidiaries and Enel or its subsidiaries will be considered related-party transactions.

Enel and its subsidiaries (excluding the Endesa Group) and Endesa and its subsidiaries are considered "the same counterparty" when calculating the thresholds to publish related-party transactions. In other words, the same counterparty is considered both the related person, whether natural or legal, as well as any other entity under its control, and, in the case of natural persons, close relatives, as defined in IAS 24.

IV. ANALYSIS OF THE TRANSACTION FROM THE POINT OF VIEW OF THE INTEREST OF ENDESA AND OF SHAREHOLDERS OTHER THAN RELATED PARTIES

1. Operational, technical and commercial rationality.

Endesa must supervise the Helpline and Telesales services to ensure that the service quality levels are maintained and that the commercial and quality objectives are met, in addition to proposing the necessary corrective actions to achieve them. The Related-Party Transaction was formalised in 2010 and has been renewed until the present date with the aim of taking advantage of Codensa's local presence and its expertise in call centre operations, while also allowing Endesa Energía and EOSC to benefit from the operational agility and efficiency of these procedures.

In a liberalised market like the gas and electricity market, which is characterised for having very tight operating margins and in which it is necessary to have a large number of contracts and customers and very cost-effective services, it is common practice to have the Helpline and Telesales services contracted from different multinational suppliers in contact centre platforms. These outsourced services must be managed, supervised and controlled, and Endesa can greatly benefit from the fact that these duties are carried out by an Enel Group company, allowing the company to improve its results through its operational efficiency, know-how and costs.

Endesa may propose other alternatives to cover this service, such as (i) insourcing the call centre service, (ii) insourcing the supervision service from Spain, (iii) insourcing the supervision service, but doing it locally through expatriates. All of these solutions may increase the cost of the service, as compared to that of the chosen alternative.

Therefore, it would be reasonable to consider that the services are provided by Codensa to the extent that Endesa Energía and EOSC have monitoring indicators that allow them to have full control over the business at all times, regardless of whether they are carried out outside the national scope or not.

2. Economic rationality. Methods used

The services provided require the intra-group services to be valued in accordance with the arm's length principle and that those services produce or are likely to produce an advantage or utility for the service recipient.

Therefore, the OECD Guidelines establish that, in order for an intra-group provision of services to comply with the arm's length principle, it is necessary to determine whether the activities carried out by the provider generate a benefit to the recipient (benefit test), so that an independent third party would have been willing to carry out the activities covered by the services or to engage with another entity for such purposes. In turn, this requirement is stated in article 18.5 of the CTR, establishing the generation of an advantage or usefulness to the recipient as a necessary condition to determine that an intra-group service was provided.

In this regard, contracting the services from Codensa will allow Endesa Energía and EOSC to benefit from operational agility and efficiency, increasing its incident management capacity and optimising its human, material and technical resources. In addition, Endesa Energía and EOSC can benefit from Codensa's local presence and its expertise in call centre operations.

With regards to the selection of the transfer pricing method, the transactions that can be compared with those carried out between Codensa and independent third parties could not be identified, nor was it possible to gather information about transactions between independent third parties that allow the CUP method or the increased cost method to be applied.

Therefore, the application of the Transactional Net Margin Method ("**TNMM**") was assessed, which takes into account the operating profit obtained by similar companies in functional terms. The TNMM takes into account direct and indirect costs, so the allocation of costs would not imply any change in the result at the operating margin level. Therefore, it is concluded that the TNMM is the most appropriate method to assess whether the profitability obtained by Codensa in the provision of consulting services to its related-party entities is consistent with that obtained by independent parties carrying out similar activities.

The Profit Level Indicator ("**PLI**") was selected next to determine the market range. PLIs are ratios that measure the relationship between profits and sales, costs incurred or resources used. To provide a reasonable measurement, the profit indicators should be calculated on the basis of the performance of comparable companies over a period spanning several years.

In this regard, the operating margin on total costs or Full Cost Mark Up ("**FCMU**") was selected as the PLI to assess the profitability of the selected companies. The FCMU was calculated by dividing operating profit over total costs. FCMU is the recommended method when analysing service providers.

The transfer pricing method determined for the provision of the call centre control services included in the analysis will involve reimbursing all costs associated with the service personnel (base salary, variable salary linked to the achievement of goals, telephone line expenses and travel allowances), as mentioned above.

Taking into account the above and based on the descriptions of the costs included to calculate the price, we can conclude that these are directly or indirectly associated with the provision of the service.

Therefore, it would be reasonable to state that the cost base taken into consideration is consistent with the market value principle, in compliance with the OECD Guidelines.

With regards to the cost-sharing criterion, Codensa uses an individualised cost allocation criterion, both for the services provided to Endesa Energía and for those provided to EOSC. To this end, it can be concluded that the cost allocation criterion is in line with the requirements set forth by the Spanish laws and is, therefore, consistent with the market value principle.

Moreover, according to the EU Joint Transfer Pricing Forum ("**JTPF**") and the simplified approach for the valuation of low value-added intra-group services set out in the OECD Guidelines, the agreed 5% cost margin would comply with the arm's length principle, in accordance with paragraph 7.61 of the OECD Guidelines.

In addition, a series of benchmarking studies were prepared to assess the market range for the profitability obtained by independent third parties providing the call centre administration services under conditions that can be compared to those provided by Codensa in the related-party transaction subject to analysis, so it can be considered that the expected profit margin of the transaction analysed in this document is consistent with the range obtained by independent third parties in comparable circumstances. Therefore, the margin is deemed to be reasonable.

In conclusion, both the transfer pricing method used and the type of costs and margin to allocate are reasonably consistent with the arm's length principle.

V. INDEPENDENT EXPERT REPORTS ISSUED AT THE REQUEST OF THE AUDIT AND COMPLIANCE COMMITTEE

The Audit and Compliance Committee has taken into account the following report when analysing the transaction:

- Report by PricewaterhouseCoopers Tax & Legal, S.L. (hereinafter, "PwC Tax & Legal") and PricewaterhouseCoopers Asesores de Negocios, S.L. (hereinafter, "PwC Asesores de Negocios"), on the fairness and reasonableness of the contract being analysed.

The Report was issued by PwC Tax & Legal and PwC Asesores de Negocios as independent experts, having ensured that PwC Tax & Legal and PwC Asesores de Negocios have no commercial relationship with Enel Group or Endesa Group at the time the Report was issued, which could affect them as independent experts issuing the Report or, in particular, which could create a situation of conflict of interests during the analysis and when drawing up the conclusions of the Report.

The Report issued for Endesa's Audit and Compliance Committee assesses positively the operational and strategic reasonableness of the transaction, the economic reasonableness and the legal and commercial reasonableness.

All in all, it can be concluded that this transaction is fair and reasonable from the point of view of Endesa and, in particular, of shareholders other than the related party, that is, shareholders other than the Enel Group.

VI. CONCLUSION OF THE AUDIT AND COMPLIANCE COMMITTEE

First, it must be stated that the Audit and Compliance Committee is made up of five non-executive members of the Board of Directors, four of whom (80%) are independent. The Committee also includes a Proprietary Director representing the controlling shareholder Enel, which owns 70.10% of Endesa's shareholding.

In accordance with paragraph 3 of Article 529 duovicies of the Corporate Enterprises Act, Alberto de Paoli, Proprietary Director, representative of Enel, has not participated in the preparation of this Report.

All other members of the Audit and Compliance Committee have participated and agreed on the content of this Report with regards to the **"renewal of the contract between Endesa Energía and EOSC with Codensa, in relation to the Helpline and Telesales supervision services of the offshore platforms in Colombia and Peru"**

Based on the background information discussed above, the Audit and Compliance Committee concludes that:

- Endesa's Telesales centres can greatly increase the Retailer's commercial capacity and flexibility to cater to the campaign and sales needs, offering very competitive costs.
- The volume of outsourced activity and its impact on the Helpline and Telesales services turn supervision into a critical activity. Due to its supervisory nature and criticality, this is not an activity that can be easily outsourced to a third party. In this case, there is no conflict of interest with the Enel Group.
- Endesa and Codensa are member companies of the Enel group and this allows them to share best practices in relation to the monitoring tasks, technology tools and the standardisation of processes, without this leading to a leakage of information to third-party companies or the loss of internal know-how.

- When this service is compared to the value of the supervision activity carried out by Endesa's own staff, it is concluded that the costs are in line with those of the company, resulting in a fair and reasonable transaction from Endesa's point of view.
- The technical synergies, which allow best practices to be shared, confirm that the transaction is fair and reasonable.
- The cost base and the distribution criterion determined are reasonable and reasonably comply with the OECD Guidelines and with the Spanish regulations for such purposes.
- The pricing strategy established for the call centre control services through the TNMM, with PLI selected as the FCMU, is consistent with the market value principle and complies with the OECD Guidelines.
- The profitability cost margin agreed with Codensa is consistent with the market range determined from the sample of independent comparable entities and would comply with the arm's length principle.
- Taking into account the above, the transfer pricing method established for this purpose, such as the type of costs and the margin to be allocated, is reasonably consistent with the arm's length principle.

The Audit and Compliance Committee concludes that the renewal of the contract between Endesa Energía and EOSC with Codensa, relating to the Helpline and Telesales services on offshore platforms in Colombia and Peru, is fair and reasonable from the point of view of Endesa and its shareholders, other than those of the related party.

VII. CONCLUSION OF THE BOARD OF DIRECTORS

Endesa's Board of Directors, following a favorable report from the Audit and Compliance Committee, has unanimously approved all transactions.

The logo for Endesa, featuring the word "endesa" in a lowercase, blue, sans-serif font. The letters are slightly spaced out, and the 'e' and 'a' have a unique, rounded shape.A large, stylized version of the Endesa logo, rendered in a blue gradient. The letters are bold and have a slight shadow effect, giving them a three-dimensional appearance.

