



Borja Acha Besga
Secretary of the Board of Directors

Madrid, 8 May 2024

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

Related-Party Transactions Reporting

Endesa reports related-party transactions entered into with its controlling shareholder Enel S.p.A. and its corporate group in accordance with the provisions of articles 529 unvicies and 529 tervicies of the Corporate Enterprises Act, which establishes the obligation of companies to publicly report, no later than the time they are entered into, the related-party transactions carried out by it or its subsidiaries 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 turnover.

In meetings held in November and December 2023, and January, February and May 2024, the Board of Directors approved the related-party transactions described below, exceeding the limit established in article 529 unvicies of 2.5% of annual turnover.

I. LIST OF RELATED PARTY TRANSACTIONS CARRIED OUT WITH THE ENEL GROUP

1. Renewal of the contracts for the provision of technical and management support services between the Enel Group and Endesa for 2024.
2. Renewal of the Insurance Mandate and the associated services included in the technical and management support service contracts with Enel, SpA.
3. Purchase of physical fuel oil by Endesa Generación, S.A.U. from ENI Trade & Biofuels, S.p.A.
4. Purchase of liquefied natural gas (LNG) between Endesa Energía, S.A.U. and Enel Global Trading, S.p.A. or Enel Generación Chile, S.A. for 2024 and 2025.



5. Acquisition of up to three liquefied natural gas carriers from Enel Generación Chile, S.A. by Endesa Energía, S.A. during 2025.
6. Provision of services by the companies Endesa, S.A., Endesa Medios y Sistemas, S.L. and Endesa Distribución Redes Digitales, S.L. to Enel Iberia, S.L.U. and Enel Global Trading, S.p.A.
7. Renewal of the joint management agreement for methane carriers and FOB contracts for LNG of us origin between Endesa Energía and Enel Global Trading for 2024.
8. Spot purchases of fuel oil by Endesa Generación, S.A from Eni Trade & Biofuels, S.p.A. for the Canary Islands in 2024.
9. Framework agreement for the provision of maintenance services for meters, remote management LVM hubs, Bird 3.0 probes and accessories between Gridspertise S.R.L. and E-Distribución Redes Digitales, S.L. for 2024-2028.
10. Contracting by Endesa Medios y sistemas, S.L. of office software licenses, products and services from Enel Global Services, S.R.L. for 2024-2028
11. Recharge of expatriate personnel secondment cost between Endesa Group companies and Enel Group companies.
12. Shareholder contributions by Endesa Mobility, S.I. to Endesa X Way, S.L.
13. Executing a framework agreement for conducting joint promotion actions between Endesa Energía, S.A.U. and Endesa X Way, S.L.
14. Execution of a long-term credit facility by Enel Finance International N.V. and Endesa, S.A.
15. Extensión of the agreements for the provision of services by Endesa Group companies (Endesa Medios y Sistemas, S.L., Endesa, S.a. and Edistribución Redes Digitales, S.L.) to Gridspertise Iberia, S.L.
16. Provision of electric charging solutions and the provision of services between Endesa X Way and Endesa Energía.
17. Ratification of the sale of LNG between Endesa Energía, S.A.U. and ENI Global Energy Markets, S.p.A.
18. Extension of the agreement for the provision of logistics services between Endesa Generación, S.A.U. and Enel Produzione, S.p.A. in the ports of Carboneras and Ferrol
19. Physical coal supply by Enel Produzione and Enel Global Trading to Endesa Generación.



II. CONCLUSION OF THE AUDIT AND COMPLIANCE COMMITTEE REPORTS

The Audit and Compliance Committee has issued a report for each related party transaction in which it has concluded that the transactions entered into are fair and reasonable from the point of view of Endesa and the shareholders apart from 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 AND MANAGEMENT SUPPORT SERVICES BETWEEN THE ENEL GROUP AND ENDESA FOR 2024

REPORT OF THE AUDIT AND COMPLIANCE COMMITTEE ON THE FAIRNESS AND REASONABLENESS OF THE CONTRACTS FOR THE PROVISION OF TECHNICAL AND MANAGEMENT SUPPORT SERVICES BETWEEN THE ENEL GROUP AND ENDESA FOR 2024

I. INTRODUCTION AND REGULATORY FRAMEWORK

In accordance with the provisions of paragraph 3 of article 529 duovicies of the amended and restated Spanish Capital Corporations Law, as approved by Royal Legislative Decree 1/2010, of 2 July, Endesa's Audit and Compliance Committee hereby , issues this Report to assess whether the transaction is fair and reasonable from the standpoint of the company and, where appropriate, shareholders other than the related party, and indicate the assumptions on which the assessment is based and the methods used.

In accordance with Article 529 unvicies, paragraph 3, the Report issued and, as the case may be, 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 standpoint of the company and of shareholders who are not related parties.

Furthermore, Endesa has developed its own internal regulatory framework in this area, which includes, inter alia, a Related-Party Transaction Regulations approved by the Board of Directors, as well as a Related-Party Transaction Operating Procedure approved by the Audit and Compliance Committee, implementing the guidelines set forth in the Regulations and defining the proceedings, functions and responsibilities relating to the general rules on requests for and the approval, publication and monitoring of related-party transactions. These regulations have been applied in this case.

II. OVERVIEW OF THE TRANSACTION

a) Purpose of the transaction.

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

The purpose of the transaction "**Contracts for the provision of technical and management support services between the Enel Group and Endesa for 2024**" is the renewal of the support services provided 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 and with maintenance and development of computer and telecommunications systems.

The contracts are executed between each supplier company and each recipient company, and are comprised of the following documents:



- Limited catalog of services and activities to be performed, which are likely to create an advantage or benefit to the recipient, together with a pre-set list of documents (deliverables) aimed at evidencing the effective provision of services.
- Quoted price of each service, established in accordance with the current Spanish transfer pricing regulations.

In 2023, the catalog included 352 services (76 management support services and 276 technical services). For the 2024 catalog, 337 services are proposed (80 management support services and 248 technical services).

Certain adjustments have been also proposed, which do not affect the service catalog but rather concern the definition of the activities encompassed by some of the existing services, as well as the deliverables of such activities.

The services are provided through the following contracts:

- **Management, Procurement and ICT Support 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 areas or categories: AFC (Administration, Finance and Insurance, Planning and Control, Risk Management and Strategy), Legal and Corporate Affairs, European Affairs, Innovation, Sustainability, Communication, People and Organization.
 - **Technical, Procurement and ICT Services for the Power Generation Business**, provided by Enel Green Power SpA to Endesa Generación, S.A. and its subsidiaries: The services of the **Power Generation** business line are associated with (i) the production of conventional electricity, focusing on the operation of coal, combined cycle and fuel-gas thermal power plants; and (ii) renewable energy sector (hydroelectric, wind and solar plants).
 - **Technical, Procurement and ICT Services for the Distribution Business**, provided by Enel Grids SrL to Distribuidora Eléctrica del Puerto de la Cruz, S.A., E-Distribución Eléctrica, S.L., and Endesa Ingeniería, S.L.
 - **Technical, Procurement and ICT Services for the Marketing Business**, provided by Enel Global Services and Enel X to Endesa Energía S.A. and its subsidiaries.
 - **Technical and ICT Services for the Endesa-X Business**, provided by Enel X SrL to Endesa X Soluciones S.A. and Endesa Energía.
 - **Technical and ICT Services for the Energy Management Business**, provided by Enel Global Trading, SpA to Endesa, S.A. (including a mandate for trading in commodities markets).
 - 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 cyber-security 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 the Endesa Group with procurement services across all of Endesa's businesses, except for Endesa X and Energy and Commodity Management business lines.
- Contractual terms and conditions of the services:
- The contract will have a one-year term that can be extended for successive periods of equal duration. The contracts shall be considered executed on the date they are



approved by Endesa's Board of Directors, i.e. on 17 November 2023, but effective from 1 January 2024 to 31 December 2023.

The contracts will be extended for one-year periods, unless prior notice of termination is given by any of the parties and, in the case of Endesa, based on the relevant report issued by the Audit and Compliance Committee and the approval of its Board of Directors or General Shareholders' Meeting. The Audit and Compliance Committee has explicitly established the need for the contract extension to be reviewed every year by the Committee itself. To decide on the contract renewals, 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 contracts 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 in good faith the amounts due, within two months.
 - In case of mutual agreement between the parties.
 - In case of non-compliance with the obligations provided 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 amount to €132.66 million for 2024, according to the following breakdown.

- Management, Procurement and ICT Support Services, provided by Enel, SpA to Endesa, S.A. and its subsidiaries: 18.61 million euros.
- Technical, Procurement and ICT Services for the Power Generation Business, provided by Enel Green Power SpA to Endesa Generación, S.A. and its subsidiaries: 34.43 million euros.
- Technical, Procurement and ICT Services for the Distribution Business, provided by Enel Grids SrL to Distribuidora Eléctrica del Puerto de la Cruz, S.A., E-Distribución Eléctrica, S.L., and Endesa Ingeniería, S.L.: 32.10 million euros.
- Technical, Procurement and ICT Services for the Marketing Business, provided by Enel Global Services and Enel X to Endesa Energía S.A. and its subsidiaries: 19.62 million euros
- Technical and ICT Services for the Endesa-X Business, provided by Enel X SrL to Endesa X Soluciones S.A. And Endesa Energía: 13.69 million euros.
- Technical and ICT Services for the Energy Management Business, provided by Enel Global Trading, SpA to Endesa, S.A.: 14.21 million euros.

➤ The prices 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 are calculated as follows:

- In some cases, and where possible, such prices are based on the external cost incurred by Enel, without adding any margin; and
- In all other cases, by re-invoicing the costs incurred by Enel for the provision of these services (distributed between the companies receiving them, with an allocation key



determined according to the type of service) and adding a margin (5%, 7% or 8%, according to the 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 taken into account to calculate the cost.
- If there are departures from the price (per recipient) initially estimated, the final invoices may be adjusted accordingly. A new authorization of the Audit and Compliance Committee is required when these departures 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. In these cases, the initially quoted price must be adjusted to reflect the service actually provided, but not exceeding the 10% cap mentioned above.

III. IDENTIFICATION OF THE PARTY RELATED TO ENDESA:

The companies providing the services: *Enel SpA, Enel Global Service SpA, Enel Grids Srl, Enel Global Trading SpA, Enel Green Power SpA and Enel X Srl.*

The companies receiving the services: 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., 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., Enel Green Power España S.L., Endesa Medios y Servicios, 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 shareholders of Endesa who hold 10% or more of the voting rights or who are represented on the Board of Directors, as well as with any other persons considered as parties related to Endesa, in accordance with International Accounting Standards. Therefore, all transactions entered into by Endesa or its subsidiaries and Enel or its subsidiaries (excluding the Endesa Group) shall be considered related-party transactions.

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

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

a) Operational, technical and commercial rationale.

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

- In general,
 - The globalization 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 the economies of experience, resulting in a higher cost of the service when compared to that provided by Enel, due to the lack of experience from other countries or of the synergies and cross-knowledge between countries.
 - The business strategy shared by the Enel Group and the Endesa Group for each of the business lines and corporate areas is properly executed.
 - The best practices resulting from the experience acquired by sharing knowledge that provides a competitive advantage to the recipients are transferred.
 - The processes and procedures are standardized and harmonized, 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 roles within the organization are rationalized through a correct distribution of the activities, avoiding their duplication, which results in cost savings and specialization of the teams, making the resources more efficient.
- With regards to the Procurement and ICT services, in addition to the cost savings and improved efficiency, contracting volumes are aggregated, 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 operating across the entire value chain, from generation to supply, and this could leave the Endesa Group at a disadvantage with respect to its competitors.

b) Economic rationale. Methods used

Pricing formula and relationship with the rationale of the transaction:

The goals of the proposed services and the pricing method are fully aligned, because:

- The company providing the service carries out the activity for the Group, avoiding duplicate roles/costs, distributing the cost among the different recipients and obtaining a lower unit cost at the recipient level.
 - By concentrating the activity in a single supplier, the teams are better specialized, which improves efficiency and effectiveness.
- Valuation of services:

The re-invoicing of costs plus a margin, distributed according to an allocation 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 percent in the cases in which an external cost is being re-invoiced (for example, and in the vast majority of cases, the cost of licenses), to the extent that the consideration to the service provider is determined based on its internal costs only (and not external costs, on which no margin is applied);
- In other cases, 5, 7 or 8%, depending on the additional value brought about by the contract.
- The Transactional Net Margin Method ("TNMM") was used for assessing the mark-to-market condition of the price agreed between the parties. The Operating Income on Total Costs ("OITC") was used as an indicator of the profit level, so as to check whether transfer prices have been established in accordance with the arm's length principle.

For all the above, it can be concluded that the consideration applied to the provision of services is consistent with the arm's length principle. Therefore, the economic rationale of the transaction has been evidenced.

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 analyzed the catalog of services covered by the contract to verify 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 in its condition as an Endesa shareholder) and duplicate activities (those already being carried out by Endesa, without Enel's involvement).
- The contract form 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.
- On annual basis, each of Endesa's General Managers must examine the itemized catalog of services made available to Endesa by Enel, analyzing 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 effectively provided 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.
- A contract term of one year is established, 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 analyze 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 taxation; 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

In its analysis of the transaction, the Audit and Compliance Committee took the following reports into account:

- 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 under review. 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 relationship with the Enel Group or with the Endesa Group that could compromise its capacity as an independent expert for the purposes of issuing its Report or that could give rise to a conflict of interest in conducting the analysis and drawing up the conclusions 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. analyzing 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 analyzing the M&T Services to be provided, based on the information received as well as the exchange of information between Endesa and EY Abogados, the independent expert concluded that the provision of such services by Enel to Endesa provides, among others, the following advantages:

- A rationalization of the corporate functions through the correct distribution of the activities, avoiding their duplicity;
- Specialized 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;
- Standardization and harmonization of processes and procedures;
- Addition of total volumes when taking out the services.

These benefits translate 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 rationale of the transaction), and that the consideration applied is consistent with the arm's length principle (economic rationale).

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

VI. CONCLUSION OF THE AUDIT AND COMPLIANCE COMMITTEE:

First, it should be noted 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. Furthermore, the Committee has a Shareholder-Appointed Director representing the controlling shareholder Enel, who holds 70.10% of the share capital of Endesa.

In accordance with Article 529 duovicies, paragraph 3, of the Capital Corporations Law, Mr. Stefano de Angelis, who is a shareholder-appointed director and representative of Enel, was not involved in the preparation of this Report.

The rest of the members of the Audit and Compliance Committee took part in the preparation and agreed on the contents of this Report on the **"Contracts for the provision of technical and management support services between the Enel Group and Endesa for 2024."**

Based on the background information discussed above, the Audit and Compliance Committee hereby concludes that, with the contracts subject to the analysis:

- The business strategy shared by the Enel Group and the Endesa Group for each of the business lines and corporate areas is properly executed.
- The centralization of services allows large volumes to be generated, resulting in economies of scale and allowing the company to make more advantageous offers to the market.
- The processes and procedures are standardized and harmonized for all services, facilitating the audit and compliance processes, with the consequent reduction of risks.
- By centralizing services, businesses are managed globally, i.e., the same systems, platforms and applications are used, creating great synergies and economies of scale.
- The roles within the organization are rationalized through a correct distribution of the activities, avoiding their duplication, which results in cost savings and specialization of the teams, making the resources more efficient.
- The consideration applied to the provision of services is consistent with the arm's length principle. Therefore, the economic rationale of the transaction has been evidenced.
- The contract provides for internal controls can help check that the services are being effectively provided by Enel to the recipients in the required terms throughout the year.