REPORT OF THE AUDIT AND COMPLIANCE COMMITTEE ON THE FAIRNESS AND REASONABLENESS OF THE RELATED-PARTY TRANSACTION ASSOCIATED WITH THE PROVISION OF ENGINEERING SERVICES FOR THE DEVELOPMENT OF HYDROELECTRIC POWER PLANT OPTIMISATION PROJECTS BETWEEN ENEL GREEN POWER ESPAÑA, S.L.U. AND ENEL GREEN POWER SPA

REPORT OF THE AUDIT AND COMPLIANCE COMMITTEE ON THE FAIRNESS AND REASONABLENESS OF THE RELATED-PARTY TRANSACTION ASSOCIATED WITH THE PROVISION OF ENGINEERING SERVICES FOR THE DEVELOPMENT OF HYDROELECTRIC POWER PLANT OPTIMISATION PROJECTS BETWEEN ENEL GREEN POWER ESPAÑA, S.L.U. AND ENEL GREEN POWER SPA

I. INTRODUCTION AND REGULATORY CONTEXT

In accordance with the provisions of section 3 of article 529 duovicies of the consolidated text of the Spanish Corporate Enterprises Act approved by Royal Legislative Decree 1/2010, of 2 July, Endesa's Audit and Compliance Committee issues this Report to assess whether the transaction is fair and reasonable from the point of view of the company and, where appropriate, shareholders other than the related party, and to give an account of the assumptions on which the assessment is based and the methods used.

In accordance with paragraph 3 of Article 529 unvicies, the Report issued and, where appropriate, published by Endesa's Audit and Compliance Committee, must at least include the following information:

- a) information on the nature of the transaction and the relationship with the related party,
- b) the identity of the related party,
- c) the date and the value or amount of the consideration for the transaction, and
- d) any other information required to assess whether this is fair and reasonable from the point of view of the company and of shareholders who are not related parties

On 21 December 2021, Endesa's Board of Directors approved a new Regulation on related-party transactions, after repealing the Regulation in force. In addition, on 21 December 2021 Endesa's Audit and Compliance Committee approved a new operational procedure for related-party transactions that develops the guidelines contained in the Regulation, defining the operations, functions and responsibilities of the general regime established for the application, approval, publication and supervision of related-party transactions. The regulation has been applied in this case.

II. BRIEF DESCRIPTION OF THE GENERAL TRANSACTION

a) Purpose of the transaction.

The purpose of the transaction is for Enel Green Power España, S.L.U. to contract the technical resources associated with the engineering service from Enel Green Power, S.p.A., as required to execute the optimisation projects on five Hydroelectric Power Plants of Endesa Generación S.A.. The transaction will have a maximum amount of €7M. The term of the contract will extend from its signature and until the completion of the projects in December 2024.

Endesa Generación, S.A. has hired Enel Green Power España to provide services for the optimisation of hydroelectric power plants through the signing of a contract for each power plant. In this regard, Enel Green Power España is the "Project manager" of each project and responsible for obtaining the necessary permits, licences, authorisations, certifications and other approvals granted by the state, local and regional authorities, among others. However, with regards to the transaction analysed in this report, Enel Green Power España shall hire Enel Green Power S.p.A to provide the technical resources associated with the engineering service, as required to execute the projects mentioned above and with the Site Management of the first.

Finally, it should be noted that the related-party transaction associated with the engineering work is only one of the tasks that make up the execution of the optimisation works in the five plants. The other phases of the optimisation process include the following, although they are not part of this related-party transaction: (i) civil works, (ii) turbines, (iii) electrical equipment, (iv) installation and assembly, etc.

b) Transaction amount

The maximum price established for the provision of services is **€6,966,850**, calculated according to the estimated number of hours multiplied by the hourly rates and any other external costs incurred.

A 7.1% margin is included for the direct and indirect costs; under no circumstances will the margin be levied on the contractor's external costs.

It should be noted that, under no circumstances may the cost of the services provided by the Contractor exceed the expected price.

In addition to the above, in those cases in which the actual engineering service provision costs are lower than those initially estimated in the contract, the service provider will only charge for the costs in which it has actually incurred.

III. IDENTIFICATION OF THE PARTY RELATED TO ENDESA

As party of the first part, **Enel Green Power España, S.L.U** is a fully-owned subsidiary of Endesa Generación, S.A. and, therefore, a subsidiary of Endesa S.A.

As party of the second part, **Enel Green Power SpA** is a fully-owned subsidiary of Enel SpA.

The Enel Group is a leading multinational group in the global electricity and gas markets. Its main operations are in Europe and Latin America. Enel Green Power SpA, a member company of Enel Group, is the renewable generation division (hydroelectric, wind, solar and geothermal energy) and is present on five continents.

Enel SpA is the sole shareholder of Enel Iberia S.L, which is in turn a shareholder of Endesa S.A with a 70.101% stake. Related-party transactions are those entered into by Endesa or its subsidiaries with Endesa's shareholders who hold 10% or more of the voting rights or who are represented on the Board of Directors, as well as with any other parties considered as parties related to Endesa, in compliance with the International Accounting Standards. Therefore, all transactions entered into by Endesa or its subsidiaries and Enel or its subsidiaries will be considered related-party transactions (excluding the Endesa Group⁵).

IV. ANALYSIS OF THE TRANSACTION FROM THE POINT OF VIEW OF THE INTEREST OF ENDESA AND OF SHAREHOLDERS OTHER THAN RELATED PARTIES

1. Operational, technical and/or commercial rationality

Endesa recently updated its 2022-2024 strategic plan, which foresees a 48% growth in production from renewable sources, for a total of 12,300 MW. The company intends to guarantee that 92% of its peninsular production is free of CO2 emissions by the end of 2024. In this regard and to continue contributing to the increase in production from renewable sources, EGPE's hydraulic generation area

⁵ Endesa Group: with regards to the internal regulations associated with related-party transactions, the term "Endesa Group" refers to Endesa, S.A. and its subsidiaries, as described in Article 42 of the Code of Commerce.

has analysed the opportunities to improve its efficiency, taking advantage of the maintenance downtime at the power plants, and has identified five equipment upgrade projects.

These actions will be carried out for the following reasons, among others:

- Technical: improvement of the efficiency and increase of production rates, reduction in the number of unscheduled downtime and useful life extension.
- Financial: increased revenues as a result of the increased production rates, reduction of maintenance costs and reduction of energy losses.

Based on the above, it is concluded that the nature of the work is in line with the company's strategic plan.

Enel Green Power Spain's engineering unit is capable of developing and rolling out hydroelectric power plant optimisation projects. However, it does not have the necessary resources to do so. Even though Endesa Ingeniería, a member company of the Endesa Group, offers facility design, engineering and construction services, these are specialised services for electricity transmission and distribution facilities.

Therefore, based on Enel Green Power Spa's experience in the optimisation of hydroelectric power plants, it is proposed to contract its technical resources for the provision of the services subject to the contract, based on neutrality, experience and integration criteria.

Neutrality: The procedure followed to hire third parties to provide services that are closely related to the project owner is a very complex one, since third parties tend to act in defence of their products, technology or interests before those of the property. The hiring of EGP S.p.A. guarantees that its interests absolutely coincide with those of Endesa Generación.

Experience and integration: EGP S.p.A. has extensive international experience and is currently developing similar projects in other countries, which can guarantee the successful implementation of these systems. In addition, it has an in-depth understanding of Endesa Generación's internal workings and of these projects in particular. Moreover, the Endesa and Enel teams work hand-in-hand, which is of particular importance in proprietary engineering projects, something that cannot be achieved with third parties, which, in addition, results in an optimisation of the external project engineering costs.

The advantages of outsourcing the provision of the service to a Group company are summarised below:

- Positioning and strategy. Having a company of the Enel Group provide the engineering services will guarantee that its interests coincide with those of EGPE.
- Operational capacity. Having a company of the Enel Group provide the engineering services will allow value to be maximised as a result of the positive synergies between employees of the same group and to take advantage of the know-how acquired by the service provider as an expert in carrying out this type of work with tight schedules and budgets. In particular, the "staffing" model used by EGPE and EGP SpA maximises availability and, therefore, minimises costs for each of the parties involved.
- Costs. Having a company of the Enel Group or a third party provide the engineering services when the necessary resources are not available is more cost-effective than hiring employees. This situation is a consequence of the fact that, although the hourly cost of its own staff could be lower in the long term, EGPE does not have a sufficiently large generation portfolio that could have them occupied for 100% of their time in the long term.
- Swiftness. Having a company of the Enel Group provide the engineering services will allow EGPE to cover the need for the service at the time it arises. To have the service delivered by the company's own staff would require training and the company would not be capable of

providing a swift response. In this regard, any significant delays due to the lack of experience of the teams could drive up the facility commissioning costs and, therefore, delay the generation of income from the sale of energy at market prices.

- Autonomy. Having a company of the Enel Group provide the engineering services will ensure a high degree of independence in technical decision-making processes.

2. Economic reasonableness of the transaction. Methods used

First, the OECD Guidelines establish that, in order for an intra-group provision of services to comply with the arm's length principle, it is necessary to determine whether the activities carried out by the provider generate a benefit to the recipient (*benefit test*), so that an independent third party would have been willing to carry out the activities covered by the services or to engage with another entity for such purposes.

In this regard, EGPE does not have sufficient resources to carry out all the activities required to develop the engineering projects described under the necessary conditions, in terms of safety, quality, cost and deadlines. Considering that these are punctual projects and that the incorporation of additional internal resources (goods, equipment and technology, as well as human resources) involves a much longer and less efficient process, due to the need to invest in training and adaptation of staff to how EGPE projects are implemented, it is common practice in the industry to request external support for the execution of such projects.

EGP SpA has the appropriate material resources and an Engineering and Construction team with extensive experience in the design, execution and coordination of projects of a nature similar to those that EGPE wishes to implement.

For all the above, it is reasonable to conclude that EGPE will benefit from the engineering services that it shall request from EGP SpA and, therefore, the remuneration of the same is reasonable and fair.

The increased cost method or Transactional Net Margin Method (TNMM) was chosen for the set of transactions, which takes into account the operating profit obtained by functionally comparable companies. The TNMM takes into account both direct and indirect costs, so the allocation of costs would not imply any change in the result at the operating margin level.

Likewise, the Profit Level Indicator ("PLI") was chosen to check that the profitability obtained by EGP SpA in the provision of engineering services to EGPE is consistent with the market value principle.

With regards to the cost base determined for the transaction, it is concluded that the costs (labour costs, indirect costs of Engineering and Construction, overheads and other indirect costs of the department) included to calculate the price of the related-party transaction being analysed are directly or indirectly related to the provision of the service.

Finally, regarding the rates applied by EGP SpA, these have been compared with the Compass Group's international benchmark⁶, in relation to engineering services provided in different countries, including Spain. Based on this, we can conclude that the hour rate is within the market range of the rates compared.