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 during the business year ending on 31 December 2024 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 the transactions.



REPORT OF THE AUDIT AND COMPLIANCE COMMITTEE ON THE FAIRNESS AND REASONABLENESS OF THE RELATED-PARTY TRANSACTION INVOLVING THE RENEWAL OF THE INSURANCE MANDATE AND THE ASSOCIATED SERVICES INCLUDED IN THE TECHNICAL AND MANAGEMENT SUPPORT SERVICE CONTRACTS WITH ENEL SPA

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I. INTRODUCTION AND REGULATORY FRAMEWORK

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In accordance with Article 529 unvicies, paragraph 3, the Report issued and, as the case may be, 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 standpoint of the company and of shareholders who are not related parties.

Furthermore, Endesa has developed its own internal regulatory framework in this area, which includes, inter alia, a Related-Party Transaction Regulations approved by the Board of Directors, as well as a Related-Party Transaction Operating Procedure approved by the Audit and Compliance Committee, implementing the guidelines set forth in the Regulations and defining the proceedings, functions and responsibilities relating to the general rules on requests for and the approval, publication and monitoring of related-party transactions. These regulations have been applied in this case.

II. OVERVIEW OF THE GENERAL TRANSACTION

a) Background for the transaction

Endesa has an Annual Insurance Plan that includes all of the policies of Endesa and its subsidiaries, which are classified into two sets of policies: Global and local policies¹.

The policies related to this transaction, which are known as "Global Policies", are negotiated by Enel, S.p.A. for the entire Enel Group, including those of Endesa and its subsidiaries, which it

¹ Local policies, which are not affected by the services provided by Enel, are negotiated by Endesa directly at the local level. Local policies include, among others: Own damage and loss of profits on nuclear assets, nuclear civil liability, fleet of vehicles leased, other damage policies, loss of profits and civil liability on other assets not covered by the global policy, credit risk of counterparties and drone risk.



represents through a Commercial (Insurance) Mandate, under renewal in this related-party transaction. Thus, the global policies are designed and taken out by Enel for all of the Enel Group's subsidiaries, Endesa also being one of the companies insured. Policies are renegotiated every year through top-tier insurance market brokers. In general, the expiration and renegotiation schedule for the different policies runs from November to November.

At its meeting on 14 March 2016, following a favorable report from the Audit and Compliance Committee, the Board of Directors authorized the execution of a Mandate with Enel, authorizing it to negotiate and take out certain insurance policies, acting in its own name and on behalf of Endesa. In this regard, Enel and Endesa signed an "Insurance Mandate" in July 2016. Subsequently, in 2017, 2018, 2019, 2020, 2021 and 2022, Enel and Endesa agreed to extend the term of the Mandate contract (the last renewal signed expires on 31 December 2023).

b) Purpose of the transaction

There are two interconnected related-party transactions in the provision of the services covered by this Report:

The renewal by Endesa of the **Insurance Mandate**, a contractual instrument by which Enel may contract on behalf of Endesa part of the insurance policies for Endesa and its subsidiaries and **the Technical and Management Support Services with the Enel Group for 2024, with respect to the services associated with the Insurance activity**. In particular, the services associated with brokering or negotiating global policies of the Enel Group are aimed at:

- Allowing Enel to select and contract the insurance brokers, to the benefit of the entities receiving the services. To this end, Enel also performs brokerage activities, namely risk placement management, advice and assistance when preparing insurance documentation, support and monitoring of insurance contracts, and notification and advice on matters related to losses.

This is also known as the Global coverage and main claims management service and is aimed at ensuring the acquisition of global insurance coverage by managing global relationships with brokers and insurance and reinsurance companies, including the relevant negotiations and the acquisition of global policies.

Enel also provides risk assessment support, managing the insurable risk assessment process and defining strategies related to insurance activities. In this role, Enel manages the insurable risk analysis process, collects data associated with global risk lines, develops insurance coverage strategies, designs execution plans for global risk lines or risk lines being converted into global, and organizes the Loss Prevention Program.

- Allowing Enel to draft and renew the insurance contracts, to the benefit of the recipient entities. It should be noted that Enel will not be authorized to sign any insurance contract on behalf of Endesa's entities without the prior approval from Endesa's Board of Directors (and its subsidiaries).
- Allowing Enel to coordinate the brokers and insured entities when a significant loss occurs (loss amount, reputational impact on the Group, etc.). The most common claims or those of a limited amount are handled locally, although they are notified to Enel.
Enel also provides insurance contracts governance services, guaranteeing the effectiveness and efficiency of the insurance contracts and documents related to insurance activities. These services refer to the administrative activities comprising specific services of the insurance field, such as issuing invoices, policies, certificates, etc.

Moreover, there is another related-party transaction derived from the negotiation of the Group's global policies: the distribution of costs of global policies for 2024 taken out by Enel on behalf of its Group subsidiaries, including those of Endesa and its subsidiaries. Enel distributes the premiums of the policies taken out globally for each insured subsidiary, so it is necessary to analyze the fairness and reasonableness of this distribution procedure.

The table below shows the indirect distribution key selected by Enel to assign the premium corresponding to each type of global insurance policy.

Type	Allocation Key	Description
Material Damages and Loss of Profit	Business line and country	This takes account of changes in two aspects: (a) the insured values for each entity; and (b) the claims for the last five years.
Civil Liability	Business line and country	This takes account of changes in three aspects: (a) the number of customers for the global distribution line; (b) the installed capacity for the generation companies; and (c) the claims for the last five years.
Transport	Number of transports	The amount of the total premium (which is given by fixed amounts and a specific rate or percentage agreed between Enel and the insurer) is allocated to each subsidiary based on the number of actual transports during the year, considering the insured values transported in that year.
Freight	Type of vessel and per trip	The amount of the premium is distributed according to the type of vessel and per trip, regardless of the number of days that the freight is active. The same criterion is applied with the insurer.
Expatriate staff	Number of expatriate employees	The premium (which is based on a fixed amount per person agreed between Enel and the insurer) is based on the number of employees seconded abroad by the subsidiary to another Group company each year.
Medical Insurance when Traveling Abroad	Nights stay	The premium (which is based on a fixed amount per day of travel agreed between Enel and the insurer) is calculated on the basis of the number of nights spent in transit by the employees of each subsidiary.
Construction Insurance	Reverse CAPEX	The amount of the total premium (which is given by specific rates or percentages agreed between Enel and the insurer) is allocated according to the CAPEX invested by the subsidiary in each of its construction projects.
Cyber-Risk Insurance	Number of hardware units	The amount of the total premium is allocated according to the number of hardware units owned by the subsidiary, connected to the Group's corporate network.
D&O	Turnover and country risks	The premium allocated is determined on the basis of specific risk parameters such as: (a) Endesa's turnover; (b) risks assumed as a listed company; (c) claims over the last five years; and (d) Endesa's condition as a subsidiary within the Enel Group.

c) Term of the contracts and transaction amount

With regards to the **Insurance Mandate**, the renewal of the Insurance Mandate between Enel and Endesa for the period between 1 January 2024 and 31 December 2024 is also included.

With regards to the renewal of the Technical and Management Support Service contracts with the Enel Group for 2024 and the services associated with the Insurance activity, the contract will be valid also from 1 January 2024 to 31 December 2024.

The amount for both contracts, i.e., the Insurance Mandate and the insurance-related Technical and Management Support Service contract, amounts to €529,000. Any variations of the price initially estimated (by the recipient) may result in changes to the invoices finally issued, with a 10% limit of the amount authorized initially per contract and client company.

III. IDENTIFICATION OF THE PARTY RELATED TO ENDESA

The company providing the services: Enel S.p.A.

The companies receiving the services: 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 shareholders of Endesa who hold 10% or more of the voting rights or who are represented on the Board of Directors, as well as with any other persons considered as parties related to Endesa, in accordance with International Accounting Standards. Therefore, all



transactions entered into by Endesa or its subsidiaries and Enel or its subsidiaries (excluding the Endesa Group) shall be considered related-party transactions.

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

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

1. Operational rationale of the transaction

The benefits derived from the extension of the **Insurance Mandate and renewal of the Technical and Management Support Service contracts** provided by Enel to Endesa are as follows:

1. Having Enel take out global policies on behalf of, among others, Endesa, allows Endesa to benefit from a number of advantages:
 - **Grouping of heterogeneous assets:** a portfolio of very heterogeneous global assets is built, which can reduce the risks for the insurance market, making its coverage much more attractive. Risk diversification, by building a portfolio with assets from different regions and of different profiles, allowing the mitigation of the portfolio's total risk. A significant increase in the size of the portfolio, together with the reduction of its risk profile, allowing Endesa to benefit from much more beneficial insurance terms and conditions.
 - **Negotiation capacity when managing claims.** The size of the Enel Group's global portfolio of assets worldwide allows Endesa to have a much higher negotiating capacity in claims management processes, as a result of the inclusion of its assets in global policies. This allows Endesa to close claims in shorter periods and with better economic results. In addition, Endesa is better protected when renewing policies in high frequency claim scenarios.
2. The experience and analysis of the different risk issues of Enel's global portfolio across all regions allows Endesa to benefit from a high level of knowledge about different technologies, by sharing experiences and risks. This allows the coverage taken out for Endesa to be better designed, optimizing the cost/benefit ratio of the policies, and ensuring that high quality policies are taken out.
3. The scale obtained in the global programs allows the **optimization of any additional administrative contracts and services** required by Endesa, through the designated global broker, who offers a specialized solution to Endesa. This allows a reduction of time in the different activities to be implemented.

In view of all the reasons described above, it can be considered that the provision of the services associated with the Insurance activity - together with the extension of the Insurance Mandate -



by Enel to Endesa, as opposed to its direct provision by Endesa, as well as the provision of this service by Enel instead of by an independent third party in the market, is fair and reasonable and benefits Endesa.

2. Economic reasonableness of the transaction. Methods used

1. Analysis of the remuneration established for the services associated with the Insurance activity provided by Enel

The price of the Technical and Management Support Service contracts provided by the Enel Group during 2024, which include the services associated with the Insurance activity and the Insurance Mandate, is calculated as follows:

- The base cost is calculated as the costs incurred by Enel in providing such services, excluding costs associated with activities for the benefit of shareholders and those associated with duplicate services (those already being performed by the recipient), if any.
- A 5% margin is added, which is within the market range.
- Any variations of the price initially estimated (by the recipient) may result in changes to the invoices finally issued, with a 10% limit of the amount authorized initially per contract and client company.

With regards to all Technical and Management Support Service contracts, it must be taken into account that a unilateral Advanced Pricing Agreement (“APA”) has been reached with the Spanish Tax Authority that concludes on the adequacy of the pricing methodology to the transfer pricing regulations in force in the Corporation Tax, where special reference is made to the cost sharing criteria. The APA is valid from 1 January 2017 to 31 December 2023. Therefore, conversations are being held with the Spanish Tax Authority with a view to extend the APA from 2024 to 2028.

According to the OECD Guidelines, “[t]he method to be used to determine arm’s length transfer pricing for intra-group services should be determined according to the guidelines in Chapters I, II, and III” (paragraph 7.31). The Transactional Net Margin Method (“TNMM”) has been selected as the most reliable method for such purpose. The transaction analyzed involves the provision of services, therefore, it is considered that the Operating Income on Total Costs (“OITC”) method was the most suitable profitability indicator. The OITC calculates the price of a transaction on the basis of the costs of the service provider, adding a suitable margin to remunerate the functions performed, the assets used and the risks assumed. The OITC is often used as the cost-effectiveness indicator to analyse intra-group service provision processes.

An analysis of 10 comparable companies that provide management support service activities comparable to those carried out by Enel determined that 5% is within market range.

Therefore, it can be concluded that the consideration applied is consistent with the arm's length principle and, therefore, is close to market value. Consequently, the economic rationale of the transaction is verified.



2. Analysis of the cost base and allocation criteria for the distribution of policies

Endesa and its subsidiaries are responsible for paying their pro rata share of the overall amount previously determined by the insurance companies and Enel directly to the insurance companies, so each of the contracts entered into is not considered an individual related-party transaction.

However, the decision taken by Enel (as the related party) affects Endesa's entities, and hence the market nature of the criteria selected by Enel to allocate costs to Endesa's entities must be analyzed.

First, it should be noted that the cost base to be allocated among the Enel Group's subsidiaries is made up of the premiums provided for in the extension of the Insurance Mandate, derived from the centralized negotiation of premiums by Enel. In this regard, such costs correspond to the services effectively provided by insurance companies, as independent third parties, so that the cost base is considered to be calculated under market conditions.

Moreover, the applicable cost allocation criteria must be considered in order to determine whether the amount to be paid by each recipient has been established according to the arm's length principle. The OECD Guidelines suggest two main cost allocation methods: the direct cost allocation and indirect cost allocation methods.

The OECD Guidelines describe the difficulties associated with applying the direct allocation methodology to multinational groups of a high complexity or size, thus allowing the possibility of developing other allocation and cost-sharing methods that often require approximate valuations or estimates. These methods are classified as indirect cost allocation methods and, although subsidiary, are accepted, provided that sufficient attention is given to the value of the services provided to the recipients.

In this context, and in accordance with the OECD Guidelines, there are other requirements that must be met in any indirect allocation methodology, such as the fact that they must respond to the commercial characteristics of each case, contain safeguard clauses to prevent any form of manipulation, be in accordance with main accounting principles and be able to generate charges or cost allocations proportionate to the benefits obtained or which are reasonable to be obtained by the service recipient.

Therefore, the portion of premiums paid for global insurance policies corresponding to each entity receiving the services has been determined using an indirect distribution key (as provided under Section I - Overview of the transaction).

In line with the above, in Spanish regulations, Article 18.5 of the Corporate Income Tax establishes that, in the case of services provided jointly to several related parties, and whenever it is not possible to itemize the service provided or to quantify the determining elements of its consideration, it is possible to distribute the total consideration among the beneficiaries, in accordance with certain allocation rules that meet the rationality criteria. Therefore, this requirement is deemed to have been met if the method applied takes into account the benefits obtained or likely to be obtained by the recipients in addition to the nature of the service and the circumstances in which it is provided.



In this regard, and in accordance with OECD Guidelines, there are other requirements that must be met in any indirect allocation methodology, such as the fact that the applied criteria must respond to the specific features of each case, must contain safeguard clauses to prevent any form of manipulation, be in accordance with main accounting principles and be able to generate charges or cost allocations proportionate to the benefits obtained or which are reasonable to be obtained by the service recipient.

Considering the above, it can be concluded that the distribution keys used by Enel to distribute the premiums of each type of global policy to the Endesa Group and all other entities of the Enel Group are based on the principles of rationality and proportionality, since these are adapted to the nature of the service and the circumstances in which it is provided, and the benefit obtained by the recipient is made evident. Likewise, the methodology used is considered to be in line with standard market practice.

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

In its analysis of the transaction, the Audit and Compliance Committee took into account two reports prepared by Ernst & Young Abogados, S.L.P. on the fairness and reasonableness of the agreements under review. Ernst & Young Abogados, S.L.P. issued its Reports in its capacity as independent expert, having been ascertained that at the date of issue of the Report EY Abogados did not maintain any sort of commercial relationship with the Enel Group or with the Endesa Group that could compromise its condition as independent expert for the purposes of issuing this Report or that, in particular, could place it in a situation of conflict of interest to conduct the analysis and draw up the conclusions set out therein.

Ernst & Young's Report concludes that the renewal of the Insurance Mandate and the insurance-related Technical and Management Support Services contracts between the companies of the Endesa Group and the companies of the Enel Group provides, among others, the following benefits:

- A rationalization of the corporate functions associated with the negotiation of insurance policies through the correct distribution of the activities, avoiding their duplicity;
- Standardization and harmonization of processes and procedures; and
- Addition of total volumes when taking out the policies.

Ernst & Young's Report points out that all of the above translates into cost savings, an improvement in operational efficiency, a neutralization of the associated risks and a better positioning and bargaining power when taking out and enforcing the insurance policies.

Ernst & Young's Report on allocation criteria used to distribute the premiums related to Endesa's Annual Insurance Plan concludes that the allocation keys applied by Enel, which are the same as those applied the preceding year, to distribute the premiums of each type of global policy are based on the principles of rationality and proportionality, since they are adapted to the nature of the service and the circumstances in which it is provided, and the benefit obtained by the recipient is made evident. Therefore, the allocation keys of the resulting premiums are fair and reasonable from the standpoint of Endesa and the shareholders who are not related parties.

Therefore, Ernst & Young's Reports conclude that the renewal of the services associated with the Insurance activity, together with the extension of the Insurance Mandate, and the allocation keys of the resulting premiums, are fair and reasonable from the standpoint of Endesa and the shareholders who are not related parties.



In addition, Endesa's General Manager - Administration, Finance and Control analyzed the transactions and informed the Audit and Compliance Committee that, in his opinion, they are fair and reasonable for Endesa and its shareholders other than Enel.

VI. CONCLUSION OF THE AUDIT AND COMPLIANCE COMMITTEE

First, it should be noted 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. Furthermore, the Committee has a Shareholder-Appointed Director representing the controlling shareholder Enel, who holds 70.10% of the share capital of Endesa. In accordance with Article 529 duovicies, paragraph 3, of the Capital Corporations Law, Mr. Stefano de Angelis, who is a shareholder-appointed director and representative of Enel, was not involved in the preparation of this Report.

The rest of the members of the Audit and Compliance Committee took part in preparing this Report on the "RENEWAL OF THE INSURANCE MANDATE AND THE ASSOCIATED SERVICES INCLUDED IN THE TECHNICAL AND MANAGEMENT SUPPORT SERVICE CONTRACTS WITH ENEL SPA" and agreed on its contents.

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

- The renewal of the services associated with the Insurance activity, including the Insurance Mandate, until 31 December 2024, resulting in the provision of certain services by Enel to Endesa's entities, provides different benefits to the Endesa's entities receiving such services. In particular, the benefit or advantage that these services bring to Endesa's entities translates into cost savings, better operational efficiency, neutralization of the associated risks and better positioning and bargaining power when taking out and enforcing insurance policies.
- The consideration applied is consistent with the arm's length principle and, therefore, is close to market value. Consequently, the economic rationale of the transaction is verified.
- Furthermore, distribution keys used by Enel to distribute the premiums of each type of global policy are based on the principles of rationality and proportionality, since these are adapted to the nature of the policies and the circumstances in which they are provided, and the benefit obtained by the recipient is made evident.

The Audit and Compliance Committee concludes that the renewal in 2024 of the Insurance Mandate and associated services included in the Technical and Management Support Services between Endesa Group companies and Enel Group companies is fair and reasonable from the standpoint 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 the transactions.



REPORT OF THE AUDIT AND COMPLIANCE COMMITTEE ON THE FAIRNESS AND REASONABLENESS OF THE RELATED-PARTY TRANSACTION CONSISTING OF THE PURCHASE OF PHYSICAL FUEL OIL BY ENDESA GENERACIÓN, S.A.U. FROM ENI TRADE & BIOFUELS, S.P.A.



REPORT OF THE AUDIT AND COMPLIANCE COMMITTEE ON THE FAIRNESS AND REASONABLENESS OF THE RELATED-PARTY TRANSACTION CONSISTING OF THE PURCHASE OF PHYSICAL FUEL OIL BY ENDESA GENERACIÓN, S.A.U. FROM ENI TRADE & BIOFUELS, S.P.A.

I. INTRODUCTION AND REGULATORY FRAMEWORK

In accordance with the provisions of paragraph 3 of article 529 duovicies of the amended and restated Spanish Capital Corporations Law, as approved by Royal Legislative Decree 1/2010, of 2 July, Endesa's Audit and Compliance Committee hereby , issues this Report to assess whether the transaction is fair and reasonable from the standpoint of the company and, where appropriate, shareholders other than the related party, and indicate the assumptions on which the assessment is based and the methods used.

In accordance with Article 529 unvicies, paragraph 3, the Report issued and, as the case may be, 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 standpoint of the company and of shareholders who are not related parties.

Furthermore, Endesa has developed its own internal regulatory framework in this area, which includes, inter alia, a Related-Party Transaction Regulations approved by the Board of Directors, as well as a Related-Party Transaction Operating Procedure approved by the Audit and Compliance Committee, implementing the guidelines set forth in the Regulations and defining the proceedings, functions and responsibilities relating to the general rules on requests for and the approval, publication and monitoring of related-party transactions. These regulations have been applied in this case.

II. OVERVIEW OF THE GENERAL TRANSACTION

a) Background for the transaction

Endesa Generación is the second-leading Spanish company in electricity generation, with a net installed capacity of 22,044 MW at the end of 2022. In Spain, Endesa Generación produces electric power both in the Iberian Peninsula and in Non-Peninsular Territories (Canary Islands, Balearic Islands, Ceuta and Melilla).

Power generation in the Non-Peninsular Territories has the following differentiating characteristics with respect to the system in mainland Spain: (i) lack of economies of scale; (ii) need for greater reserve margins; and (iii) utilization of a specific technology mix conditioned by resource availability, giving thermal generation a preponderant role in ensuring security of supply. In 2022, Endesa Generación's installed thermal power represented 99% of total installed power in the autonomous cities of Ceuta and Melilla.



Ceuta and Melilla have an annual electricity demand of 0.2 terawatts-hour (Twh), almost all of which (100% in Ceuta and 95% in Melilla) is met with power generation based on liquid-fuel combustion, primarily fuel oil. All of this electricity is generated by Endesa Generación. Annual fuel oil consumption in the generation units in these autonomous cities is approximately 80,000-85,000 tons, with each location accounting for approximately half of this amount.

Fuels for electricity generation in Ceuta and Melilla, as in the remaining Non-Peninsular Territories, are required to be supplied in accordance with Law 17/2013, Royal Decree 738/2015 and Order TED/1315/2022, through fuel auctions called by the Ministry for Ecological Transition and Demographic Challenge. Nevertheless, there is no certainty that the supply of fuels can be ensured after 1 January 2024 under the auction scheme. Therefore, Endesa must carry out the actions available to it in order to guarantee the supply of fuel until the auction.

Given that current contracts to supply fuel oil for Ceuta and Melilla end on 31 December 2023, Endesa must ensure continuity in the electricity supply in those cities starting on 1 January 2024. For this reason, steps have been initiated to purchase fuel oil and transfer it both to Ceuta and Melilla through a competitive process.

b) Purpose of the transaction.

The purpose of the transaction is to enter into an agreement for the physical purchase of fuel oil by Endesa Generación, S.A.U. from Eni Trade & Biofuels SpA, so as to supply Endesa Generación's generation plants in Ceuta and Melilla with a minimum of 70,000 tons, which may be increased at Endesa's election to up to 100,000 tons.

The delivery of the product will be Free On Board (FOB) at a domestic port in Spain.

The contract will be in force from 1 January 2024 to 31 December 2024.

c) Transaction amount

The US dollar price per metric ton (USD/t) FOB Algeciras will be the average of the Platts European Marketscan average quotes for "fuel oil 1.0%", as published under the headings "CIF MED (GENOVA/LAVERA)," during the month of delivery (all dates inclusive), plus a premium per ton. Consequently, the maximum amount of the related-party transaction, assuming 100,000 tons, will be approximately €49.5 M, although this may vary depending on the market quotes and actual consumption.

III. IDENTIFICATION OF THE PARTY RELATED TO ENDESA

One party is **Endesa Generación, S.A.U.**, a company fully owned by Endesa, S.A. Enel Iberia, a fully-owned subsidiary of Enel Spa, holds 70.101% of the share capital of Endesa. Therefore, Endesa Generación is controlled by Enel Spa.

The other party is, **Eni Trade & Biofuels, S.p.A.**, a company fully owned by Eni, S.p.A. Eni, S.p.A, is in turn an investee company of the Italian government, through direct (4.41%) and indirect holdings (26.21% through Cassa Depositi and Prestiti, S.p.A., a company controlled by the Italian government).

Under accounting legislation (IAS 24, IAS 10 and IAS 28), given that the Italian government controls Enel, S.p.A. and Eni, S.p.A., the transaction between Endesa Generación SA and Eni Trade & Biofuels, S.p.A., is considered a related-party transaction.

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

1. Operational and strategic rationale of the transaction

The Related-Party Transaction should be analyzed in the context of the electricity generation needs of the non-peninsular autonomous cities of Ceuta and Melilla.

As noted above, Endesa Generación has taken timely steps to purchase the required fuel and to transfer it to Ceuta and Melilla through a competitive (bidding) process. As a result of this process, Endesa Generación received offers from various suppliers, and selected the most competitive bid, i.e. the bid from Eni T&B, which is a leading supplier on the market.

The product will be delivered during the term of the agreement, in batches of 5,000 tons, plus or minus up to 10%, at the option of Endesa Generación, allowing the supply to be modulated according to actual consumption and allowing Endesa Generación to control the inventory of fuel oil.

Therefore, it is concluded that by purchasing physical fuel oil from Eni T&B, Endesa Generación has at its disposal a product with specific qualities and sufficient volume to provide the fuel required for the generation of electricity at Endesa Generación's thermal power plants in Ceuta and Melilla — cities where Endesa Generación generates nearly all of the electricity and where the continuity of supply must be ensured — in 2024.

2. Economic reasonableness of the transaction. Methods used

The reported related-party transaction stems from a competitive process through which Endesa Generación requested binding offers from various suppliers in order to supply fuel oil for the power plants in Ceuta and Melilla, under certain conditions in terms of quantity, quality, period and place and conditions of delivery.

Specifically, more than six suppliers were asked to submit bids. Only two of them, Eni T&B and a third-party supplier, submitted bids in line with the requested terms, and both only offered FOB delivery conditions. An assessment of the bids received shows that Eni T&B submitted the most competitive price, and in conditions comparable to those of the third-party supplier, which submitted an FOB position shared in three ports at the election of the third-party supplier.

Specifically, in addition to the purchase of the supply of fuel oil in FOB position, it is necessary to consider the final amount for the supply in DES position, that is, in Ceuta and Melilla. Hence, the conditions of the related-party transaction and of the alternatives included in the bid received from the third-party supplier were compared in order to calculate the per-ton cost of each option in DES position Ceuta and Melilla, including in each option the transportation cost from the port of embarkation to the final port of destination and the turnaround time from the loading port until Ceuta and Melilla. It was concluded that the total cost of supply of Eni T&B's bid represented the most competitive price.

Both Spanish transfer pricing regulations, as set forth primarily in Article 18 of the Spanish Corporate Income Tax Law, and the OECD Guidelines require valuing related-party transactions for tax purposes according to the arm's length principle. The arm's length principle requires related-party transactions to conform to market conditions that would prevail in a similar transaction between independent parties.



The Guidelines recognize that when it is possible to identify comparable uncontrolled transactions, the Comparable Uncontrolled Price method is the most direct and reliable method for applying the arm's length principle. This method compares the price of property or services subject to a controlled transaction to the price of other property or services transferred in an uncontrolled transaction in comparable circumstances.

With respect to the related-party transaction under analysis, various suppliers were asked to submit binding offers on the supply of fuel oil under the same conditions. Respect for the principles of equality, nondiscrimination and transparency requires that award criteria be objective, ensuring that offers be compared and evaluated objectively and therefore under conditions of effective competition.

Eni T&B's bid has a more competitive price than those submitted by a third party in comparable conditions, if the full supply cost is considered.

Accordingly, we can conclude that the methodology is consistent with Spanish tax regulations and OECD Guidelines and that the prices of the transaction would reflect what independent parties would agree in similar circumstances.

3. Legal and commercial reasonableness of the transaction

The draft agreement contains customary clauses for this type of contracts that safeguard the Buyer's position, protecting Endesa Generación's position, in terms similar to transactions between independent parties.

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

The Audit and Compliance Committee's analysis took into account the report of Deloitte Legal, S.L.P. ("Deloitte") on the fairness and reasonableness of Endesa Generación, S.A.U.'s physical purchase of fuel oil from Eni Trade & Biofuels, S.p.A.

Deloitte issued its Report in its capacity as an independent expert. On the date the report was issued, Deloitte does not maintain any sort of commercial relationship with the Enel Group or with the Endesa Group that could compromise its capacity as an independent expert for the purposes of issuing its Report or that could give rise to a conflict of interest in conducting the analysis and drawing up the conclusions therein.

In the report issued for Endesa's Audit and Compliance Committee, the independent expert evidenced Endesa's need to procure the fuel covered by the agreement. In addition, this third party analyzed in depth the process of competitive bids requested by Endesa, and in a joint assessment of all the prevailing circumstances concluded that the most competitive bid is Eni T&B's.

Consequently, the independent expert concludes that the physical purchase of fuel oil by Endesa Generación, S.A.U. from Eni Trade & Biofuels, S.p.A. is fair and reasonable from the standpoint of Endesa and, in particular, its shareholders other than the related party, i.e. other than the Enel Group.



VI. CONCLUSION OF THE AUDIT AND COMPLIANCE COMMITTEE

First, it should be noted 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. Furthermore, the Committee has a Shareholder-Appointed Director representing the controlling shareholder Enel, who holds 70.10% of the share capital of Endesa.

In accordance with Article 529 duovicies, paragraph 3, of the Capital Corporations Law, Mr. Stefano de Angelis, who is a shareholder-appointed director and representative of Enel, was not involved in the preparation of this Report.