⁶The Compass International Inc (a consulting firm specialising in the estimation of construction costs for owners, financial institutions, design professionals and construction organisations) international benchmark for the year 2021 has been reviewed and taken into consideration.

It is therefore reasonable to say that the cost base taken into consideration is consistent with the market value principle.

In relation to the cost-sharing criterion, EGP SpA assigns the cost of the personnel of its Engineering & Construction area involved in the provision of the service and the travel and accommodation expenses of its personnel, etc (direct costs) directly to the cost base of the related-party transaction. With regards to the costs that cannot be directly allocated to the provision of services to EGPE (indirect costs), EGP SpA shall allocate them using the hours incurred by its staff as the distribution key.

The use of this distribution key is consistent with the recommendations stated in the OECD Guidelines and the Spanish regulations on transfer pricing, since it reasonably reflects the effort incurred by EGP SpA and to the benefit of EGPE.

Finally, in relation to the application of a profit margin, the remuneration for the provision of engineering services shall involve the reimbursement of all direct and indirect costs described above, adding the corresponding margin, with the exception of the costs incurred with third parties and travel allowances, which will be re-invoiced without this margin.

In this regard, an independent expert conducted a benchmarking study to determine the market range of the profitability obtained by independent third parties dedicated to the provision of engineering services under conditions comparable to those provided by EGP SpA to EGPE in the related -party transaction being analysed.

Taking into account that the expected profit margin of the transaction being analysed is 7.10%, which is very close to the median of the inter-quartile range determined in the economic analysis, it can be concluded that this margin is consistent with that obtained by independent third parties in comparable circumstances. Therefore, the margin set forth is reasonable.

All in all, and taking into account the duties and responsibilities of EGP SpA in the context of the transaction being analysed, it is concluded that both the transfer pricing method established for such purposes and the type of costs and the margin to be allocated are consistent with the arm's length principle.

3. Legal and commercial reasonableness of the transaction

The Contract is formulated for the provision of engineering services, with the best efforts obligation for the service provider. In this type of legal relations for the provision of services, the service provider agrees with a Client on matters related to its competence and professional capacity, responsibility, availability of its professionals, dedication and monitoring of a work plan, as well as transparency of the work actually carried out, costs and invoicing.

Given the nature of the services provided, the usual obligations are established in contracts of this nature, preparing the corresponding work documents and making them available to the Client, while also addressing the orderly transition of the services provided to the Client or to a new supplier in case of termination of the contract.

Likewise, reciprocal obligations are established with regards to confidentiality, force majeure, non-assignment of the Contract and liability, in terms that can be considered the most common terms and conditions in the market for this type of contract.

With regards to the resolution of conflicts, these are also regulated under the usual terms, the Spanish laws and Spanish courts, in view of the place in which the services are provided.

With regards to the execution of the services, their validity and, therefore, termination are subject to the terms of a detailed operational instruction applicable to this type of services, which contains the usual process of acceptance and completion of engineering services.

In conclusion, the Transaction is articulated in a reasonable manner and under contractual terms that could have been agreed by independent parties and, after having been agreed by related parties, do

not create unjustified or disproportionate benefits for EGP Spa to the detriment of Endesa's subsidiary, that is, EGPE, and ultimately of Endesa.

V. INDEPENDENT EXPERT REPORTS ISSUED AT THE REQUEST OF THE AUDIT AND COMPLIANCE COMMITTEE

The Audit and Compliance Committee has taken into account the following reports when analysing the transaction:

- The Report prepared by PricewaterhouseCoopers Tax and Legal S.L. and PricewaterhouseCoopers Asesores de Negocios, S.L. (hereinafter "PwC") on the fairness and reasonableness of the renewal of the contract being analysed.

PwC has issued its Report in its capacity as an independent expert. On the date the report was issued, PwC did not maintain any sort of commercial relations with the Enel Group or with the Endesa Group that could compromise its condition as an independent expert for the purposes of issuing this Report or that, in particular, could place them in a situation of conflict of interest to conduct the analysis and draw up the conclusions set out therein.

According to the Report issued for Endesa's Audit and Compliance Committee, it can be concluded that the engineering services provided by an Enel Group company with the characteristics of EGP SpA can allow the optimisation of available resources, maximising value as a result of the positive synergies created between employees of the same group, taking advantage of the "know how" acquired by the service provider as an expert in this type of work with tight schedules and budgets, and in line with the interests of both parties (operational and strategic rationality of the related-party operation). In addition, the pricing strategy, the cost base and the distribution criterion determined in the contract and the cost-effectiveness margin are consistent with the arm's length principle (economic reasonableness of the related-party transaction). And, finally, the legal and commercial terms are articulated in a reasonable manner and in contractual terms that could have been agreed with independent parties.

Therefore, it is concluded that the contract between EGPE and EGP SpA for the development of the optimisation projects of five of its hydroelectric plants is fair and reasonable from the point of view of Endesa and, in particular, of its shareholders other than the related party, that is, of shareholders other than the Enel Group.

VI. CONCLUSION OF THE AUDIT AND COMPLIANCE COMMITTEE

First, it must be stated that the Audit and Compliance Committee is made up of four non-executive members of the Board of Directors, three of whom (75%) are independent. The Committee also includes a Proprietary Director representing the controlling shareholder Enel, which owns 70.10% of Endesa's shareholding. In accordance with paragraph 3 of Article 529 duovicies of the Corporate Enterprises Act, Alberto de Paoli, Proprietary Director, representative of Enel, has not participated in the preparation of this Report.

All other members of the Audit and Compliance Committee have participated and agreed on the content of this Report on the "**Provision of engineering services for the development of Hydroelectric Power Plant optimisation projects between Enel Green Power España, S.L.U. and Enel Green Power SpA.**".

Based on the background information discussed above, the Audit and Compliance Committee concludes that:

- It is reasonable for EGPE to perform the optimisation work on existing hydraulic power plants since it allows it to improve the efficiency level, reduce downtime, extend useful life, reduce losses, increase its revenues and reduce maintenance costs, among other benefits.
- The nature of the work is in line with the company's strategic plan.

- The provision of external services is required to undertake the engineering work in the absence of internal resources of EGPE. The provision of services by EGP Spa is considered appropriate to the interest of Endesa, in terms of neutrality, experience, integration, operational capacity, costs, speed and autonomy.
- In relation to economic reasonableness, the cost base and the distribution criterion are reasonable and reasonably comply with the OECD Guidelines and with the Spanish regulations for such purposes.
- The pricing method established through the TNMM with PLI as the MTC for the transaction analysed in this document is consistent with the market value principle and complies with the OECD Guidelines.
- According to the results of the analysis conducted by an independent expert, it can be concluded that the cost margin obtained by EGP SpA in the transaction being analysed is consistent with the market range determined from the sample of independent comparable entities.
- According to international studies, the hourly cost established for the provision of services by EGP is considered reasonable and is provided under the usual market terms and conditions.
- The transaction's legal and commercial terms are articulated in a reasonable manner and in contractual terms that could have been agreed by independent parties.

The Audit and Compliance Committee concludes that the provision of engineering services for the development of Hydroelectric Power Plant optimisation projects is fair and reasonable from the point of view of Endesa and its shareholders other than the related party.

VII. CONCLUSION OF THE BOARD OF DIRECTORS

Endesa's Board of Directors, following a favorable report from the Audit and Compliance Committee, has unanimously approved all transactions.

The logo for Endesa, featuring the word "endesa" in a lowercase, blue, sans-serif font. The letters are slightly spaced out, and the 'e' and 'a' have a unique design with a horizontal bar extending from the middle.A larger version of the Endesa logo, identical in style to the one above, positioned centrally on the page.

Report of the Audit and Compliance Committee on the fairness and reasonableness of the related-party transaction associated with the contracts for the provision of engineering, technical support and site management services by Endesa Ingeniería, S.L. to Enel Transmisión Chile, S.A.

Report of the Audit and Compliance Committee on the fairness and reasonableness of the related-party transaction associated with the contracts for the provision of engineering, technical support and site management services by Endesa Ingeniería, S.L. to Enel Transmisión Chile, S.A.

I. INTRODUCTION AND REGULATORY CONTEXT

In accordance with the provisions of section 3 of article 529 duovicies of the consolidated text of the Spanish Corporate Enterprises Act approved by Royal Legislative Decree 1/2010, of 2 July, Endesa's Audit and Compliance Committee issues this Report to assess whether the transaction is fair and reasonable from the point of view of the company and, where appropriate, shareholders other than the related party, and to give an account of the assumptions on which the assessment is based and the methods used.

In accordance with paragraph 3 of Article 529 unvicies, the Report issued and, where appropriate, published by Endesa's Audit and Compliance Committee, must at least include the following information:

- a) information on the nature of the transaction and the relationship with the related party,
- b) the identity of the related party,
- c) the date and the value or amount of the consideration for the transaction, and
- d) any other information required to assess whether this is fair and reasonable from the point of view of the company and of shareholders who are not related parties

On 21 December 2021, Endesa's Board of Directors approved a new Regulation on related-party transactions, after repealing the Regulation in force. In addition, on 21 December 2021 Endesa's Audit and Compliance Committee approved a new operational procedure for related-party transactions that develops the guidelines contained in the Regulation, defining the operations, functions and responsibilities of the general regime established for the application, approval, publication and supervision of related-party transactions. The regulation has been applied in this case.

II. BRIEF DESCRIPTION OF THE TRANSACTION

a) Purpose of the transaction

The purpose of the transaction is for Endesa Ingeniería to provide engineering and technical support services to Enel Transmisión Chile for the purchase of equipment and services, as well as project and site management services for the commissioning of a new 110/12 kV Substation (Providencia Substation), a new 110 kV double-circuit line (Vitacura-Providencia) and the extension of the current 110 kV Substation of Vitacura, for a maximum total amount of €1.46M.

Endesa Ingeniería is a fully-owned subsidiary of Endesa, which has experience in the design, engineering and construction of power transmission and distribution facilities and infrastructures similar to those for which Endesa Ingeniería will provide its services to Enel Transmisión Chile.

Enel Transmission Chile is a company of the Enel Group, in which Enel Chile holds a 99.09% stake, which has no experience in the design and construction of this type of facility, and which was required to build a new 110/12 kV substation, a new 110 kV DC line and expand an existing substation into two

110 kV positions. It is for these reasons that it will request Endesa Ingeniería's engineering services in relation to the facilities in Chile.

In this regard, Endesa Ingeniería and Enel Transmisión Chile will formalise the works through two contracts. First, the "Engineering and Procurement Management" contract will be used to regulate the services provided by Endesa Ingeniería regarding the engineering design of the equipment, technical support for the purchase of equipment, as well as the tenders for materials and services. These services will be provided from Spain, providing support to the Enel Transmisión Chile team during the purchase of equipment and when ordering materials and services for the execution of the facilities of (a) the new 110 kV high-voltage substation (hereinafter, "Providencia Substation"), (b) a new 110 kV double-circuit line (hereinafter "Vitacura-Providencia"), and (c) the expansion of two 110 kV positions of the Vitacura substation in Santiago de Chile (hereinafter, collectively, the "Facilities"). In particular, the Engineering and Procurement Management contract includes the following services within its scope:

- Preparation of the basic and detailed engineering documents;
- Technical support and assistance to prepare the documents and forms to be submitted for the application of the corresponding administrative authorisations and permits;
- Preparation of tenders (technical specifications and terms and conditions) for equipment and materials;
- Preparation of tenders (technical specifications and terms and conditions) for services;
- Technical validation of tenders;
- Monitoring of equipment manufacturing processes;
- Preparation of the material and equipment transport and service schedule, in accordance with the work plan set forth; and
- Taking out the necessary insurance policies, based on the signed contract.

Moreover, the "Site Management" contract to be signed in 2023 after the start of the works shall regulate the site and project management procedures associated with the commissioning processes and the control and assessment tasks associated with the Facilities mentioned above. This second set of Engineering Services will be provided by Endesa Ingeniería's staff in Chile. In particular, the Site Management contract includes the following services:

- Technical site supervision;
- On-site supervision and inspection of the unloading, storage, movement and handling of all necessary project materials, tools and machinery, including the inspection of the soil preparation tasks required for such activities;
- On-site preparation and tracking of the quality, safety and health and environmental system documents;
- Task schedule control and preparation of follow-up reports;
- Review of certificates;
- Control of penalties associated with cases of contract non-compliance;
- Supervision of the execution of usual and necessary checks, inspections, tests and trials;
- Supervision of the Facility commissioning procedures;
- Technical support to obtain all the necessary permits for the execution of the works (i.e., water supply connections, special transport permit, blasting, pruning, felling, circulation, etc.);
- Taking out the necessary insurance policies by Endesa Ingeniería, based on the signed contract; and
- Collaboration during the transfer process for the operation of the facilities and in the delivery of the technical documents applicable to the infrastructures to the Operation and Maintenance unit.

The "Engineering and Procurement Management" contract and the "Site Management" contracts are scheduled to end in October 2025.

b) Transaction amount.

A fixed remuneration of €621,039.54 was established for the Engineering and Procurement Management contract and of €733,833.55 for the Site Management contract, as part of the services provided by Endesa Ingeniería to Enel Transmisión Chile. The transaction price is based on an estimate

of the costs Endesa Ingeniería expects to incur in the provision of Engineering Services, plus a 7% margin.

It should be noted that any deviations in the costs estimated by Endesa Ingeniería during the provision of the services will be reported to Enel Transmisión Chile so that it can accept such deviations. Under no circumstances shall Endesa Ingeniería be required to cover any cost variations.

Likewise, any modification to the scope by Enel Transmisión Chile will require Endesa Ingeniería to prepare a new offer and schedule, adjusting the estimated costs to any sudden changes that may arise. The aforementioned 7% margin will be applied to the adjusted costs.

The option of including the engineering contract in the BIM (Building Information Modelling) digital model has been incorporated into the offer at the request of Enel Chile. Should this additional service be required, it would be worth €101,000, with internal costs (salary) of €94,000 and a margin of €7,000. The calculation method is the same as that of the main offer.

The Site Management services will be subject to a tax of 15% of the value of the contract for the presence of Endesa Ingeniería in Chile. This cost shall be assumed, managed and settled by Enel Transmisión Chile.

III. IDENTIFICATION OF THE PARTY RELATED TO ENDESA:

Endesa Ingeniería is a company in which Endesa Red holds a 100% stake, a subsidiary of Endesa, S.A.

Enel Transmisión Chile is a company in which Enel Chile holds a 99.09% stake, a company in which Enel S.P.A. has a majority interest.

Enel SpA is the sole shareholder of Enel Iberia S.L, which is in turn a shareholder of Endesa S.A with a 70.101% stake. Related-party transactions are those entered into by Endesa or its subsidiaries with Endesa's shareholders who hold 10% or more of the voting rights or who are represented on the Board of Directors, as well as with any other parties considered as parties related to Endesa, in compliance with the International Accounting Standards. Therefore, all transactions entered into by Endesa or its subsidiaries and Enel or its subsidiaries will be considered related-party transactions (excluding the Endesa Group⁷).

IV. ANALYSIS OF THE TRANSACTION FROM THE POINT OF VIEW OF THE INTEREST OF ENDESA AND OF SHAREHOLDERS OTHER THAN RELATED PARTIES

1. Operational, technical and/or commercial rationality

First, Endesa Ingeniería shall benefit from the contract in financial terms. According to the provisions of the Contracts, the price will be closed and it shall include all costs, which will be estimated by Endesa Ingeniería and which it expects to incur in the provision of the corresponding Engineering Services. Specifically, in financial terms, the transaction involves the establishment of a 7% commercial margin.

Second, the transaction will facilitate the international expansion of Endesa Ingeniería's business and international presence.

⁷ Endesa Group: with regards to the internal regulations associated with related-party transactions, the term "Endesa Group" refers to Endesa, S.A. and its subsidiaries, as described in Article 42 of the Code of Commerce.

Endesa Ingeniería is a company with a proven track record in the design and construction of electricity transmission and distribution facilities. However, to date, it has not completed any projects of this type outside Spain. Therefore, the provision of Engineering Services to Enel Transmisión Chile will allow the expansion of Endesa Ingeniería's main activity, allowing it to acquire new knowledge through the participation in other markets with a contractual framework that limits execution risks, since it is a solvent counterparty in which the Enel Group holds a stake. Therefore, the provision of Engineering Services to Enel Transmisión Chile will allow Endesa Ingeniería to acquire a solid experience in this area, with the possibility of opting for these new developments, generating a clear business opportunity for Endesa Ingeniería.

Finally, it should be noted that the provision of Engineering Services by Endesa Ingeniería entails a limited risk in financial terms, whereby the contract shall include the most common contractual clauses of commercial practices between independent parties.

To this end, it can be concluded that Endesa Ingeniería benefits as a service provider and, therefore, the technical and/or commercial rationality of the transaction can be justified.

2. Economic rationality. Methods used

In relation to the assessment of the market adequacy of the price agreed between the parties, the Operating Income on Total Costs (OITC) method was used as an indicator of the level of profits to check whether transfer pricing has been established in accordance with the arm's length principle. The transfer pricing policy applied in the provision of Engineering Services by Endesa Ingeniería involves the invoicing of all the costs foreseen during the provision of such services plus a 7% margin.

In this regard, the transaction includes an economic analysis conducted by an independent advisor, in order to determine the market nature of this remuneration, resulting in the benefit applied in the median of the comparative study.

For all of the above, it can be concluded that the remuneration applied to the provision of Engineering Services (expected costs plus a 7% margin) is consistent with the arm's length principle and, therefore, the economic rationality of the transaction can be justified.

V. INDEPENDENT EXPERT REPORTS ISSUED AT THE REQUEST OF THE AUDIT AND COMPLIANCE COMMITTEE

After analysing the transaction, the Audit and Compliance Committee has taken into account the EY Abogados Report on the fairness and reasonableness of the contract being analysed.

The Report is issued by EY Abogados in its capacity as independent expert, having ascertained that at the date of issue of the Report, EY Abogados did not maintain any sort of commercial relations with the Enel Group or with the Endesa Group that could compromise its condition as an independent expert for the purposes of issuing this Report or that, in particular, could place them in a situation of conflict of interest to conduct the analysis and draw up the conclusions set out therein.

After analysing the Engineering Services to be provided by Endesa Ingeniería to Enel Transmisión Chile, EY Abogados concludes that Endesa will benefit from the following as a result of the provision of the services, among others, and, as a consequence, its shareholders will also benefit from this:

- Financial benefits, covering the costs that were previously calculated by Endesa Ingeniería plus a market profit margin, with limited risk; and
- New business opportunities, with the possibility of opting for new developments thanks to the experience acquired due to the execution of the project in Chile, as well as through the potential for future developments at the international level.

For these reasons, it can be concluded that Endesa Ingeniería will obtain a profit as a provider of Engineering Services (technical and/or commercial rationality of the transaction), and that the remuneration is in line with the principle of full competition (economic rationality).

Therefore, the Engineering Services that are expected to be provided by Endesa Ingeniería to Enel Transmisión Chile are fair and reasonable from the point of view of Endesa and its shareholders who are not related parties.

VI. CONCLUSION OF THE AUDIT AND COMPLIANCE COMMITTEE

First, it must be stated that the Audit and Compliance Committee is made up of four non-executive members of the Board of Directors, three of whom (75%) are independent. The Committee also includes a Proprietary Director representing the controlling shareholder Enel, which owns 70.10% of Endesa's shareholding. In accordance with paragraph 3 of Article 529 duodécimo of the Corporate Enterprises Act, Alberto de Paoli, Proprietary Director, representative of Enel, has not participated in the preparation of this Report.

All other members of the Audit and Compliance Committee have participated and agreed on the content of this Report with regards to the services provided by Endesa Ingeniería to Enel Transmisión Chile within the framework of the engineering and technical support contracts for the purchase of equipment and management services.

Based on the background information discussed above, the Audit and Compliance Committee concludes that:

- Endesa Ingeniería shall benefit from the transaction in financial terms. The remuneration for the provision of Engineering Services is consistent with the arm's length principle.
- The transaction will allow Endesa Ingeniería to develop its main activity in Chile and opens the possibility of growth at the international level, or in other regions, allowing it to acquire new knowledge through participation in other markets, giving it the possibility of opting for new developments and generating a clear business opportunity for Endesa Ingeniería.
- The contract responds to what independent third parties would have agreed, guaranteeing the contractual position of Endesa Ingeniería, according to the most common market terms

The Audit and Compliance Committee concludes that the services provided by Endesa Ingeniería to Enel Transmisión Chile within the framework of the engineering and technical support contracts for the purchase of equipment and management services are fair and reasonable from the point of view of Endesa and of its shareholders other than the related party.