The rest of the members of the Audit and Compliance Committee took part in preparing the Report and agreed on its contents relative to the physical purchase of fuel oil by Endesa Generación, S.A.U. from Eni Trade & Biofuels, S.p.A. to be supplied to ENDESA generation plants in Ceuta and Melilla.

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

1. Purchasing physical fuel oil from Eni T&B allows Endesa Generación to have at its disposal a product with specific qualities and sufficient volume to provide the fuel required for the generation of electricity at Endesa Generación's thermal power plants in Ceuta and Melilla — cities where Endesa Generación generates nearly all of the electricity and where the continuity of supply must be ensured — in 2024.
2. The related-party transaction stems from a competitive process through which Endesa Generación requested binding offers from various suppliers in order to supply fuel oil for the power plants in Ceuta and Melilla, under certain conditions (quantity, quality, period and conditions of delivery). Eni T&B's offer was the most competitive price under comparable conditions if the complete cost of the supply was considered.
3. The methodology used to determine the price for the related-party transactions between Endesa Generación and Eni T&B conforms to Spanish tax legislation on transfer prices and to OECD Guidelines, as the prices of these transactions reflect what independent parties would have agreed under similar circumstances.

The Audit and Compliance Committee concludes that the physical purchase of fuel oil by Endesa Generación, S.A.U. from Eni Trade & Biofuels, S.p.A. is fair and reasonable from the standpoint 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 proposed this transaction.



REPORT OF THE AUDIT AND COMPLIANCE COMMITTEE ON THE FAIRNESS AND REASONABLENESS OF THE RELATED-PARTY TRANSACTION CONSISTING OF THE PURCHASE OF LIQUEFIED NATURAL GAS (LNG) BETWEEN ENDESA ENERGÍA, S.A.U. AND ENEL GLOBAL TRADING S.P.A. OR ENEL GENERACIÓN CHILE S.A. FOR 2024 AND 2025



REPORT OF THE AUDIT AND COMPLIANCE COMMITTEE ON THE FAIRNESS AND REASONABLENESS OF THE RELATED-PARTY TRANSACTION CONSISTING OF THE PURCHASE OF LIQUEFIED NATURAL GAS (LNG) BETWEEN ENDESA ENERGÍA, S.A.U. AND ENEL GLOBAL TRADING S.P.A. OR ENEL GENERACIÓN CHILE S.A. FOR 2024 AND 2025

I. INTRODUCTION AND REGULATORY FRAMEWORK

In accordance with the provisions of paragraph 3 of article 529 duovicies of the amended and restated Spanish Capital Corporations Law, as approved by Royal Legislative Decree 1/2010, of 2 July, Endesa's Audit and Compliance Committee hereby , issues this Report to assess whether the transaction is fair and reasonable from the standpoint of the company and, where appropriate, shareholders other than the related party, and indicate the assumptions on which the assessment is based and the methods used.

In accordance with Article 529 unvicies, paragraph 3, the Report issued and, as the case may be, 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 standpoint of the company and of shareholders who are not related parties.

Furthermore, Endesa has developed its own internal regulatory framework in this area, which includes, inter alia, a Related-Party Transaction Regulations approved by the Board of Directors, as well as a Related-Party Transaction Operating Procedure approved by the Audit and Compliance Committee, implementing the guidelines set forth in the Regulations and defining the proceedings, functions and responsibilities relating to the general rules on requests for and the approval, publication and monitoring of related-party transactions. These regulations have been applied in this case.

II. OVERVIEW OF THE GENERAL TRANSACTION

a) Background for the transaction

On 24 July 2012, GNL Chile, S.A. (a company in which Enel Generación Chile holds 33.3% of the share capital; hereinafter, "GNL Chile") and Endesa Energía, S.A.U. ("Endesa Energía") entered into an open-ended framework agreement for the supply of LNG, which remains in effect at the date of this report and whereby Endesa Energía may sell LNG to GNL Chile, with each purchase transaction being subject to the terms and conditions regarding price, quantity and quality of products that the parties establish in the "Confirmation" documents.

On the same date, Enel Generación Chile, S.A. (formerly known as "Empresa Nacional de Electricidad, S.A."; hereinafter "Enel Generación Chile" or "EGC"), GNL Chile and Endesa Energía



signed a Master SPA Direct Agreement, whereby Enel Generación Chile may purchase LNG from Endesa Energía through the signing by GNL Chile of the "Confirmations" in accordance with the provisions of the Framework Supply Agreement executed on 24 July 2012, and the direct payment of the supply price by Enel Generación Chile to Endesa Energía (hereinafter, both agreements signed on 24 July 2012 may be referred to jointly as the "2012 Framework Agreement").

Furthermore, on 20 August 2013, Enel Generación Chile and Endesa Energía entered into an open-ended framework agreement for the supply of LNG, which is currently in force (the "2013 Framework Agreement"), under which Endesa Energía may purchase LNG from Enel Generación Chile. Assuming both parties agree on the terms of the sale and purchase of LNG, they would then formalize that arrangement by signing a "Confirmation Memorandum" in accordance with the provisions of the 2013 Framework Agreement, indicating the quantity of LNG to be supplied, the loading and unloading locations, the delivery terms, and the price and other characteristics of the means of transport to be used. Any matters not explicitly regulated in the Memorandum will be governed by the terms of the 2013 Framework Agreement.

Lastly, on 1 August 2018, Enel Global Trading, S.p.A. (hereinafter, "Enel Global Trading" or "EGT") and Endesa Energía, S.A.U. entered into an LNG Spot Purchase Framework Agreement, which remains in effect as of the date of this Report. Said Agreement sets out the terms and conditions whereby both companies may execute sales and purchases of LNG by signing the "Confirmations" (the "2018 Framework Agreement" and, together with the 2012 Framework Agreement and the 2013 Framework Agreement, the "Framework Agreements").

These Framework Agreements make up the legal framework enabling any purchases and/or sales that Endesa Energía may agree with Enel Global Trading or Enel Generación Chile (under DES, FOB or DAP delivery terms). In each individual case, the parties would formalize the relevant purchase or sale by means of a "Confirmation", under the terms and conditions of the Framework Agreements.

The gas market in Spain relies heavily on external gas sources and needs to import gas to cover almost 100% of demand, due to the low availability of natural gas in Spain. Given the exceptional state of affairs and the current volatility of the gas market due, among other factors, to the ongoing Russia-Ukraine conflict, and to be able to adjust our balance sheet to fluctuations in demand or make the most of market opportunities, the Endesa Group has seen fit to make Endesa Energía, S.A.U. more flexible in this regard so that it can effectively seize any market opportunity that may arise, including with Enel Group companies.

b) Purpose of the transaction

Approve the purchase and/or sale transactions of five LNG carriers between Endesa Energía and Enel Global Trading or Enel Generación Chile, for a maximum volume of 5.5 TWh, during the years 2024 and 2025. This maximum volume refers to the combined volume of purchase and sale transactions, i.e. regardless of whether the transaction constitutes a purchase or sale by Endesa Energía.

The Framework Agreements referred to in the recitals hereof establish the terms whereby the purchase and sale of LNG may be arranged between Endesa Energía and EGT or EGC.

The purpose of arranging purchases and sales of LNG that reflect the economic interests of Endesa Energía is to respond to specific incidents such as the need to swiftly and efficiently increase, reduce or modify the volume of LNG available, while unlocking operational opportunities and synergies by engaging in joint arrangements for the purchase and sale of LNG. Specifically, the option of conducting intra-group transactions avoids having to go to the market, with the resulting cost savings and reduction of counterparty risk, increasing security of supply in times of need and improving margins.



The transaction also includes a series of procedural guarantees: For each purchase and/or sale transaction, a specific procedure and control mechanism is proposed, which will apply on two time scales:

Ex-ante Control:

First, two reliable binding offers from alternative independent third parties must be obtained. The offer made by Enel Global Trading or Enel Generación Chile must be the most favorable to Endesa Energía's interests.

If it is impossible to obtain offers from alternative independent third parties, the transaction must be submitted for approval to Endesa's Chief Executive Officer or, if not available, the General Manager of Energy Management, and the transaction must meet three guarantees, as follows:

1. Endesa Energía must use an indicator of the estimated price for the requested transaction (applicable market benchmarks) complemented by internal price estimation methods.
2. The offers made by Enel Global Trading or Enel Generación Chile must be comparable with the price estimate defined in the previous section, such that it is the most favorable to Endesa Energía's interests.
3. Documentary records must be kept of unanswered requests for quotations and estimates.

Ex-post Control:

Subsequently, an ex post validation exercise (outcome testing) will be carried out in order to validate the terms ultimately applied to the transactions and confirm that the pricing methodology was properly followed.

This review will be carried out by independent experts appointed by Endesa and as regularly as deemed necessary by Endesa's Audit and Compliance Committee.

c) Transaction amount

The estimated value of the purchase and sale of five LNG carriers, subject to a maximum volume of 5.5 TWh of LNG and to be executed, as the case may be, between Endesa Energía and EGT or Enel Generación Chile, for the years 2024 and 2025, would be approximately €274.56 million at current market prices².

The price of each transaction will be calculated on the basis of the delivery terms and in accordance with the market prices pertaining to the market indexes applicable to each vessel.

The Audit and Compliance Committee shall be informed of the final amount of the transactions.

III. IDENTIFICATION OF THE PARTY RELATED TO ENDESA

One party is **Endesa Energía, S.A.U.**, a company fully owned by Endesa, S.A., and therefore a subsidiary thereof, and a member company of the Endesa Group.

Other party is **Enel Global Trading S.p.A.**, a company fully owned by Enel S.p.A and therefore a subsidiary thereof, and a member company of the Enel Group.

² The price of the PVB (Spanish Virtual Balancing Point) calculated for 2024 on DES terms at close of business on 13 September 2023 was used as the reference price for the purpose of pricing the transaction, although each purchase will be priced accordingly in due course in accordance with the price pertaining to the market index applicable from time to time.



And other party is **Enel Generación Chile S.A.**, a company in which Enel S.p.A. holds, directly and indirectly, 60.74% of the share capital, and is therefore considered a subsidiary thereof and a member of the Enel Group.

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 shareholders of Endesa who hold 10% or more of the voting rights or who are represented on the Board of Directors, as well as with any other persons considered as parties related to Endesa, in accordance with International Accounting Standards. Therefore, all transactions entered into by Endesa or its subsidiaries and Enel or its subsidiaries (excluding the Endesa Group³) shall be considered related-party transactions.

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

1. Operational and strategic rationale of the transaction

The transaction allows for greater flexibility and will unlock further operational synergies between Endesa Energía, EGT and Enel Generación Chile.

The option of being able to arrange intra-group transactions presents the following benefits, among others: (i) better response to specific incidents, which increases the security of supply; (ii) ability to swiftly and efficiently modify the quantity of LNG available; (iii) ability to unlock potential operational synergies between the parties; and (iv) improvement in operating margin.

Given the volatile state of the global gas market, the proposal is to carry out this type of transaction in the 2024-2025 period, subject to a limit of 5.5 TWh, which would represent a limited percentage of the national gas demand that Endesa Energía anticipates for 2024. Consequently, it is fair to say that setting an upper limit of 5.5 TWh on intra-group LNG procurement for the 2024-2025 period does not entail any distortion in the market or in Endesa Energía's operations, as this figure does not account for a significant proportion of all gas transactions carried out between all companies operating in the energy sector.

This upper limit of 5.5 TWh on intra-group LNG contracts in 2024-2025 with EGT and Enel Generación Chile does not mark a significant change from the limits applied in previous years. Ultimately, this change will not have a material impact at global level and is intended to limit the impact of intra-group management to only a (non-significant) part of the total gas managed by Endesa Energía.

Enabling Endesa to engage in the intra-group sale and purchase of LNG will afford it greater control over its physical balance in the event of possible incidents (delays, unforeseen operations, etc.).

There now follows a detailed assessment of the operational impact of the intra-group sale and purchase of LNG between Endesa Energía and EGT or Enel Generación Chile:

- **Positioning and strategy.** The ability to deal intra-group allows for a maximization of synergies while minimizing the 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 sale and purchase transactions that respond to the financial interests of Endesa.
- **Operational capacity.** The ability to trade intra-group avoids having to rely on the market. Moreover, the use of opportunities and flexibility are expanded, leveraging on intra-group operational synergies and contributing to better risk management, as a result of increased supply security.

³ Endesa Group: for the purposes of internal regulations on related-party transactions, the term "Endesa Group" refers to Endesa, S.A. and its subsidiaries, as defined in Article 42 of the Spanish Commercial Code.

- **Risks.** The economic risks inherent in the activity are reduced through the option of operating on an intra-group basis, which goes some way to mitigating such risks. In addition, intra-group transactions allow for better management of supply risk by offering the possibility of sourcing outside the market, which is particularly relevant amid the prevailing uncertainty and volatility, as it makes Endesa better able to manage its physical balances of gas for 2024 and 2025.
- **Costs.** In this context, intra-group transactions enhance these synergies by enabling improvements in operating margin under certain conditions.

2. Economic reasonableness of the transaction. Methods used

The capacity to perform intra-group LNG transactions means it is not necessary to go to the market, saving the associated costs, reducing counterparty risks, increasing the security of supply and improving margins. It also means that Endesa will be better able to manage its inventory balance in the event of possible incidents (delays, unexpected operations, etc.).

Intra-group transactions enhance these synergies by enabling improvements in operating margin under certain conditions.

- **Benefit Test of the transaction**

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 carry out a Benefit Test to determine whether the activities performed by the provider generate a benefit to the recipient, 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. This requirement is also set out in Article 18(5) of the Spanish Corporate Income Tax Law, which states that the recipient must receive a benefit or profit in order for the arrangement to qualify as an intra-group service.

Specifically, the possibility of selling and purchasing LNG between Endesa Energía and EGT or EGC for up to five carriers in 2024 and 2025 is the most beneficial option available to Endesa Energía in view of the exceptional market situation to have arisen from the ongoing Russia-Ukraine conflict, the complexity of managing LNG storage, the current uncertainty and the current volatility of the global gas market.

Therefore, it is reasonable to conclude that the sale and purchase transaction described herein would provide a benefit for Endesa Energía.

- **Compliance with the arm's length principle**

In accordance with paragraph 1.33 of the OECD Guidelines, application of the arm's length principle is based on a comparison of the conditions in a controlled transaction with the conditions that would have been made had the parties been independent and undertaking a comparable transaction under comparable circumstances.

In accordance with paragraph 2.14 of the OECD Guidelines and Article 18.4 of the Corporate Income Tax Law, the Comparable Uncontrolled Price ("CUP") method, which "compares the price charged for property or services transferred in a controlled transaction to the price charged for property or services transferred in a comparable uncontrolled transaction in comparable circumstances," is the most reliable way of determining prices for the transaction that is the subject of this report.

In this regard, for LNG sale and purchase transactions between Endesa Energía and EGT or Enel Generación Chile, two alternative binding offers from independent third parties must be reliably obtained.

If it is not possible to obtain binding offers from independent third parties, Endesa Energía will use, as an external benchmark, an indication of the estimated price for the transaction being requested (gas/LNG market benchmarks, such as TTF, HH, NBP, JKM, or Brent), supported by internal price estimation methods (references from brokers, counterparties in similar transactions, official publications and reports, (Icis Heren, Platts, Reuters, etc.), internal price forecast models, etc.).