VII. CONCLUSION OF THE AUDIT AND COMPLIANCE COMMITTEE

Endesa's Board of Directors, following a favorable report from the Audit and Compliance Committee, has unanimously approved all transactions.

The logo for Endesa, featuring the word "endesa" in a lowercase, blue, sans-serif font. The letters are slightly spaced out, and the 'e' and 's' have a unique design with a horizontal bar extending from the top and bottom respectively.A larger version of the Endesa logo, identical in style to the one above, positioned centrally on the page.

REPORT OF THE AUDIT AND COMPLIANCE COMMITTEE ON THE FAIRNESS AND REASONABLENESS OF THE RELATED-PARTY TRANSACTION INVOLVING THE ACQUISITION OF A LIQUEFIED NATURAL GAS CARRIER FROM ENEL GENERACIÓN CHILE, S.A. BY ENDESA ENERGÍA, S.A.

REPORT OF THE AUDIT AND COMPLIANCE COMMITTEE ON THE FAIRNESS AND REASONABLENESS OF THE RELATED-PARTY TRANSACTION INVOLVING THE ACQUISITION OF A LIQUEFIED NATURAL GAS CARRIER FROM ENEL GENERACIÓN CHILE, S.A. BY ENDESA ENERGÍA, S.A.

I. INTRODUCTION AND REGULATORY CONTEXT

In accordance with the provisions of section 3 of article 529 duovicies of the consolidated text of the Spanish Corporate Enterprises Act approved by Royal Legislative Decree 1/2010, of 2 July, Endesa's Audit and Compliance Committee issues this Report to assess whether the transaction is fair and reasonable from the point of view of the company and, where appropriate, shareholders other than the related party, and to give an account of the assumptions on which the assessment is based and the methods used.

In accordance with paragraph 3 of Article 529 unvicies, the Report issued and, where appropriate, published by Endesa's Audit and Compliance Committee, must at least include the following information:

- a) information on the nature of the transaction and the relationship with the related party,
- b) the identity of the related party,
- c) the date and the value or amount of the consideration for the transaction, and
- d) any other information required to assess whether this is fair and reasonable from the point of view of the company and of shareholders who are not related parties

On 21 December 2021, Endesa's Board of Directors approved a new Regulation on related-party transactions, after repealing the Regulation in force. In addition, on 21 December 2021 Endesa's Audit and Compliance Committee approved a new operational procedure for related-party transactions that develops the guidelines contained in the Regulation, defining the operations, functions and responsibilities of the general regime established for the application, approval, publication and supervision of related-party transactions. The regulation has been applied in this case.

II. BRIEF DESCRIPTION OF THE GENERAL TRANSACTION

a) Purpose of the transaction.

The purpose of the transaction is the acquisition of a liquefied natural gas carrier from Enel Generación Chile, S.A. (hereinafter, Enel Generación Chile) by Endesa Energía, S.A. (hereinafter, Endesa Energía) to cover the expected gas demand of 2023 in the national market.

Endesa Energía is the second largest gas retailer in Spain, with a portfolio of approximately 1.7 million customers. Moreover, Endesa Generación manages Endesa's wholesale gas trading activity. During 2021, Endesa sold a total of 77 TWh of gas.

The Spanish gas market in which Endesa Energía operates is marked by the high dependence on external gas sources and the need to import gas to cover almost 100% of the demand, due to the low availability of natural gas in Spain.

According to the medium-term gas demand forecasts of the national market, Endesa Energía needs to import gas of 2023, mainly as a consequence of the high seasonality of gas demand.

On 20 August 2013, Enel Generación Chile, S.A. and Endesa Energía, S.A. signed an open-ended framework agreement for the supply of LNG (hereinafter, the "Framework Agreement").

By virtue of the Framework Agreement, Enel Generación Chile, S.A. and Endesa Energía, S.A. may agree to the sale of LNG by Enel Generación Chile, S.A. to Endesa Energía, S.A. under certain supply conditions. If an agreement is reached on the specific terms of the sale of LNG, both parties would

formalise it through a "Confirmation Memorandum", in accordance with the provisions of the Framework Agreement. The Confirmation Memorandum determines the quantity of LNG to be supplied, the loading and unloading spots, the delivery times, the price and characteristics of the means of transport and everything not specifically regulated by the content of the Framework Agreement that may apply.

Moreover, Enel Generación Chile is the holder of a long-term LNG framework contract with a supplier, which gives it the possibility of deciding to purchase a certain number of vessels (carriers). The supply contract allows for the international marketing of these carriers, with certain restrictions.

In the execution of the Framework Agreement, Enel Generación Chile has offered Endesa Energía the possibility of buying a carrier in 2023.

In this regard, Endesa Energía has the opportunity to receive 1 TWh of liquefied natural gas from Enel Generación Chile at a competitive price, below the TTF spot gas price in Europe ("TTF": "Title Transfer Facility" or spot market price in the Netherlands).

Enel Generación Chile and Endesa Energía would sign a contract, whereby the former would sell to the latter one of its additional carriers. Once Endesa Energía, S.A. has decided to purchase the carrier under the terms and conditions described above, the carrier purchase transaction would be documented in accordance with the contract model, in compliance with the international standards for this type of transaction, previously agreed between the parties.

b) Transaction amount

The amount, at current market prices, is €75M. This amount may vary, depending on the TTF price. In any case, the Audit and Compliance Committee will be informed of the final amount of the transactions and, if these exceed the authorised amount by 50%, they will be submitted again to the Board of Directors for their authorisation.

In view of the offer made by Enel Generación Chile, S.A. and to the extent that it results from the interest of Endesa Energía, S.A. to carry out the related-party transaction, both entities would sign a term sheet in which the terms in which Endesa Energía, S.A. would acquire an LNG carrier from Enel Generación Chile S.A. will be agreed, by subscribing the corresponding Confirmation Memorandum (the "Term Sheet") no later than 30 April 2022. The terms and conditions of the Term Sheet are as follows:

- Quantity: 1 LNG carrier (vessel) of between 3.1 and 3.6 TBTU, the specific amount of which will be determined by Enel Generación Chile, S.A.
- Consideration: Enel Generación Chile, S.A. establishes the selling price of the carrier with a gross discount when compared to the market price of €15M, i.e., 1 TWh at TTF-15 €/MWh. At current market prices, Endesa Energía, S.A. would have to pay Enel Generación Chile, S.A. €75M.
- Supply terms and conditions: In accordance with the provisions of the Framework Agreement, Enel Generación Chile, S.A. will determine the carrier used to transport LNG and Endesa Energía, S.A. will determine the place and date of unloading. All other terms and conditions applicable to the Term Sheet and, where appropriate, to the Confirmation Memorandum by which the sale of LNG between the parties is executed, will be those contained in the Framework Agreement.

III. IDENTIFICATION OF THE PARTY RELATED TO ENDESA

As party of the first part, **Endesa Energía, S.A.** is a fully-owned subsidiary of Endesa, S.A. and a member company of the Endesa Group.

As party of the second part, **Enel Generación Chile, S.A.** is a company owned by Enel Chile, S.p.A., in which Enel Spa is the majority stakeholder.

Enel SpA is the sole shareholder of Enel Iberia S.L, which is in turn a shareholder of Endesa S.A with a 70.101% stake. Related-party transactions are those entered into by Endesa or its subsidiaries with Endesa's shareholders who hold 10% or more of the voting rights or who are represented on the Board of Directors, as well as with any other parties considered as parties related to Endesa, in compliance with the International Accounting Standards. Therefore, all transactions entered into by Endesa or its subsidiaries and Enel or its subsidiaries will be considered related-party transactions (excluding the Endesa Group⁸).

IV. ANALYSIS OF THE TRANSACTION FROM THE POINT OF VIEW OF THE INTEREST OF ENDESA AND OF SHAREHOLDERS OTHER THAN RELATED PARTIES

1. Operational and strategic rationality of the transaction

According to the medium-term gas demand forecasts of the national market, Endesa Energía needs to import gas of 2023, mainly as a consequence of the high seasonality of gas demand.

Endesa Energía has a unique opportunity to receive 1 TWh of liquefied natural gas from Enel Generación Chile at a price referenced to Brent, below the TTF spot gas price in Europe ("TTF": "Title Transfer Facility" or spot market price in the Netherlands).

It should be noted that, although the price of the transaction is subject to variations in the TTF market price, the transaction would not become effective until the parties sign the "confirmation notice", which should be signed before August 2022.

In order to calculate the transaction discounts, Endesa Energía's risk department has assessed each of the potential risks of the transaction with the aim of ensuring that the discount offered in this case by Enel Generación Chile on the TTF market price is higher than the potential risks and to ensure there is a net positive margin for Endesa. These risks are:

- **Base risk:** Valuation of the price decoupling between liquefied natural gas (LNG) and TTF prices, based on the historical series.
- **Volume risk.** Assessment of the impact on the price of the carrier, derived from the potential deviations (maximum deviations between -5% and +20%) of the volume contemplated in the contract between Enel Generación Chile and its supplier.
- **Risk of rescheduling:** Assessment of the uncertainty derived from the arrival of liquefied natural gas (scheduled for Q1 2023 but the date of reception within the period is not known yet).

The logistics costs associated with the contract must be added to this analysis.

In this context, the terms and conditions negotiated with Enel Generación Chile establish a discount on the TTF price of €15/MWh, so the margin for Endesa Energía, including all risks and costs, would be positive.

Based on the above, it is worth mentioning that **the nature of the transaction is in line with the company's strategic plan**, to the extent that it supplies gas as part of its sales plan with a discount on the market price, including an assessment of the transaction's potential risks.

Below is the assessment of the impact on the transaction and organisation of the purchase of an LNG carrier to Enel Generación Chile during Q1 2023:

- **Positioning and strategy.** Endesa Energía manages its medium-term needs to be able to address specific emergency situations in energy markets, ensuring the supply of 100% of its expected demand.

⁸ Endesa Group: with regards to the internal regulations associated with related-party transactions, the term "Endesa Group" refers to Endesa, S.A. and its subsidiaries, as described in Article 42 of the Code of Commerce.

- **Operational capacity.** The international opportunities are boosted by exploiting the capabilities of the Enel Group, contributing to better risk management.
- **Risks.** The economic risks inherent to the activity are reduced, contributing to their partial mitigation. In addition, the larger number of resources at the Group level allows the Group to deal more easily with events that have occurred and to overcome them with success.
- **Costs.** Derived from the contract between Enel Generación Chile and its supplier, Enel Generación Chile can offer an extremely competitive sale price for the carrier to Endesa Energía (1 TWh at €TTF-15/MWh).
- **To sum up,** it should be noted that the completion of the transaction will allow Endesa Energía to: (i) partially cover the gas demand Q1 2023 and (ii) save when compared to the market price.

In addition, prior to the firm acquisition of the carrier, at least three other offers submitted by qualified operators will be analysed, one of them being Enel Generación Chile. Once the offers are available, these will be analysed to assess whether those issued by independent qualified operators can be compared (in terms of price, volume, term, characteristics of the transaction, etc.) with the offer submitted by Enel Generación Chile. Therefore, the price initially proposed by Enel Generación Chile will be compared with at least two other market offers before closing the transaction.

2. Economic reasonableness of the transaction. Methods used

To analyse compliance with the principle of free competition, according to paragraph 2.14 of the OECD Guidelines and article 18.4 of the CTR, the *Comparable Uncontrolled Price* method (CUP) is the most reliable transfer pricing method for determining the nature of the market value associated with the corresponding related-party transaction. Taking into account that information is available on the price agreed between independent third parties for comparable transactions, we can conclude that the necessary offers are given for the application of the CUP method to determine the market value of the related-party transaction.

In application of the ex-ante control method, the price offered by Enel Generación Chile has been compared with the offers of qualified operators for comparable transactions in terms of price, volume, term, characteristics of the transaction, etc. Therefore, it is concluded that the valuation method used to determine the value of the related-party transactions that would be formalised through these indices would be reasonable from a transfer pricing point of view.

According to the above, this price determination procedure complies with the Spanish tax regulations on transfer pricing and the OECD Guidelines; the prices of these transactions would reflect what independent parties would have agreed under similar circumstances.

3. Legal and commercial reasonableness of the transaction

The related-party transaction is legally specified from the start through the signing of the Term Sheet after its authorisation from the Board of Directors of Endesa, which will lead to the signing of the corresponding Confirmation Memorandum, provided that Endesa Energía, S.A. and Enel Generación Chile reach an agreement, according to the provisions of the Framework Agreement, and which will involve the execution of the sale of LNG and, therefore, of the related-party transaction.

The related-party transaction would be executed under the terms and conditions determined with regards to the quantity of gas to be supplied and the delivery method and form, which can be considered reasonable if they are assessed in the context with the price paid for the supply of said gas.

With regards to all other terms and conditions that apply to the related-party transaction, either because they are defined in the Term Sheet or because they are defined in the Framework Agreement, it can be concluded that they have been agreed by the parties in the usual terms for international

contracts of such nature. In particular, the parties have determined a reasonable distribution of the risks associated with the sale and supply of gas. Moreover, they have established an invoicing, payment and regulation system that can also be considered appropriate according to the nature of the related-party transaction, as well as mechanisms for the management of cases of force majeure in generally-accepted terms and cases of early resolution and liability and resolution of conflicts through international arbitration, also according to the nature of the related-party transaction.

In view of these legal and commercial terms and conditions, it can be concluded that the related-party transaction is articulated in a reasonable manner and under contractual terms that could have been agreed by independent parties and that, if these were to be agreed between related parties, they would not create unjustified or disproportionate benefits for Enel Generación Chile to the detriment of Endesa's subsidiary, i.e. Endesa Energía and, ultimately, Endesa.

V. INDEPENDENT EXPERT REPORTS ISSUED AT THE REQUEST OF THE AUDIT AND COMPLIANCE COMMITTEE

After analysing the transaction, the Audit and Compliance Committee has taken into account the Report of PricewaterhouseCoopers Tax and Legal S.L. and PricewaterhouseCoopers Asesores de Negocios, S.L. (hereinafter "PwC") on the fairness and reasonableness of the acquisition of the liquefied natural gas carrier from Enel Generación Chile by Endesa Energía.

PwC has issued its Report in its capacity as an independent expert. On the date the report was issued, PwC did not maintain any sort of commercial relations with the Enel Group or with the Endesa Group that could compromise its condition as an independent expert for the purposes of issuing this Report or that, in particular, could place them in a situation of conflict of interest to conduct the analysis and draw up the conclusions set out therein.

The Report issued for Endesa's Audit and Compliance Committee concludes that the acquisition of a liquefied natural gas carrier from Enel Generación Chile by Endesa Energía partially covers the gas demand for 2023 and represents a discount when compared with the market price after discounting the risks and costs estimated by Endesa Energía for the transaction.

The independent expert concludes that the acquisition of the liquefied natural gas carrier is fair and reasonable from the point of view of Endesa and, in particular, of its shareholders other than the related party, i.e. shareholders other than those of the Enel Group.

VI. CONCLUSION OF THE AUDIT AND COMPLIANCE COMMITTEE

First, it must be stated that the Audit and Compliance Committee is made up of four non-executive members of the Board of Directors, three of whom (75%) are independent. The Committee also includes a Proprietary Director representing the controlling shareholder Enel, which owns 70.10% of Endesa's shareholding.

In accordance with paragraph 3 of Article 529 duovicies of the Corporate Enterprises Act, Alberto de Paoli, Proprietary Director, representative of Enel, has not participated in the preparation of this Report.

All other members of the Audit and Compliance Committee have participated and agreed on the content of this Report on the acquisition of a liquefied natural gas carrier from Enel Generación Chile, S.A. by Endesa Energía, S.A.

Based on the background information discussed above, the Audit and Compliance Committee concludes that:

1. Given the identified lack of gas for 2023 it is reasonable for Endesa Energía to purchase gas from the gas markets to meet the estimated demand in the medium-term.
2. Given the current market context and the conditions of the contract between Enel Generación Chile and its supplier it would be reasonable to have the Term Sheet signed, as it allows Endesa Energía to: (i) partially cover the gas demand during 2023 and (ii) receiving a discount when

compared to the market price after discounting the risks and costs estimated by Endesa Energía for the transaction.

3. In application of the ex-ante control method, the price offered by Enel Generación Chile has been compared with the offers of qualified operators for comparable transactions in terms of price, volume, term, characteristics of the transaction, etc. The price set forth will be contemplated in the most favourable offer for Endesa Energía in each case.
4. This price determination procedure complies with the Spanish tax regulations on transfer pricing and the OECD Guidelines; the prices of these transactions would reflect what independent parties would have agreed under similar circumstances.
5. In view of the legal and commercial terms and conditions applicable to the Term Sheet, it can be concluded that the related-party transaction is articulated in a reasonable manner and under contractual terms that could have been agreed by independent parties and that, if these were to be agreed between related parties, they would not create unjustified or disproportionate benefits for Enel Generación Chile to the detriment of Endesa's subsidiary, i.e. Endesa Energía and, ultimately, Endesa.

The Audit and Compliance Committee concludes that the Endesa's acquisition of a liquefied natural gas carrier from Enel Generación Chile is fair and reasonable from the point of view of Endesa and its shareholders other than the related party.

VII. CONCLUSION OF THE BOARD OF DIRECTORS

Endesa's Board of Directors, following a favorable report from the Audit and Compliance Committee, has unanimously approved all transactions.

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Report of the Audit and Compliance Committee on the fairness and reasonableness of the contract for the partial sale of Endesa X Servicios' electric mobility business, as well as the other transactions relating to this sale

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I. INTRODUCTION AND REGULATORY CONTEXT

In accordance with the provisions of section 3 of article 529 duovicies of the consolidated text of the Spanish Corporate Enterprises Act approved by Royal Legislative Decree 1/2010, of 2 July, Endesa's Audit and Compliance Committee issues this Report to assess whether the transaction is fair and reasonable from the point of view of the company and, where appropriate, shareholders other than the related party, and to give an account of the assumptions on which the assessment is based and the methods used.

In accordance with paragraph 3 of Article 529 unvicies, the Report issued and, where appropriate, published by Endesa's Audit and Compliance Committee, must at least include the following information:

- a) Information on the nature of the transaction and the relationship with the related party,
- b) The identity of the related party,
- c) The date and the value or amount of the consideration for the transaction,
- d) Any other information required to assess whether this is fair and reasonable from the point of view of the company and of shareholders who are not related parties

On 21 December 2021, Endesa's Board of Directors approved a new Regulation on related-party transactions, after repealing the Regulation in force. In addition, on 21 December 2021 Endesa's Audit and Compliance Committee approved a new operational procedure for related-party transactions that develops the guidelines contained in the Regulation, defining the operations, functions and responsibilities of the general regime established for the application, approval, publication and supervision of related-party transactions. The regulation has been applied in this case.

BRIEF DESCRIPTION OF THE TRANSACTION

a) Background for the operation:

To date, the business line of the wholly owned company "Endesa X Servicios, S.L." (**Endesa X**) mainly included the following business activities:

- Homes (e-Home);
- Companies (e-Industries); and
- Cities (e-City).
- Electric Mobility (e-Mobility);

To date, the electric mobility business has a lower specific weighting than the other lines of business as it is still in the initial stage of development. To promote this business line, the Enel Group has created the "Global e-Mobility" project, in order to address global expansion in the electric mobility market, re-charging solutions and relative platforms for the supply of energy to zero-emission vehicles by focussing more on activities.

On 15 February 2022, Endesa received a letter of intent from Enel expressing its interest in collaborating with Endesa on a global project aimed at giving greater value to future electric mobility management activities.

Prior to this operation, Endesa proceeded to partially segregate the Endesa X electric mobility business by creating a new company, called "Endesa Movilidad Eléctrica, S.L." ("**EME**"). This segregation consists of an economic management unit for chargers and charging stations. For this purpose, the following have been transferred to the new company:

- Endesa X employees working on electric mobility;
- Contracts with customers and suppliers linked to the electric mobility business, and
- Stocks (mainly consisting of non-installed charging stations, mostly in storage)

It is important to note that Endesa X is still the owner of public chargers and charging stations.

The aim of the concentration of management activity for charging stations in a separate company includes the unification of strategic management:

- The operational aim of transferring to a different and separate company, with a single management team exclusively dedicated to this activity, is to focus on developing the management team in these new businesses;
- To provide economic control for the management activity for charging stations, with the intention of offering more transparent information to the market;
- To enable the search for new forms of business collaboration with other entities outside the Endesa Group, with the consequent growth of the business.