In addition, the ex-post review mechanisms applied by Endesa are set out in section 3.71 of the OECD Guidelines and are, therefore, consistent with what third parties would have agreed under free competition.

Accordingly, we can conclude that the methodology is consistent with Spanish tax regulations and OECD Guidelines and that the prices of the transaction would reflect what independent parties would agree in similar circumstances.

3. Legal and commercial reasonableness of the transaction

The related-party transaction is legally executed by signing a document setting out the specific terms of the sales and purchases, which, once signed by both parties, is known as a "Confirmation." Such documents shall be drafted in accordance with the 2012 Framework Agreement, the 2013 Framework Agreement and the 2018 Framework Agreement, and shall govern, among other aspects, the quantity of LNG to be purchased, the price, the delivery windows and the port of loading and unloading.

The relevant "Confirmations" shall be executed in accordance with the terms and conditions of the Framework Agreements, as well as on terms that are both reasonable and customary for contracts of this type.

In light of the above, it can be concluded that the related-party transaction would be implemented, as appropriate, 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 EGT or EGC 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 analyzing 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 intra-group LNG trades with Enel Global Trading SpA or Enel Generación Chile SA.

PwC issued its Report in its capacity as an independent expert. On the date the report was issued, PwC did not have any sort of commercial relationship with the Enel Group or with the Endesa Group that could compromise its capacity as an independent expert for the purposes of issuing its Report or that could give rise to a conflict of interest in conducting the analysis and drawing up the conclusions therein.

The Report prepared for Endesa's Audit and Compliance Committee concluded, *inter alia*, that:

- In the current backdrop of energy and geopolitical crisis, and in light of the framework characteristics envisioned for conducting this type of transactions, intra-group sales and purchases of LNG are an advantageous tool for Endesa Energía that boost synergies between the parties and are aligned with its strategy and needs.
- Looking at the Related-Party Transaction in economic terms, the option to buy and sell LNG between the parties is consistent with Spanish tax regulations and OECD Guidelines and that the prices of the transaction would reflect what independent parties would agree in similar circumstances.



The independent expert concludes that the intra-group trade of LNG between Endesa Energía, S.A. and Enel Global Trading SpA or Enel Generación Chile SA is fair and reasonable from the standpoint of Endesa and, in particular, its shareholders other than the related party, i.e. other than the Enel Group.

VI. CONCLUSION OF THE AUDIT AND COMPLIANCE COMMITTEE

First, it should be noted 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. Furthermore, the Committee has a Shareholder-Appointed Director representing the controlling shareholder Enel, who holds 70.10% of the share capital of Endesa. In accordance with Article 529 duovicies, paragraph 3, of the Capital Corporations Law, Mr. Stefano De Angelis, who is a shareholder-appointed director and representative of Enel, was not involved in the preparation of this Report.

The rest of the members of the Audit and Compliance Committee took part in the preparation and agreed on the contents of this Report on the intra-group trade of LNG between Enel Global Trading SpA or Enel Generación Chile SA and Endesa Energía, S.A.

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

1. The option to arrange intra-group purchases and sales with EGT and Enel Generación Chile for up to a total of 5.5 TWh in 2024 and 2025 allows the Company to maximize synergies while minimizing the risks associated with the activity. It also allows for a swift response to specific incidents that may alter the amount of LNG available, always in line with the financial interests of Endesa Energía by improving security of supply when buying or bolstering the company's balance sheet when selling.
2. The capacity to perform intra-group LNG transactions means it is not necessary to go to the market, saving the associated costs, reducing counterparty risks, increasing the security of supply and improving margins. It also means that Endesa will be better able to manage its inventory balance in the event of possible incidents (delays, unexpected operations, etc.).
3. The related transaction includes ex-ante control mechanisms, whereby the price offered by EGT or Enel Generación Chile can be compared with two binding offers submitted by independent third parties, or, in the absence of such offers, benchmarked against the estimated price for the transaction obtained through applicable market indexes; as well as also ex-post control mechanisms to validate the conditions applied. This ex-post review shall be conducted by independent experts appointed by Endesa.
4. The methodology used to determine the price for the related-party transactions between Endesa Energía and EGT or EGC conforms to Spanish tax legislation on transfer prices and to OECD Guidelines, as the prices of these transactions reflect what independent parties would have agreed under similar circumstances.
5. Lastly, in view of the legal and commercial terms and conditions of the Framework Agreements, it can be concluded that the related-party transaction would be implemented 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 EGT or EGC to the detriment of Endesa's subsidiary, i.e. Endesa Energía and, ultimately, Endesa.

The Audit and Compliance Committee concludes that the intra-group trade of LNG between Endesa Energía, S.A. and Enel Global Trading SpA or Enel Generación Chile SA is fair and



reasonable from the standpoint of Endesa and its shareholders other than the related party, i.e. other than the Enel Group.

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 this transaction.



REPORT OF THE AUDIT AND COMPLIANCE COMMITTEE ON THE FAIRNESS AND REASONABLENESS OF THE RELATED-PARTY TRANSACTION INVOLVING THE ACQUISITION OF UP TO THREE LIQUEFIED NATURAL GAS CARRIERS FROM ENEL GENERACIÓN CHILE, S.A. BY ENDESA ENERGÍA, S.A. DURING 2025.



REPORT OF THE AUDIT AND COMPLIANCE COMMITTEE ON THE FAIRNESS AND REASONABLENESS OF THE RELATED-PARTY TRANSACTION INVOLVING THE ACQUISITION OF UP TO THREE LIQUEFIED NATURAL GAS CARRIERS FROM ENEL GENERACIÓN CHILE, S.A. BY ENDESA ENERGÍA, S.A. DURING 2025.

I. INTRODUCTION AND REGULATORY FRAMEWORK

In accordance with the provisions of paragraph 3 of article 529 duovicies of the amended and restated Spanish Capital Corporations Law, as approved by Royal Legislative Decree 1/2010, of 2 July, Endesa's Audit and Compliance Committee hereby , issues this Report to assess whether the transaction is fair and reasonable from the standpoint of the company and, where appropriate, shareholders other than the related party, and indicate the assumptions on which the assessment is based and the methods used.

In accordance with Article 529 unvicies, paragraph 3, the Report issued and, as the case may be, 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 standpoint of the company and of shareholders who are not related parties.

Furthermore, Endesa has developed its own internal regulatory framework in this area, which includes, inter alia, a Related-Party Transaction Regulations approved by the Board of Directors, as well as a Related-Party Transaction Operating Procedure approved by the Audit and Compliance Committee, implementing the guidelines set forth in the Regulations and defining the proceedings, functions and responsibilities relating to the general rules on requests for and the approval, publication and monitoring of related-party transactions. These regulations have been applied in this case.

II. OVERVIEW OF THE GENERAL TRANSACTION

a) Background for the transaction

Endesa Energía is the second largest gas retailer in Spain, with a portfolio of approximately 1.8 million customers. Endesa Generación manages Endesa's wholesale gas trading activity. During 2022, Endesa sold a total of 64 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 forecasts for gas demand in the national market, Endesa Energía needs to import gas for 2025, 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"), which remains in effect at the date of this report.



By virtue of the Framework Agreement, Enel Generación Chile and Endesa Energía may agree to the sale of LNG by Enel Generación Chile to Endesa Energía under certain supply conditions. If an agreement is reached on the specific terms of the sale of LNG, both parties would execute such sale through a "Confirmation Memorandum", in accordance with the provisions of the Framework Agreement. The Confirmation Memorandum stipulates the quantity of LNG to be supplied, the loading and unloading locations, the delivery times and the price and characteristics of the means of transport. Any matters not explicitly regulated in the Confirmation Memorandum shall be governed by the terms of the Framework Agreement.

Moreover, Enel Generación Chile is the holder of a long-term LNG framework contract with a third-party 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.

b) Purpose of the transaction.

The purpose of the transaction is to authorize Endesa Energía, S.A. to acquire from Enel Generación Chile S.A., prior to 31 August 2024, up to three LNG carriers for a maximum volume of 3 TWh for 2025.

This transaction is included in the Framework Agreement executed by Enel Generación Chile, S.A. and Endesa Energía, S.A., which is described in the previous section.

If the acquisition ultimately goes ahead, Enel Generación Chile and Endesa Energía shall enter into a Confirmation Memorandum setting out the terms and conditions whereby Endesa Energía shall acquire up to three LNG carriers from Enel Generación Chile. The terms and conditions are as follows:

- Quantity: Up to 3 LNG carriers (vessels) of between 3.1 and 3.3 TBTu.
- Consideration: Enel Generación Chile sets the selling price of the carriers at a discount to the market, i.e. 3 TWh at TTF minus a discount. At current market prices, it is estimated that Endesa Energía would have to pay Enel Generación Chile a total of €97.38 M for the three carriers.
- Supply terms and conditions: In accordance with the provisions of the Framework Agreement, Enel Generación Chile, S.A. will determine the carriers 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 Confirmation Memorandum by which the sale of LNG between the parties is executed will be those contained in the Framework Agreement.

The transaction also includes a series of procedural guarantees: If the purchase of the three carriers from Enel Generación Chile is ultimately executed, an operational and control mechanism is proposed, the implementation of which would take place on two time scales:

Ex-ante Control:

- Two alternative binding offers from independent third parties must be reliably obtained, effectively showing that Enel Generación Chile's offer is the most favorable to Endesa Energía's interests.



- If it is not possible to obtain alternative offers from independent third parties, the transaction may go ahead if approved by the Chief Executive Officer or, as the case may be, by the General Manager of Energy Management, provided also that the following guarantees are met:
 - a) Endesa Energía will use an indicator of the estimated price for the requested transaction (applicable market benchmarks) complemented by internal price estimation methods.
 - b) The offer made by Enel Generación Chile must be comparable with the price estimate defined in section (a), such that it is the most favorable to Endesa Energía's interests.
 - c) Documentary records must be kept of unanswered requests for quotations and estimates.

Ex-post Control:

Subsequently, an ex post validation exercise (outcome testing) will be carried out in order to validate the terms ultimately applied to the transactions and confirm that the pricing methodology was properly followed.

This review will be carried out by independent experts appointed by Endesa and as regularly as deemed necessary by Endesa's Audit and Compliance Committee.

c) Transaction amount

The approximate value of the three carriers at current market prices⁴ is €97.38 million. This amount may vary depending on the TTF and Brent prices and the FOREX rates.

The Audit and Compliance Committee shall be informed of the final amount of the transactions.

III. IDENTIFICATION OF THE PARTY RELATED TO ENDESA

One party is **Endesa Energía, S.A.**, a company fully owned by Endesa, S.A., and therefore a subsidiary thereof, and a member of the Endesa Group.

The other party is **Enel Generación Chile, S.A.**, in which Enel Spa holds 60.74% of the share capital.

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 shareholders of Endesa who hold 10% or more of the voting rights or who are represented on the Board of Directors, as well as with any other persons considered as parties related to Endesa, in accordance with International Accounting Standards. Therefore, all transactions entered into by Endesa or its subsidiaries and Enel or its subsidiaries (excluding the Endesa Group⁵) shall be considered related-party transactions.

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

⁴ TTF price calculated for 2025 as of 14 September 2023. The discount may vary, depending on prevailing market conditions at the time of the transaction.

⁵ Endesa Group: for the purposes of internal regulations on related-party transactions, the term "Endesa Group" refers to Endesa, S.A. and its subsidiaries, as defined in Article 42 of the Spanish Commercial Code.



1. Operational and strategic rationale of the transaction

Endesa Energía, due to the seasonal nature of its demand, which in turn is becoming increasingly volatile, has to cope with certain changes in its current gas portfolio. Therefore, the availability of these additional carriers from Enel Generación Chile will ultimately be beneficial for Endesa by enabling it to: (i) respond to specific incidents; (ii) modify the quantity of LNG available in an agile manner; and (iii) harness a unique opportunity to have gas available in the medium term at a competitive price and with delivery in a matter of months, thus enabling the company to optimize its current gas portfolio.

Endesa Energía would be able to make LNG purchases for a maximum volume of 3 TWh by 2025 at below-market prices, thus making its operations more flexible and increasing security of supply in times of need.

In order to calculate the discount applicable under this Related-Party Transaction, Endesa Energía's risk department has assessed each of the potential risks of the transaction with the aim of ensuring that the discount offered by Enel Generación Chile on the TTF market price is at least €5/MWh higher than the estimated value of the potential logistic risks and related costs. These risks are:

- Base risk: Assessment, based on historical data series, of decoupling between the PVB (Spain hub) and TTF (Europe hub).
- Volume risk: Assessment of the impact on the prices of the carriers derived from the potential deviations from the volume indicated in the Supply Contract.
- Risk of rescheduling: Assessment of the uncertainty derived from the arrival of LNG (once scheduled, the date of reception within the scheduled period would be unknown).

In this context, Enel Generación Chile would offer Endesa Energía a discount on the TTF price, such that its worst-case profit margin, taking into account all the associated risks and logistical costs, would be at least 5 million euro for each carrier, although this could well be higher, depending on prevailing market prices.

Based on the above, it is worth mentioning that the nature of the transaction is in line with Endesa'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. Therefore, the impact on the operations and organization of the acquisition of up to three LNG carrier from Enel Generación Chile during 2025 would be as follows:

- 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 in the activity are reduced, which goes some way to mitigating such risks. In addition, the larger number of resources at the Group level allows the Group to deal more easily with unforeseen events and to overcome them successfully.

2. Economic reasonableness of the transaction. Methods used

To analyze compliance with the principle of free competition, according to paragraph 2.14 of the OECD Guidelines and article 18.4 of the Corporate Income Tax Law, the *Comparable Uncontrolled Price* (CUP) method is the most reliable transfer pricing method for determining the nature of the market value associated with the related-party transaction in question.



The ex-ante control methodology involves comparing the price proposed by Enel Generación Chile with at least two comparable market offers before closing the transaction. As a result of this comparison, the price established will be the most favorable offer for Endesa Energía in each case.

The price established in the purchase of the carrier is agreed based on market prices (TTF index) and applying a discount. The TTF index market price is obtained from an independent financial information database and is therefore in line with the prices prevailing in the market, as they are agreed under terms and conditions that could be established with independent third parties. Taking the above into account, although the index price would be in line with market value, it would be necessary to assess whether the discount applied to the TTF index market price complies with the market value principle.

Information on transactions between independent third parties comparable to the related-party transaction was gathered, such as long-term quotations from independent brokers, where the PVB is quoted at a discount to the TTF, enabling application of the CUP method. According to the information analyzed, the discount on the TTF determined in the Related-Party Transaction is broadly consistent with the discounts on the market TTF and never lower than the discounts applied by independent third parties. The differences observed between the discount applied under the Related-Party Transaction and the discounts obtained under benchmark forward prices calculated by independent brokers, are largely due to the difficulty in selling these Enel Generación Chile carriers on the market due to the current restrictive conditions and lack of flexibility.