The essential feature of the new company (EME) is to integrate electric mobility management services for the end-customer, that is, retailing electric mobility products and services (supply of chargers, installation, etc.) and recharging services for the end-customer (MSP) as well as operating the infrastructure without being the owner of the electrical infrastructure at the electric vehicle charging stations (CPO).

b) Objective and amount of the transaction

➤ The transaction consists of the partial sale by Endesa X of 51% of its stake in EME to Enel X Way Srl (a company wholly owned by Enel S.p.A) and which specialises in electric mobility, as part of a global project that aims to add greater value to future management activities with regard to electric mobility worldwide.

The total for the transaction consisting of the purchase and sale of shares amounts to **€122.4 Million**.

- The **main terms and conditions** in the Contract for the Purchase and Sale of shares are as follows:
- Individual claim thresholds for non-compliance are established and aggregate maximum total liability assumed by the seller and maximum period of claim by the buyer in case of breach of the declarations and guarantees in line with the usual market practice in transactions of this nature.
 - A restriction is established from the moment the contract is signed and until two years after EME or Endesa ceases to be controlled by Enel (whichever comes first) in accordance with which Endesa X will not be able to develop directly or indirectly in Spain and Portugal management activities for electric charging stations similar or analogous to those to be developed by EME.

- It establishes the possibility that under certain circumstances Endesa may benefit from a limited price increase.
- **Shareholders' Agreement (SHA)** that regulates the relationship between Enel X Way as a majority shareholder and Endesa X as minority shareholder, of EME.

The main terms and conditions of the SHA are as follows:

The Board of Directors of the company should be composed of a majority appointed by the majority shareholder. Decisions will be taken by a majority of the Board and a list of issues will be established that should necessarily be submitted to them for consideration and which may not be delegated.

The Shareholders' Meeting decides by majority, although a list of issues submitted for deliberation at the Shareholders' Meeting will be established and which will require a reinforced majority with the favourable vote of 75% of the share capital in line with the usual market practice for transactions of this nature.

The SHA establishes a regime for the transfer of shares that includes the following mechanisms:

- i. Commitment to the non-transferability of shares for a period of five years, except for certain permitted sales, after which shareholders will have the right to preferential acquisition.
- ii. "Tag along" and "drag along" rights are also envisaged in the case of share sales.

The SHA establishes the authorisation of the use of the name and other "Endesa" intellectual property rights by EME while Enel is the controller of this company or of Endesa, S.A., but this will no longer be applicable if this ceases to be the case.

➤ As a result of the sale, a series of contracts should also be concluded that constitute related-party transactions connected to the same, consisting of the provision and receipt of certain services by EME and Endesa X within the framework of the transaction described. Specifically, there will be seven contracts for a period of five years:

- a) The main contract "Charging Point Operator (CPOaaS)": This regulates the relationship between the owner of the public access charging stations (Endesa X) and the company that manages them (EME), from 29 April 2022, for a period of five years. The cash flows associated with the contract for the above-mentioned period amount to a total of €430 Million which are distributed as follows:
 - i. Provision of the asset management service by EME to Endesa X, for a total amount of €296 Million.
 - ii. Use of the charging infrastructure owned by Endesa X, by EME, for a total amount of €134 Million.
- b) Six additional contracts for the purpose of regulating the relationship between EME and Endesa X with regard to the activities to be undertaken in coordination by both companies, for a period of between one and five years and for a total amount of €17.5 Million. These consist of standard models for intra-group contracts most of them already existing prior to this transaction between the different Endesa Group companies and Endesa X, which will now be transferred from these companies to EME, for certain services: Provision of structural services – provided by Endesa SA and Provision of support services – provided by Endesa X.

#	Contrato Asociado	Proveedor	Cliente	Enpresa facturará a Enel M€	Enel facturará a Enpresa M€	Total importes contratos – M€
1	CPOaaS	Endesa Movilidad Eléctrica	Endesa X		296	296
	CPOaaS	Endesa X	Endesa Movilidad Eléctrica	134		134
2	Prestación de Servicios de estructura	Endesa SA	Endesa Movilidad Eléctrica	0,8		0,8
3	Prestación de Servicios de apoyo	Endesa X	Endesa Movilidad Eléctrica	~1		~1
4 + 5	Prestación de Servicios Inmobiliarios e ICT	Endesa Medios y Sistemas	Endesa Movilidad Eléctrica	0,5		0,5
6	Prestación de Servicios Inmobiliarios	Endesa Distribución Eléctrica	Endesa Movilidad Eléctrica	0,2		0,2
7	Cuenta Corriente Interempresa	Endesa Financiación de Filiales	Endesa Movilidad Eléctrica	15		15
				151,5	296	447,5

II. IDENTIFICATION OF THE PARTY RELATED TO ENDESA:

Service providers: Endesa Movilidad Eléctrica, S.L., Endesa X Servicios S.L.U, Endesa SA, Endesa Medios y Sistemas, S.L. Endesa Distribución Eléctrica, S.L. and Endesa Financiación de Filiales, S.L.

Service recipients: Endesa Movilidad Eléctrica, S.L. and Endesa X Servicios S.L.

Enel SpA is the sole shareholder of Enel Iberia S.L, which is in turn a shareholder of Endesa S.A with a 70.101% stake. Related-party transactions are those entered into by Endesa or its subsidiaries with Endesa's shareholders who hold 10% or more of the voting rights or who are represented on the Board of Directors, as well as with any other parties considered as parties related to Endesa, in compliance with the International Accounting Standards. Therefore, all transactions entered into by Endesa or its subsidiaries and Enel or its subsidiaries will be considered related-party transactions (excluding the Endesa Group).

Enel and its subsidiaries (excluding the Endesa Group) and Endesa and its subsidiaries are considered "the same counterparty" when calculating the thresholds to publish related-party transactions. In other words, the same counterparty is considered both the related person, whether natural or legal, as well as any other entity under its control, and, in the case of natural persons, close relatives, as defined in IAS 24.

III. ANALYSIS OF THE TRANSACTION FROM THE POINT OF VIEW OF THE INTEREST OF ENDESA AND OF SHAREHOLDERS OTHER THAN RELATED PARTIES

a) Strategic rationality of the transaction.

The regulatory context supporting energy policies in developed countries is based on decarbonisation, energy efficiency and the increase of renewable energies, and in all these aspects the electric vehicle plays a leading role:

- Decarbonisation: In Spain, more than 25% of CO2 emissions originate from road transport. Considering the energy *mix* in Spain. An electric vehicle emits 60% less than the average emissions for a combustion-engine vehicle
- Energy efficiency: Considering the entire chain, an electric vehicle is three times more efficient than a combustion-engine vehicle.
- Renewable energies: The intermittent nature of renewable economies will require storage systems. Electric car batteries, in addition to the system or individually in the family home, will play an important role in storage

The development of the electric vehicle is an essential vector in the energy policies in developed countries, with the establishment of policies both in the specifically energy field as well as regulations that affect the manufacture of automobiles. In Europe, the implementation of the electric vehicle varies enormously from country to country, with common limitations to the full development of electric mobility: The price of electric vehicles, with a reduced difference compared to that for combustion-engine vehicles; the ever increasing autonomy of electric cars, and the need to develop charging infrastructure

The value chain for mobility can be divided into three main activities:

A. **ELECTRICITY SUPPLY:** The business model is in line with the traditional line for marketing energy since they are responsible for supplying energy to charge electric vehicles. They are also responsible for the development of the network to guarantee energy for the charging infrastructure.

B. **CHARGING INFRASTRUCTURE** which is subdivided into:

- Hardware suppliers and manufacturers of charging stations. These require significant investment in R&D

- Owners of the charging stations (*Asset Owner*) whose model is based on a recurring income associated with the use of the asset

C. **MANAGEMENT OF CHARGING STATIONS** and sale of associated services distributed as follows:

- Charging Station Operators (*CPOs* in Spanish) dedicated to the installation, operation and maintenance of Charging Stations (*PdR* in Spanish).

- Electric mobility service providers. These sell electric mobility products and services to the end customer, both in the private sector (sale of chargers, installations, software and associated services) and in the public sphere called MSP (*Mobility Service Provider*), who are responsible for providing recharging services in infrastructure with public access.

- Roaming platform providers (*RPPs*). Roaming platforms are those intended for the exchange of transactions between the different Charging Station Operators (CPO) and Mobile Service Providers (MSP), and which enable energy and economic transactions between the two.

- Global application is an essential feature of the value proposition of electric mobility: Mobility, in general, has a global perspective. Private customers are very different from how electricity customer have been conceived until now, because these customers will not only consume energy at a certain supply point, but will do so at different supply points, in different places, and in different countries. Decarbonisation strategies are also defined globally, which has led to car manufacturers and large customers to demand global, standard and homogeneous solutions. Global providers of electric mobility solutions are required to guarantee homogeneous standards at competitive prices. In this scenario, the value proposition should be based on services on global platforms that enable the standardisation and homogenisation of services, economies on a global scale that enable the grouping of needs in the negotiations with suppliers who also need to be global.

- Electricity retailing is a substantial part of electric mobility: It is essential for the provider of electric mobility services to include in the value proposition to customers not only the services associated with recharging but the electricity itself at competitive prices and in all areas. Given the spectrum of consumption for the mobility customer, electricity companies have an advantage in the development of this market over possible new entrants, although they need to be well positioned in the first axis so as not to lose the opportunity for growth in energy consumption that is associated with the development of this market.

- This means that Endesa maintains an exclusive role in the value chain for electric mobility both in the electricity supply and in the ownership of chargers, involving local activities linked to its essential role in Spain and Portugal, while incorporating into Enel's common project aspects linked to globality, such as the management of charging stations, for example.

- If Endesa's sole activity was the development of the electric mobility activity, its capacity for scale and international presence would be much lower. Meanwhile, the incorporation of Enel X Way as a majority

shareholder in the capital of EME generates opportunities and benefits for the development of the mobility business that will help accelerate growth and add value to the client through the following:

- Continuous innovation in the products offered to the client, as well as improvements in the time-to-market
- Greater centralisation of platform development, with a potential reduction in the costs of planned systems and optimised collaboration.
- Increased negotiation capacity with suppliers to capture efficiencies in equipment procurement and inventory management necessary for the more efficient deployment of a broad, smart public charging network.
- Incorporation of a partner with an international presence that will enable global competition with car manufacturers and large customers in the segment of companies that seek a homogeneous and standard value proposition in all countries
- It will also make it easier to capture financing in the market.

The sale of 51% of EME's share means the following for Endesa:

- Materialising part of the value of the branch of activity in operation at a very positive price;
- Maintaining 49% of EME's shares, and therefore a part of the potential profit contributed with the entry of Enel X Way into the activity;

In short, the operation enables Endesa to maintain and enhance its presence in the segments of the electric mobility value chain linked to its main activity (electricity supply and ownership of charging stations), while significantly improving its competitive strategy in global activities in which size and global dimension are essential (the management of charging stations), acting in this area as a partner of a global player like Enel.

With regard to the service contracts derived from the sale, and specifically the CPO between Endesa X services and EME up to a total of 430 million euros, to the extent that EME is the entity that has experience in the management, operation and construction of the charging infrastructure, as well as the human and technical resources required to undertake this, it is necessary for this entity to provide these services for Endesa X after the sale. In the remaining contracts, the reasonableness of this service is based on the fact that the activities described in the catalogue are tasks already optimised in Endesa X from the point of view of processes and associated resources.

b) Economic Reasoning. Methods used

Economic reasoning with regard to the sale of 51% of Endesa X's share in EME to Enel X Way Srl

- The price paid by Enel for 51% of EME was **€122.4 Million**.
- When determining the suitability of the price received, it was decided to use the methodology for the revenue approach as cash flows discount ("CFD") that is based on the cash flows that the company expects to obtain. When this method is applied, cash flows are calculated for a certain number of years in addition to a terminal value. For the purposes of the analysis, each cash flow indicates the amount available annually. Finally, those available cash flows are discounted at present value to obtain the Fair Value for the asset. This methodology has been estimated as the best way to make the assessment.
- This assessment was based on an expectation in line with the PNIEC that establishes that by 2030 when there are expected to be +5 Million BEV/PHEV passenger cars, with the result for this internal assessment oscillating within a range. E&Y, an independent expert, also made another assessment applying the same cash flows discount method.

- **The offer received is slightly above the high range of the assessment range resulting from the analysis of both the independent expert and Endesa's internal assessment.**

Economic reasoning related to the signing of the Contracts for services arising from the sale

- CPOaaS (Between Endesa X and EME up to a total of **430 million euros**)

For the electric charging asset management services, it is expected to establish a margin on the costs borne by EME depending on the technology, type and configuration of the charging stations. The margins applied will be 5%, 7% and 10% depending on the services provided.

The remuneration agreed under the CPOaaS contract for these services is consistent with the arm's length principle and, therefore, the economic reasoning for the transaction is justified.

With regard to operation and maintenance services, an economic analysis was made of comparable services that justify that the above-mentioned remuneration falls within market standards.

So it can be concluded that the remuneration agreed under the CPOaaS contract for these services is consistent with the arm's length principle and, therefore, the economic reasoning for the transaction is justified.

Of the revenue received by EME in the management of payment collection, the remuneration will be 10% or 19% depending on whether it provides CPO or CPO + MSP services. The current valuation of the contract is made on this second hypothesis. There has been access to a summary of conditions applied in a number of commercial relationships justifying the price applied. So it can be concluded that the remuneration agreed under the CPOaaS contract for these services is consistent with the arm's length principle and, therefore, the economic reasoning for the transaction is justified.

- Endesa X Support Contract (Between Endesa X and EME for a total amount of ~1 million euros)

These services are considered to be ancillary to the main business activity. The pricing policy consists of invoicing the costs incurred by the internal FTEs dedicated to this activity plus a margin of 5%. These margins are in line with the arm's length principle since these intra-group services do not entail high added value for the recipient entity, but are basic services provided in order to help it perform its activities and functions. It may be concluded that the remuneration established is consistent with the arm's length principle and, therefore, the economic rationality of the transaction is justified

- Real Estate Services Contract (Between Endesa Medios y Sistemas, S.L. Endesa Distribución Eléctrica S.L. and EME for a total value of up to 0.7 million euros)

These services are considered to be ancillary to the main business activity. The pricing policy applied is based on the re-invoicing of the total costs incurred (mainly the amortisation of fixed assets without adding any margin. Passing on the total costs incurred without adding any margin is considered to be consistent with the arm's length principle, and therefore the economic rationality of the transaction is justified.

- Inter-Company Current Account Contract (between Endesa Financiación Filiales, S.L. and EME)

Both EME (as a user of the Inter-Company Current Account "CCI") and Endesa Financiación Filiales (as provider of the services to which the ICC is annexed) obtain a profit under the transaction, to the extent that through the ICC treasury management is optimised, enabling Endesa to centralise it in a small number of bank accounts and to consolidate a single treasury position for the entire Group. At the same time, the centralisation of the service enables the generation of high synergies in the form of saving time and resources and the consolidation of best practices in terms of safety and security, control and efficiency in the execution of processes related to collections and payments, both at group level and with regard to shareholders other than the related party. It may be concluded that the

remuneration established is consistent with the arm's length principle and, therefore, the economic rationality of the transaction is justified

IV. INDEPENDENT EXPERT REPORTS ISSUED AT THE REQUEST OF THE AUDIT AND COMPLIANCE COMMITTEE

The Audit and Compliance Committee took into account the following independent third-party reports when analysing the transaction:

Accenture S.L.U. – Strategic Reasoning Report: Based on the analysis of the business model proposed by Endesa, the amounts for the contracts and taking into account the strategic elements of the electric mobility business model, Accenture concluded that the operation was reasonable from the strategic point of view and favours the interests of Endesa and its minority shareholders.

E&Y Servicios Corporativos, S.L. – Fairness Opinion

In accordance with the procedures applied, the information used and the other considerations described, E&Y Servicios Corporativos, S.L. established a fair value range of 51% of the Share Capital of EME, and concluded that the Transaction Price was reasonable from the financial point of view for the shareholders of Endesa X.

E&Y Abogados S.L. – Fairness and Reasonableness Report

E&Y, as an independent advisor, issued a report to the Audit and Compliance Committee (attached), which concluded with the following opinion:

It may be concluded that the Transaction (which includes both the sale of 51% of the share capital of EME, after segregation, as well as the provision of the services resulting from the Transaction) provides a series of advantages for Endesa X, and that it is the most favourable alternative when it comes to meeting its objectives. It also considered that the services resulting from the transaction generate a series of advantages for the recipients (either EME or Endesa X), which would not be the case if they were to undertake the activities themselves or if the services were provided by a third party. For these reasons, it may be concluded that Endesa X will obtain a profit on the transaction and on the resulting associated transactions (technical and/or commercial rationality of the transaction), and that the remuneration is in line with the at arm's length principle (economic rationality). In short, the transaction is fair and reasonable from the point of view of Endesa and those shareholders who are not related parties.

J&A Garrigues, S.L.P.

The legal negotiation process for the transaction was conducted between Endesa and Enel in a professional manner, with each party having the legal advice of professionals of recognised prestige and each defending their own interests and in accordance with market standards in comparable transactions between independent parties. The main legal terms and conditions for the contractual documentation may be considered, as a whole, legally reasonable in accordance with market standards in comparable transactions.

V. CONCLUSION OF THE AUDIT AND COMPLIANCE COMMITTEE:

Firstly, it should be stated that the Audit and Compliance Committee consists of four non-executive members of the Board of Directors, three of whom (75%) are independent. The Audit and Compliance Committee also includes a Proprietary Director representing the controlling shareholder Enel, which owns 70.10% of Endesa's shareholding.

In accordance with paragraph 3 of Article 529 duovicies of the Corporate Enterprises Act, Alberto de Paoli, Proprietary Director, representative of Enel, has not participated in the preparation of this Report.

The rest of the members of the Audit and Compliance Committee participated and agreed on the content of this Report on the partial sale contract for Endesa X's electric mobility business, through

the transfer of 51% of the share capital of EME to Enel X Way Srl, as well as the contracts relating to this sale, considered as a whole.

In accordance with all the above-mentioned background, the Audit and Compliance Committee concluded the following with regard to the transfer of 51% of the share capital of EME to Enel X Way Srl:

- The transaction enables Endesa to maintain and enhance its presence in the segments of the electric mobility value chain linked to its main activity, the supply of electricity and the ownership of the charging stations.
- The transaction significantly improves competitive strategy with regard to global activities in which size and global dimension are essential (the management of charging stations), acting in this area as a partner of a global player like Enel. In other words, the transaction means greater ability to compete (resilience), agility and flexibility to achieve the plan.
- If Endesa's sole activity was the development of the electric mobility activity, its capacity for scale and international presence would be much lower. The Transaction involves an improvement in positioning and the agility required to create global services for global clients and to capture strategic partners.
- The incorporation of Enel X Way as a majority shareholder in the capital of EME generates opportunities and benefits for the development of the mobility business that will help accelerate growth and add value to the client.
- The transaction also generates Synergies in the purchase of equipment and services.
- The transaction enables Endesa to materialise part of the value of the branch of activity in operation at a price higher than the range of valuations that an independent third party considered reasonable.
- Endesa ensures the amount agreed with Enel instead of having an expectation of potential profit in the future if it does not choose to sell, this amount also certainly being higher than the amount corresponding to the estimated potential profit.
- The agreed amount is slightly above the top of the valuation range resulting from the independent expert's analysis.

In accordance with all the above-mentioned background, the Audit and Compliance Committee also concluded the following with regard to the contracts associated with the sale of 51% of the share capital of EME which constitute related-party transactions:

- With regard to the main contract (CPOasaS), to the extent that EME is the entity that has experience in the management, operation and construction of the charging infrastructure, as well as the human and technical resources necessary to do this, it should be this entity that provides these services to Endesa X after the closing of the Transaction.
- In general terms, the rest of the contracts for additional services are considered to be accessories to the main business activity. The reasonableness of this service is based on the fact that the activities described in the catalogue are tasks already optimised in Endesa X from the point of view of processes and associated resources.

To conclude and taking into account the considerations included in the reports by the independent experts contracted to assess the sale of 51% of the share capital of Endesa Movilidad Eléctrica S.L. and the signing of the contracts between related parties, considered as a whole, as well as the assessment and analysis made by the General Management of Endesa X, it may be concluded that, from a strategic, economic and legal point of view, the transaction submitted for consideration as a whole is fair and reasonable for both the interests of Endesa, S.A. and its minority shareholders.

VI. CONCLUSION OF THE BOARD OF DIRECTORS

Endesa's Board of Directors, following a favorable report from the Audit and Compliance Committee, has unanimously approved all transactions.