In any case, given the complexity of the transaction, it will be carried out only if the net margin for each of the carriers exceeds 5 million euro, on the clear understanding that failure to exercise the purchase option will not entail any penalty for Endesa Energía.

In view of the above, and given the limitations that typically exist in obtaining reliable benchmarks,⁶ we have analyzed the matter and concluded that the valuation methodology used to determine the value of the Related-Party Transaction that would be carried out through these benchmarks would be reasonable in terms of transfer pricing.

3. Legal and commercial reasonableness of the transaction

The Related-Party Transaction is legally specified at the outset through signature of the Confirmation Memorandum, in accordance with the Framework Agreement, which involves the execution of the LNG sale and, therefore, the Related-Party Transaction.

The Related-Party Transaction would be executed under terms and conditions with regards to the quantity of gas to be supplied and the delivery method and form, which can be considered reasonable in the context of the price paid for the supply of said gas.

As for the other terms and conditions applicable to the Related-Party Transaction, either because they are defined in the Confirmation Memorandum or because they are defined in the Framework Agreement, it can be concluded that they have been arranged by the parties on terms customary for international contracts of this type. In particular, the parties have determined a reasonable distribution of the risks associated with the sale and supply of gas, 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, early termination events, appropriate liability schemes and resolution of conflicts through international arbitration, also according to the nature of the Related-Party Transaction.

In light of these legal and commercial terms and conditions, it can be concluded that the Related-Party Transaction has been reasonably articulated around contractual terms and conditions that could have been agreed by independent parties and that, if these were to be agreed between

⁶ Future liquidity shortage, the difficulty in arranging the sale of Enel Generación Chile's carriers and the lack of available information on volumes equivalent to a 1 TWh carrier.



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 analyzing 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 authorizing the acquisition of up to three liquefied natural gas carriers from Enel Generación Chile by Endesa Energía.

PwC issued its Report in its capacity as an independent expert. On the date the report was issued, PwC did not have any sort of commercial relationship with the Enel Group or with the Endesa Group that could compromise its capacity as an independent expert for the purposes of issuing its Report or that could give rise to a conflict of interest in conducting the analysis and drawing up the conclusions therein.

The Report prepared for Endesa's Audit and Compliance Committee concluded, *inter alia*, that:

- The price agreed for the Related-Party Transaction is, in general, consistent with the market value principle and in no case higher than independent parties in similar conditions would have agreed.
- It is reasonable that, given the current market context and the terms and conditions of the contract between Enel Generación Chile and its supplier, the Confirmation Memorandum is executed, since it allows Endesa Energía to: (i) respond to specific incidents, (ii) modify the quantity of LNG available in an agile manner and (iii) to obtain a net discount compared to the market once the risks and costs of the Related-Party Transaction estimated by Endesa Energía have been factored in.
- Therefore, from both an operational and strategic standpoint, it is reasonable to conclude that the Related-Party Transaction with Enel Generación Chile can go ahead.

The independent expert concludes that the transaction is fair and reasonable from the standpoint of Endesa and, in particular, its shareholders other than the related party, i.e. other than the Enel Group.

VI. CONCLUSION OF THE AUDIT AND COMPLIANCE COMMITTEE

First, it should be noted 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. Furthermore, the Committee has a Shareholder-Appointed Director representing the controlling shareholder Enel, who holds 70.10% of the share capital of Endesa.

In accordance with Article 529 duovicies, paragraph 3, of the Capital Corporations Law, Mr. Stefano de Angelis, who is a shareholder-appointed director and representative of Enel, was not involved in the preparation of this Report.

The rest of the members of the Audit and Compliance Committee took part in the preparation and agreed on the contents of this Report on the authorization of the acquisition of up to three liquefied natural gas carriers from Enel Generación Chile by Endesa Energía.

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



1. It is reasonable, in view of the market opportunity presented and Endesa's logistic capacity, that Endesa Energía should go ahead with the transaction to purchase the cargoes.
2. The price established in the purchase of the carriers is agreed based on market prices (TTF index) and applying a discount. The TTF index market price is obtained from an independent financial information database and is therefore in line with the prices prevailing in the market, as they are agreed under terms and conditions that could be established with independent third parties.

In furtherance of the above and applying the ex-ante control methodology, it has been verified that the per-vessel discount on the TTF index determined in the Related-Party Transaction is broadly consistent with the discounts on the market TTF and never lower than the discounts applied by independent third parties.

Therefore, it is reasonable to conclude that the price agreed for the related-party transaction is, in general, consistent with the market value principle and in no case higher than independent parties in similar conditions would have agreed.

3. The pricing procedure conforms to Spanish tax legislation on transfer prices and to OECD guidelines, as the price of the related-party transaction reflects what independent parties would have agreed under similar circumstances.
4. In light of the legal and commercial terms and conditions to be applied, as the case may be, to the Confirmation Memorandum, it can be concluded that the Related-Party Transaction has been reasonably articulated around contractual terms and conditions 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.
5. The transaction is subject to control mechanisms to validate the terms and conditions eventually applied if the purchase of the three carriers from Enel Generación Chile is carried out. This ex-post review will be carried out by independent experts appointed by Endesa and as regularly as deemed necessary by Endesa's Audit and Compliance Committee.

The Audit and Compliance Committee concludes that authorizing the acquisition of up to three liquefied natural gas carriers from Enel Generación Chile by Endesa Energía is fair and reasonable from the standpoint of Endesa and its shareholders other than the related party, i.e. other than the Enel Group.

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 this transaction.



Report of the Audit and Compliance Committee on the fairness and reasonableness of the provision of services by the companies Endesa, S.A., Endesa Medios y Sistemas, S.L. and Endesa Distribución Redes Digitales, S.L. to Enel Iberia, S.L.U. and Enel Global Trading S.p.A.



Report of the Audit and Compliance Committee on the fairness and reasonableness of the provision of services by the companies Endesa, S.A., Endesa Medios y Sistemas, S.L. and Endesa Distribución Redes Digitales, S.L. to Enel Iberia, S.L.U. and Enel Global Trading S.p.A.

I. INTRODUCTION AND REGULATORY FRAMEWORK

In accordance with the provisions of paragraph 3 of article 529 duovicies of the amended and restated Spanish Capital Corporations Law, as approved by Royal Legislative Decree 1/2010, of 2 July, Endesa's Audit and Compliance Committee hereby issues this Report to assess whether the transaction is fair and reasonable from the standpoint of the company and, where appropriate, shareholders other than the related party, and indicate the assumptions on which the assessment is based and the methods used.

In accordance with Article 529 unvicies, paragraph 3, the Report issued and, as the case may be, 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 standpoint of the company and of shareholders who are not related parties.

Furthermore, Endesa has developed its own internal regulatory framework in this area, which includes, inter alia, a Related-Party Transaction Regulations approved by the Board of Directors, as well as a Related-Party Transaction Operating Procedure approved by the Audit and Compliance Committee, implementing the guidelines set forth in the Regulations and defining the proceedings, functions and responsibilities relating to the general rules on requests for and the approval, publication and monitoring of related-party transactions. These regulations have been applied in this case.



II. OVERVIEW OF THE TRANSACTION

a) Purpose of the transaction.

The purpose of the proposed contract extensions is to enable certain Endesa Group companies, namely Endesa S.A., Endesa Medios y Sistemas S.L. and Endesa Distribución Redes Digitales, S.L., to continue rendering services to certain Enel Group companies, namely Enel Iberia, S.L.U. and Enel Global Trading S.p.A.

- i) Extension of the agreements for the provision of services to Enel Iberia, S.L.U. The agreements were originally signed in 2015 and the extensions, if approved, will take effect on 1 January 2024 and their term will be one year, i.e. until 31 December 2024.

The contents of these agreements is as follows:

- Corporate services provided by Endesa, S.A to Enel Iberia, S.L.U: support activities for back office, accounting, finance, insurance and tax management, human resources and organization, facility management, procurement, legal and corporate affairs, and sustainability policy drafting and implementation.
- Leasing of spaces and provision of related services by Endesa Medios y Sistemas, S.L and Endesa Distribución Redes Digitales, S.L. to Enel Iberia, S.L.U: leasing of office space and commercial premises, as well as assignment of the use of surplus spaces and related services, including but not limited to building maintenance, cleaning and security, and facility management.

- i. Extension of the agreement for the provision of services to Enel Global Trading S.p.A.

The purpose of the transaction is to extend the existing Agreement for the Provision of Energy Management Technical Services that Endesa S.A. provides to Enel Global Trading S.p.A., whereby Endesa personnel provides services related to the management of Enel's gas portfolio, including the negotiation and execution of gas purchase and sale agreements and the logistical management of gas transportation, loading and unloading.

The technical services under analysis stem from the Joint Management Agreement between Endesa Energía, S.A. (a company wholly owned by Endesa) and Enel Global Trading, in respect of the LNG contracts of each company and the associated sea transport by carrier. The Joint Management Agreement reflects the mutual will of the parties to jointly manage both services in order to enhance their respective positioning and strategy, optimize their operational efficiency and reduce the costs and risks inherent in the business.



The services provided by Endesa S.A. include the following activities carried out by Endesa personnel:

- ✓ Negotiating, arranging and signing long-term gas/LNG sale and purchase agreements
- ✓ Renegotiating existing long-term agreements (including price revisions)
- ✓ Prospecting new gas-related businesses, assessing innovative solutions and managing all project development activities
- ✓ Managing logistics services and LNG trading operations with the counterparty and loading and unloading terminals
- ✓ Managing the portfolio of charter contracts, maintaining a network of contacts with other shipowners/charterers/brokers and appraising the merits of new LNG shipping projects

The agreement was originally signed in 2017 and the extension, if approved, will be for a term of one year from 1 January 2024, i.e. until 31 December 2024.

b) Transaction amount.

The proposed agreements for the provision of services by Endesa, S.A., Endesa Medios y Sistemas, S.L. and Endesa Distribución Redes Digitales, S.L. to Enel Iberia, S.L.U. and Enel Global Trading S.p.A. amount to 10.6 million euros for 2024, according to the following breakdown:

- Corporate services provided by Endesa, S.A to Enel Iberia, S.L.U: 2.9 million euros.
- Leasing of surplus spaces and provision of related services by Endesa Medios y Sistemas to Enel Iberia, S.L.U: 4.6 million euros.
- Leasing of surplus spaces and provision of related services by Endesa Distribución Redes Digitales, S.L. to Enel Iberia, S.L.U: 1.4 million euros.
- Provision of Technical Energy Management Services by Endesa S.A to Enel Global Trading S.p.A.: 1.7 million euros.

The prices have been calculated on the basis of the costs incurred by the service provider (Endesa, S.A., Endesa Medios y Sistemas, S.L. and Endesa Distribución Redes Digitales, S.L.), plus a market mark-up where appropriate. A mark-up of 5% will typically be applied, although this percentage will be changed if it is not considered an arm's length value.

Costs related to services provided by third parties or to advertising campaigns carried out by third parties, where the service provider (Endesa, S.A., Endesa Medios y Sistemas, S.L. and Endesa Distribución Redes Digitales, S.L.) does not deliver any added value shall not be subject to any mark-up, and the cost borne by the service provider will be deemed included in the price of the service.

If E-Distribución provides space leasing, subleasing and related services to Enel Iberia, no mark-up shall be added, as E-Distribución's corporate purpose consists exclusively of the distribution of electricity.



Payments under the contract accrue annually and a single annual invoice will be issued in the first 30 days of December. If the effective figures, both on costs and allocation keys, are not available, or only partially available, as of the date on which the invoice is issued for the year in which the services were provided, the parties shall adjust the price accordingly within the first six months of the following financial year, in accordance with the price revision clause.

III. IDENTIFICATION OF THE PARTY RELATED TO ENDESA

The companies providing the services: Endesa, S.A., Endesa Medios y Sistemas, S.L. and Endesa Distribución Redes Digitales, S.L. The companies Endesa Medios y Sistemas, S.L. and Endesa Distribución Redes Digitales, S.L. are fully-owned subsidiaries of Endesa S.A.

The companies receiving the services: Enel Iberia, S.L.U. and Enel Global Trading 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 shareholders of Endesa who hold 10% or more of the voting rights or who are represented on the Board of Directors, as well as with any other persons considered as parties related to Endesa, in accordance with International Accounting Standards. Therefore, all transactions entered into by Endesa or its subsidiaries and Enel or its subsidiaries (excluding the Endesa Group) shall be considered related-party transactions.

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

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

a) Operational, technical and commercial reasonableness of the transaction

The main reason for extending the services provided by Endesa, S.A., Endesa Medios y Sistemas, S.L. and Endesa Distribución Redes Digitales, S.L.U. to Enel Iberia, S.L.U. is that the service providers render these services on a regular basis to Endesa Group companies in Spain and therefore possess the necessary resources and assets.



Therefore, providing these services to Enel Iberia will not generate further costs for the Endesa Group and will allow a portion of the existing costs to be transferred to a company that is not part of the Endesa Group.

Moreover, the companies providing the services have yet to encounter any risks associated with the provision of the services.

Therefore, this arrangement results in an optimization of resources and a reduction in costs for Endesa Group companies, two issues that stand to benefit any company acting in the interest of the Group and of shareholders who are not related parties.

The main reason for extending the services that Endesa, S.A. provides to Enel Global Trading S.p.A. is that the joint management of Shipping and LNG contracts enhances positioning and strategy, maximizes the operational efficiency of the assets and optimizes the costs and risks inherent in the activity. Consequently, Endesa, by providing technical services to Enel Global Trading, is able to transfer a portion of its costs to a company that is not part of the Endesa Group, which is consistent with the resource optimization strategy of Endesa Group. It also allows the Endesa Group to become a market operator with greater capacity than it would otherwise have individually, and with better positioning and increased negotiating power also, thus unlocking more opportunities and allowing the Group to obtain more competitive price offers, achieve planning optimization and synergies (reducing unfavorable spot purchases and days spent idle), and react better to force majeure events (delays, unexpected transaction, etc.).

b) Economic reasonableness. Methods used

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

In view of the characteristics of these transactions, the absence of comparable transactions with independent entities, and publicly available information, the **Transactional Net Margin Method (TNMM)** is considered the most suitable transfer pricing methodology for the purpose of applying the arm's length principle.

Moreover, applying a 5% mark-up is standard practice among multinational groups when it comes to the compensation of management support services.

Last but not least, the value of the mark-up applied here is consistent with the value of the mark-up applied to the management support services that Enel, S.p.A. provides to Endesa, S.A. (5%), which are substantially similar in nature. These management support services provided by Enel, S.p.A. have been subject to a prior unilateral valuation agreement with the Spanish tax authorities valid for the tax years 2020 to 2023, thus helping to ensure the consistency of the transfer pricing policy applied across the Enel Group, to which the Endesa Group companies also belong.

The re-billing of costs without a mark-up also happens to be a practice validated by the OECD Guidelines (when a group member incurs sundry costs on behalf of a related



entity, it may be appropriate to pass on these costs directly to that entity without applying a mark-up, as these costs are essentially expenses that the group members would have borne directly had they been independent (pass-through costs)), on the understanding that where it is possible to identify comparable transactions between unrelated parties, the **Comparable Uncontrolled Price (CUP)** method is the most direct and reliable method for applying the arm's length principle.

The practice applied also happens to be fully compliant with electricity legislation governing the separation of regulated and non-regulated activities.

As a conclusion of the **analysis of the mark-up determination criteria**:

- The methodology for determining the cost base and the allocation criterion defined for determining the amount of the Related-Party Transaction is consistent with Article 18.5 LIS.
- The aforementioned criteria for selecting the transfer pricing method (CUP and TNMM, based on estimated costs) are consistent with the OECD Guidelines, in light of the comparability analysis of the parties taking part in the Related-Party Transaction and the clauses of the agreement to be entered into by the parties.
- Likewise, it is considered that the criterion determined for adding or not adding a mark-up on the costs budgeted by the service providers is reasonable, and that, when this criterion is applied, the 5% mark-up is consistent with the mark-up that independent parties would be willing to agree on under comparable conditions.

Accordingly, it is reasonable to conclude that the transfer pricing methodology defined for this Related-Party Transaction is consistent with the market value principle.

c) Legal and commercial reasonableness of the transaction

The legal and commercial terms of the Agreements included in the Related-Party Transaction have been reasonably articulated around contractual terms and conditions that could have been agreed by independent parties.

Moreover, all of the agreements contain safeguard clauses for Endesa, such as terms governing non-assignment, agreement termination, force majeure, mutual confidentiality obligations, governing law and jurisdiction, and respective liability of the parties to the agreements.

Therefore, in light of the legal and commercial terms and conditions of the agreements, it can be concluded that the Transactions have been reasonably articulated around contractual terms that could have been agreed with independent parties.

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

The Audit and Compliance Committee's analysis took into account the report of Deloitte Legal, S.L.P. ("Deloitte") on the fairness and reasonableness of authorizing the extension of the agreements under review.

Deloitte issued its Report in its capacity as an independent expert. On the date the report was issued, Deloitte did not maintain any sort of commercial relationship with the Enel Group or with the Endesa Group that could compromise its capacity as an independent expert for the purposes of issuing its Report or that could give rise to a conflict of interest in conducting the analysis and drawing up the conclusions therein.

The report prepared by Deloitte for Endesa's Audit and Compliance Committee concludes that the Transactions are fair and reasonable from the standpoint of Endesa and, in particular, the shareholders who are not related parties, including unrelated minority shareholders.

VI. CONCLUSION OF THE AUDIT AND COMPLIANCE COMMITTEE

First, it should be noted 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. Furthermore, the Committee has a Shareholder-Appointed Director representing the controlling shareholder Enel, who holds 70.10% of the share capital of Endesa.

In accordance with Article 529 duovicies, paragraph 3, of the Capital Corporations Law, Mr. Stefano De Angelis, who is a shareholder-appointed director and representative of Enel, was not involved in the preparation of this Report.

The rest of the members of the Audit and Compliance Committee took part in the preparation and agreed on the contents of this Report on the provision of services by Endesa Group companies to Enel Iberia, S.L.U. and Enel Global Trading S.P.A.

Based on the background information discussed above, the Audit and Compliance Committee hereby concludes that, with the agreements subject to the analysis:

- The transactions consisting of the provision of services to Enel Iberia allows Endesa, Endesa Medios y Sistemas and Endesa Distribución Redes Digitales to transfer a portion of their costs to a company that is not part of the Endesa Group, without this entailing an incremental effort for the service providers, nor have the parties encountered any risk so far under this arrangement.



- The provision of services to Enel Global Trading maximizes the operational efficiency of Endesa's human, material and technical resources and optimizes its costs, while also improving their ability to manage and mitigate the risks inherent in the LNG business.
- The pricing method applied conforms to Spanish tax legislation on transfer prices and to OECD guidelines, as the prices of this transaction reflect what independent parties would have agreed under similar circumstances.
- The Related-Party Transaction has been reasonably articulated around contractual terms and conditions that could have been agreed by independent parties.

In view of the above, the Audit and Compliance Committee concludes that the extension of the agreements for the provision of services by Endesa, S.A, Endesa Medios y Sistemas, S.L and Endesa Distribución Redes Digitales, S.L. to Enel Iberia, S.L.U. and Enel Global Trading S.P.A., as recipients, during fiscal year ending 31 December 2024 are fair and reasonable from the standpoint of Endesa and its shareholders other than the related party.

VII. CONCLUSION OF THE BOARD OF DIRECTORS

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



REPORT OF THE AUDIT AND COMPLIANCE COMMITTEE ON THE FAIRNESS AND REASONABLENESS OF RENEWAL OF THE JOINT MANAGEMENT AGREEMENT FOR METHANE CARRIERS AND FOB CONTRACTS FOR LNG OF US ORIGIN BETWEEN ENDESA ENERGÍA AND ENEL GLOBAL TRADING FOR 2024

REPORT OF THE AUDIT AND COMPLIANCE COMMITTEE ON THE FAIRNESS AND REASONABLENESS OF RENEWAL OF THE JOINT MANAGEMENT AGREEMENT FOR METHANE CARRIERS AND FOB CONTRACTS FOR LNG OF US ORIGIN BETWEEN ENDESA ENERGÍA AND ENEL GLOBAL TRADING FOR 2024

I. INTRODUCTION AND REGULATORY FRAMEWORK

In accordance with the provisions of paragraph 3 of article 529 duovicies of the amended and restated Spanish Capital Corporations Law, as approved by Royal Legislative Decree 1/2010, of 2 July, Endesa's Audit and Compliance Committee hereby , issues this Report to assess whether the transaction is fair and reasonable from the standpoint of the company and, where appropriate, shareholders other than the related party, and indicate the assumptions on which the assessment is based and the methods used.

In accordance with Article 529 unvicies, paragraph 3, the Report issued and, as the case may be, 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 standpoint of the company and of shareholders who are not related parties.

Furthermore, Endesa has developed its own internal regulatory framework in this area, which includes, inter alia, a Related-Party Transaction Regulations approved by the Board of Directors, as well as a Related-Party Transaction Operating Procedure approved by the Audit and Compliance Committee, implementing the guidelines set forth in the Regulations and defining the proceedings, functions and responsibilities relating to the general rules on requests for and the approval, publication and monitoring of related-party transactions. These regulations have been applied in this case.

II. OVERVIEW OF THE GENERAL TRANSACTION

a) Background

At its meeting on 23 July 2018, Endesa's Board of Directors authorized the execution of a joint management agreement between Endesa Energía, S.A.U. and Enel Global Trading S.p.A. for the charter and supply contracts for LNG originating in the US, together with the associated sea transport (the "Agreement"). The Agreement establishes a model for the operation and allocation of LNG carriers and contracts belonging to these companies, setting objective rules subject to subsequent verification by independent experts.

The Agreement established the performance of three related-party transactions between Endesa Energía, S.A.U. and Enel Global Trading S.p.A., all of which are of a different nature but linked to each other: first (and the subject of this Report), the joint management of LNG shipping and



FOB contracts originating in the US; second, the possibility of LNG sales between the parties; and, finally, the services mutually provided by the parties as a result of the creation of the joint management unit.

The Board of Directors subsequently authorized successive annual renewals of the Agreement, always following a favorable report from the Audit and Compliance Committee and independent third parties.

b) Purpose of the transaction.

The purpose of this transaction is the renewal of the Joint Management Agreement for Methane Carriers and of the FOB LNG from the US between Endesa Energía, S.A. and Enel Global Trading SpA for 2024, for an estimated value of €100M. The Audit and Compliance Committee shall be informed of the final amount of the transaction.

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

Joint management of carriers: The operational management of carriers is coordinated by a central management team, made up of **Endesa Energía** 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 does not change. Each company maintains the ownership of its charter policies, as well as its obligations to the ship operator. However, re-invoicing mechanisms are in place to adjust the balance of payments according to the rights of use (for the permanent fleet) and according to the effective use for spot charters.

In other words, the Carriers' Joint Management Agreement enables Endesa and Enel to use the vessels of either of the two companies that are best positioned, in order to minimize the cost of each trip. The Agreement also establishes an operations model with objective, mutual and balanced rules and guarantees that can be subsequently verified by independent experts.

Joint management of LNG contracts: The agreement for the joint management of the LNG contracts was intended to optimize resources by conducting activities such as annual contract planning and to take advantage of operations opportunities. The agreement provides for the option of exchanging cargo slots, provided that they occur within the same month and without this leading to any financial adjustment between the parties. These exchanges may take place in response to operational needs and changing business requirements, thus improving the running of the business.

c) Transaction amount

- Shipping transactions between Endesa Energía and EGT are priced in accordance with the following process:
 - The management team will prepare the permanent fleet schedules on the basis of the US FOB contracts and estimated needs at the start of each period, with the aim of minimizing sea transport costs. These schedules shall take into account both permanent carriers and other spot carriers required to meet such needs.
 - Rights of use will be allocated to the carriers (days of use per year) and the average price of the permanent fleet will be determined.



- Spot gas shall be arranged as and when necessary to cover any shortfall between the permanent fleet and total requirements. In such cases, the amount effectively delivered will be the difference between the allocated permanent carrier rights and the total requirements of each party.
- Each company will be responsible for paying for its carriers to the ship operator, according to the terms and conditions of its own contracts. However, own carrier rights of use will be allocated on the basis of each company's FOB contracts, while spot charters will be allocated on the basis of each company's additional requirements over and above its rights of use. The amount paid by each company will be adjusted every quarter according to the amount effectively applicable, as per its rights of use and the use of the additional spot price, according to the allocation factor.
- Any surplus capacity may be put on the market or exchanged between companies at market prices. The market price used for the charter contracts between Enel and Endesa is calculated as the average of the weekly quoted prices for the month prior to the contract execution date, which should be one month before delivery of the carrier. This average is based on the weekly quoted prices of the following companies: "Affinity LNG", "Braemar", "Clarksons Platou", "Gibson", "Poten & Partners", "Simpson Spence Young" and/or "Fearnley LNG". This procedure ensures that the freight level of the carrier exchange is representative of the market.
- Whether further spot carrier purchases take place during the year will depend on:
 - If such purchases specifically relate to the joint management arrangement, they shall be shared between both parties by applying the agreed allocation factors.
 - If the purchases are made for reasons not envisaged in the schedule or linked to the shipping management process, the cost shall be borne by the company requiring such additional gas.
- The costs associated with each trip (loading, unloading and channels) will be charged to the owner of the LNG transported in such trip.
- As long as a transaction is beneficial to the overall portfolio, it will go ahead, and if one of the parties is negatively affected at the outset, that party will be compensated accordingly so that the economic balance resulting from the last agreed Shipping Schedule is restored.
- If the change in the Shipping Schedule is caused by one of the parties, the costs or revenues arising from such a change shall be passed on to the party to have caused the change, within the scope of the days set out on the last agreed Shipping Schedule actually affected by the change. Additional costs or revenues related to days other than those mentioned above will be passed on to the parties concerned according to the last agreed Shipping Schedule. The Joint Management Unit shall provide each party with a preliminary assessment of the impact of the proposed change.

The allocation factor will be determined at the beginning of the period based on the volume of FOB contracts of each company. Quarterly adjustments will be made based on the average permanent fleet and spot prices obtained from the initial schedule, with the cost for each company being rebilled in accordance with the allocated rights of use. If the rights of use are exceeded, the additional usage (whether permanent or spot fleet) shall be paid for at the spot price. If these rights of use are not ultimately used, the excess shall be allocated at market price to the other company or sold to third parties.

The adjustment will be calculated as the difference between the costs already borne by each company (payment to the ship operator) and the costs determined according to the allocated use. The allocation percentages initially established shall be reviewed so as 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 deviations between the quoted and actual costs occur.



In relation to the renewal of the "Joint Management Agreement for Methane Carriers and FOB Contracts for LNG of US origin for 2024," the estimated⁷ value of the Joint Management Agreement for 2024 for the Shipping business is €63.72M (\$68.74M), being the sum of the amounts to be paid by Endesa to Enel for using its vessels, the amounts to be paid by Enel to Endesa for using its vessels, and the amount paid for the quarterly adjustments.

However, due to the volatility that Endesa expects to encounter within the LNG freight market in 2024, due not only to the inherently volatile nature of the LNG freight market, which has seen price increases of 100–300 k\$/day at times of low carrier availability and high LNG prices, but also to the uncertainty facing the two most important channels in the world: carriers traversing the Suez Canal could be affected by the conflict in the Middle East, while those heading through the Panama Canal face restrictions due to the current drought in the country. This could lead to lower carrier availability and push up the price of shipping. Therefore, an agreement value for the shipping business of €100M has been considered.

These amounts do not include the costs of the Joint Management Unit, as they are included in the Technical and Management Support Services Contract for 2024. Similarly, the proposed arrangements do not include intra-group sales and purchases of LNG, which shall be treated separately and on a case-by-case basis.

III. IDENTIFICATION OF THE PARTY RELATED TO ENDESA

One party is **Endesa Energía, S.A.U. ("Endesa Energía")**, a company fully owned by Endesa, S.A., and therefore a subsidiary thereof.

The other party is **Enel Global Trading S.p.A. ("EGT")**, a company fully owned by Enel S.p.A and therefore a subsidiary thereof.

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 shareholders of Endesa who hold 10% or more of the voting rights or who are represented on the Board of Directors, as well as with any other persons considered as parties related to Endesa, in accordance with International Accounting Standards. Therefore, all transactions entered into by Endesa or its subsidiaries and Enel or its subsidiaries (excluding the Endesa Group⁸) shall be considered related-party transactions.

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

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

3. Operational, technical and/or commercial rationale

⁷ Estimated according to market prices on 8 November 2023.

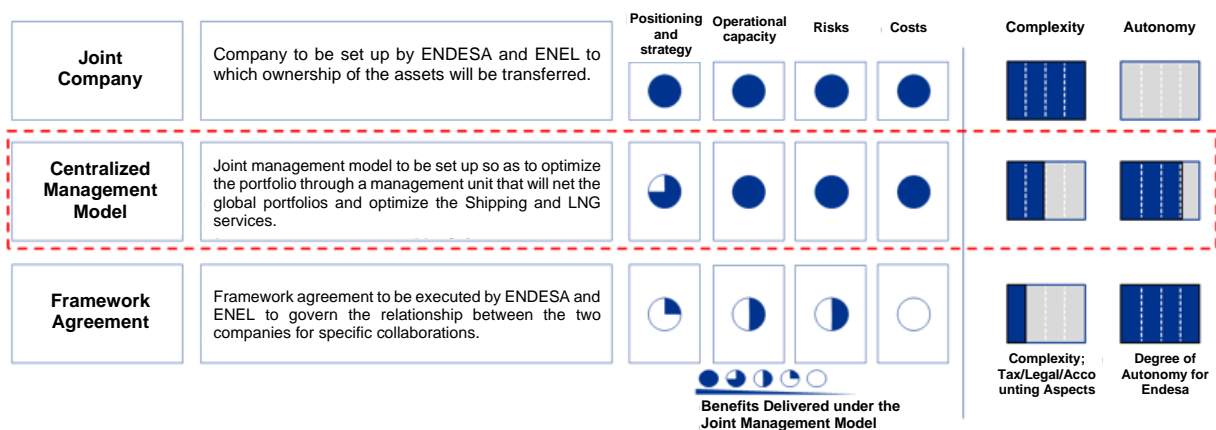
⁸ Endesa Group: for the purposes of internal regulations on related-party transactions, the term "Endesa Group" refers to Endesa, S.A. and its subsidiaries, as defined in Article 42 of the Spanish Commercial Code.

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 locally.

It is therefore reasonable to have a centralized management model in line with the Enel Group's Strategic Plan and Endesa's Strategic Plan, which allows EGT and Endesa Energía to optimize the carrier fleet, with a view to maximizing the value of contracts (maximizing revenues and minimizing costs). Moreover, the Joint Management Unit, conceived as a market operator with a stronger position and greater negotiation capacity than EGT and Endesa Energía separately, makes it possible to better use opportunities and increase competitiveness in obtaining price offers.

The following are three different organizational models for the joint management of activities, all of which are typically used by companies operating in the sector:



Aside from the three joint management alternatives mentioned above, each company (EGT and Endesa Energía) could independently manage its fleet and contracts. However, in doing so they would not benefit from the features detailed below. Additionally, their operating costs would be higher and this would not therefore lead to any economic or operational optimization, as would be the case under the joint management model.

Therefore, the advantages provided by the Joint Management Agreement for methane carriers and the FOB contracts for LNG of US origin are summarized below:

- Positioning and strategy.** The joint management of shipping and LNG contracts enhances strategic positioning, maximizing synergies in the operation of assets and minimizing the costs and risks associated with the activity. In addition, joint management provides a swift response 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 optimization of routes according to the needs of Endesa Energía (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 recurrent 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 in the activity are reduced through joint action. An increase in the management capacity mitigates the risks associated with shipping activity (loading losses, delays, climate changes, etc.). In addition, the larger number of joint resources allows the companies to deal more easily with unforeseen events and, where applicable, to overcome them successfully.
- **Costs.** The capacity to perform intra-group LNG transactions between Endesa Energía and EGT prevents the need to go to the market, saving the associated costs, reducing counterparty risks, 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 optimizing how activities are planned and avoiding the unnecessary transfer of assets.
- **Autonomy.** Decision-making through joint action within the framework of a centralized management model provides a high degree of independence. In this regard, the advantages of this model are not limited to the management and coordination of the activities on a centralized basis, as a result of the ensuing synergies and cost-effectiveness - it provides each company with a high degree of autonomy, as they can manage their own carriers.

Therefore, joint management can be considered, in principle, as a market trend that improves the positioning and strategy of the companies, while maximizing the operational efficiency of assets and mitigating the costs and risks inherent in the activity, to the extent that such joint management is exercised according to a set of predefined rules that ensure that benefits are obtained without jeopardizing the interests or operations of any of the parties.

4. Guarantees provided

Within two months from the end of each contract period of the Agreement, the Joint Management Unit shall send the relevant documents to each party evidencing the mutual provision of the services, including but not limited to:

- Compliance with the Shipping Schedule and any adjustments to the one sent prior to the start of the relevant contract period.
- The factors and allocation criteria used to award the shipping contracts.
- The average own shipping and spot shipping prices applied during the period.
- Sales to third parties or between the parties and spot shipping purchases under the agreed terms and conditions.
- The adjustments between the parties derived from the Use Factor.

This review shall be conducted by independent experts appointed by Endesa.

If within four months of receiving the documentation neither of the parties has raised any objection, the transactions carried out during the relevant period shall be deemed to be final.

In the event of any dispute when performing the Agreement, the parties shall apply the dispute resolution procedure set forth in Clause 18 of the Agreement, whereby they undertake to negotiate for 15 days. Any agreement ultimately reached during that time 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.

The Agreement provides specific mechanisms for reviewing performance of the Agreement and for dispute resolution, which can be considered objective and balanced for the interests of both



parties and also comply with the specific procedures approved by Endesa in relation to related-party transactions, enabling the resolution of disputes in terms similar to those that would be agreed by independent parties.

The Agreement also states that Endesa reserves the right, prior to payment, to review the documentation contained in the above points in order to verify compliance with the requirements for deducting the expenses of the recipient companies.

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

5. 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. This requirement is also set out in Article 18(5) of the Spanish Corporate Income Tax Law, which states that the recipient must receive a benefit or profit in order for the arrangement to qualify as an intra-group service.

The Joint Management of LNG carriers and FOB LNG Contracts of US origin arises from the need to optimize 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 optimizing the human, material and technical resources.

The expectation of mutual and proportional benefit is essential for independent companies when agreeing to share the risks and rewards of pooling resources and skills. As this allocation system would be applied within the context of joint management of shipping and FOB LNG contracts, a reasonable expected benefit resulting from such joint management—compared to the individual management of the activities—would justify the execution of the transaction at the same price established by the third-party ship operator under the policy contracts provided.

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

The pricing system applied to related-party transactions is based on a scheme for the allocation of the prices set by independent third parties (both of the carriers that each company delivers through the policies signed with third-party ship operators and of any spot carriers that need to be acquired according to the schedule), based on the percentage of 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 benchmarks.

In addition, to verify that these transactions are carried out at market prices, they will be compared with the reference monthly price calculated using the average weekly references of at least the following firms (or others of similar standing): Braemar, Gibson, Poten & Partners, Simpson Spence Young and Fearnley LNG, so as to ensure that any deviation is under 2%.

The annual cost allocation between EGT and Endesa Energía is calculated based on 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 expected) by the entity receiving the services, so it can be reasonable to conclude that it meets the reasonableness criteria established in the related-party transaction regulations governing the distribution of 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 the transaction is fair and reasonable from the standpoint of Endesa and, in particular, its shareholders other than the related party, i.e. other than the Enel Group.

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

In its analysis of the transaction, the Audit and Compliance Committee took the following reports into account:

- 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 agreement analyzed herein.

PwC 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 relationship with the Enel Group or with the Endesa Group that could compromise its capacity as an independent expert for the purposes of issuing its Report or that could give rise to a conflict of interest in conducting the analysis and drawing up the conclusions therein.

According to the Report prepared for Endesa's Audit and Compliance Committee, joint management can be considered to enhance the positioning and strategy of the companies, while maximizing the operational efficiency of assets and mitigating the costs and risks inherent in the activity, to the extent that such joint management is exercised according to a set of predefined rules that ensure that benefits are obtained without jeopardizing the interests or operations of any of the parties (technical and/or commercial rationale of the transaction), and it can be concluded that the price set by the parties (economic rationale) and the contractual terms and conditions conform to the arm's length principle. The independent expert has examined the rules defined, the guarantees applied, and the contractual terms and conditions agreed by the parties, and concluded that the renewal for 2024 of the Joint Management Agreement for methane carriers and FOB contracts for LNG of US origin between Endesa Energía and EGT described in this document is fair and reasonable from the standpoint of Endesa and the shareholders who are not related parties.

VI. CONCLUSION OF THE AUDIT AND COMPLIANCE COMMITTEE

First, it should be noted 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. Furthermore, the Committee has a Shareholder-Appointed Director representing the controlling shareholder Enel, who holds 70.10% of the share capital of Endesa.

In accordance with Article 529 duovicies, paragraph 3, of the Capital Corporations Law, Mr. Stefano De Angelis, who is a shareholder-appointed director and representative of Enel, was not involved in the preparation of this Report.

The rest of the members of the Audit and Compliance Committee took part in the preparation and agreed on the contents of this Report on the "Renewal of the Joint Management Agreement for methane carriers and the FOB contracts for LNG of US origin between Endesa Energía and EGT for 2024."

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

- Is a practice that enhances Endesa's positioning and strategy, maximizing compliance with its Strategic Plan.



- Maximizes the operational efficiency of the assets and the routes – which in turn maximizes earnings – and mitigates the costs and risks inherent in the activity.
- Makes it possible to optimize human, material and technical resources.
- Strengthens and broadens the Company's market positioning, giving it greater capacity and bargaining power.
- Allows the Company to make the most of opportunities and synergies, in addition to its geographic coverage, contributing to better risk management.
- Reduces costs stemming from bringing LNG operations to market, increasing the security of supply and improving margins.
- The methodology for pricing the related-party transaction is aligned with the principle of free competition.
- The contract terms of the related-party transaction are established according to customary terms between third parties, for which reason they are reasonable.
- Specific mechanisms for guarantees and review of the performance of the Agreement and dispute resolution are established, in terms similar to those that would have been agreed by independent parties.

The Audit and Compliance Committee concludes that the "Renewal of the Joint Management Agreement for methane carriers and the FOB contracts for LNG of US origin between Endesa Energía and EGT for 2024" are fair and reasonable from the standpoint of Endesa and its shareholders other than the related party.

VII. CONCLUSION OF THE BOARD OF DIRECTORS

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



REPORT OF THE AUDIT AND COMPLIANCE COMMITTEE ON THE FAIRNESS AND REASONABLENESS OF THE RELATED-PARTY TRANSACTION CONSISTING OF SPOT PURCHASES OF FUEL OIL BY ENDESA GENERACIÓN SAU FROM ENI TRADE & BIOFUELS SPA FOR THE CANARY ISLANDS IN 2024

REPORT OF THE AUDIT AND COMPLIANCE COMMITTEE ON THE FAIRNESS AND REASONABLENESS OF THE RELATED-PARTY TRANSACTION CONSISTING OF SPOT PURCHASES OF FUEL OIL BY ENDESA GENERACIÓN SAU FROM ENI TRADE & BIOFUELS SPA FOR THE CANARY ISLANDS IN 2024

I. INTRODUCTION AND REGULATORY FRAMEWORK

In accordance with the provisions of paragraph 3 of article 529 duovicies of the amended and restated Spanish Capital Corporations Law, as approved by Royal Legislative Decree 1/2010, of 2 July, Endesa's Audit and Compliance Committee hereby , issues this Report to assess whether the transaction is fair and reasonable from the standpoint of the company and, where appropriate, shareholders other than the related party, and indicate the assumptions on which the assessment is based and the methods used.

In accordance with Article 529 unvicies, paragraph 3, the Report issued and, as the case may be, 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 standpoint of the company and of shareholders who are not related parties.

Furthermore, Endesa has developed its own internal regulatory framework in this area, which includes, inter alia, a Related-Party Transaction Regulations approved by the Board of Directors, as well as a Related-Party Transaction Operating Procedure approved by the Audit and Compliance Committee, implementing the guidelines set forth in the Regulations and defining the proceedings, functions and responsibilities relating to the general rules on requests for and the approval, publication and monitoring of related-party transactions. These regulations have been applied in this case.

II. OVERVIEW OF THE GENERAL TRANSACTION

a) Background for the transaction

In Spain, Endesa Generación produces electric power both in the Iberian Peninsula and in Non-Peninsular Territories (Canary Islands, Balearic Islands, Ceuta and Melilla).

Endesa Generación is one of the main generators with thermal units installed in the Non-Peninsular Territories. In the Canary Islands, it has, among others, the plants in Punta Grande (Lanzarote) and Las Salinas (Fuerteventura) which use fuel oil to feed 8 generation units with a capacity of 133 MW and 6 generation units with a capacity of 82 MW, respectively. Hence, Endesa Generación needs to procure fuel oil so as to ensure the operation of its thermal plants.



Power generation in the Non-Peninsular Territories has the following differentiating characteristics with respect to the system in mainland Spain: (i) lack of economies of scale; (ii) need for greater reserve margins; and (iii) utilization of a specific technology mix conditioned by resource availability, giving thermal generation a preponderant role in ensuring security of supply.

Stemming from environmental limitations, the fight against climate change and the ecological transition, in the Canary Islands certain environmental authorizations were modified in order, *inter alia*, to use, as liquid fuel for power generation, 0.7% sulfur fuel oil, including those of the Punta Grande and Las Salinas thermal plants.

Fuels for electricity generation in the Canary Islands, as in the remaining Non-Peninsular Territories, are required to be supplied in accordance with Law 17/2013, Royal Decree 738/2015 and Order TED/1315/2022, through fuel auctions called by the Ministry for Ecological Transition and Demographic Challenge. Nevertheless, there is no certainty that the supply of fuels can be ensured after 1 January 2024 under the auction scheme. Therefore, Endesa must carry out the actions available to it in order to guarantee the supply of fuel until the auction.

The current contracts to supply liquid fuels for the Lanzarote and Fuerteventura plants expire on 31 December 2023. Therefore, in order to ensure continuity in the supply of power in the Canary Islands, starting on 1 January 2024, the Company needs to contract the supply of liquid fuels to the Lanzarote and Fuerteventura plants in order to meet the demand for electricity.

b) Purpose of the transaction.

The purpose of the transaction is to secure authorization for spot purchases of 0.7% sulfur fuel oil intended to Lanzarote and Fuerteventura between Endesa Generación, SAU (as the purchaser) and Eni Trade & Biofuels SpA (as the supplier), for a maximum volume of 60,000 tons, divided into two spot shipments of between 29,000 and 30,000 tons. The purchase authority will be in force from 1 January 2024 to 31 December 2024.

In any event, these transactions are not closed, as they are contingent on Eni Trade & Biofuels SpA's offer being the best, according to the terms set out below.

The product will be delivered in DES (Delivered Ex Ship) position, with the ports of unloading being Lanzarote (17,000 tons) and Fuerteventura (13,000 tons).

c) Transaction amount

For FY 2024, the estimated total value of the transactions between Endesa Generación, SAU, and Eni Trade & Biofuels SpA for two shipments of 30,000 tons of 0.7% sulfur fuel oil each would be 30.6 million euros.

The price will be indexed to Platts FO 0.5% FOB Rotterdam barges and/or mean CIF NWE GO 0.1%, average delivery month and following. The 0.7% sulfur fuel oil is not standard market quality; hence there is no specific index for its pricing, whereas the 0.5% sulfur fuel oil, used as fuel in maritime transport (bunker), and the 0.1% sulfur gas oil are standard market quality.

The price of each transaction will be calculated on the basis of the delivery terms of the purchased assets and in accordance with the market prices pertaining to the market indexes applicable to each shipment.



III. IDENTIFICATION OF THE PARTY RELATED TO ENDESA

One party is **Endesa Generación, S.A.U.**, a company fully owned by Endesa, S.A. Enel Iberia, a fully-owned subsidiary of Enel Spa, holds 70.101% of the share capital of Endesa. Therefore, Endesa Generación is controlled by Enel Spa.

The other party is, **Eni Trade & Biofuels, S.p.A.**, a company fully owned by Eni, S.p.A. Eni, S.p.A. is in turn an investee company of the Italian government, through direct (4.41%) and indirect holdings (26.21% through Cassa Depositi and Prestiti, S.p.A., a company controlled by the Italian government).

Under accounting legislation (IAS 24, IAS 10 and IAS 28), given that the Italian government controls Enel, S.p.A. and Eni, S.p.A., the transaction between Endesa Generación SA and Eni Trade & Biofuels, S.p.A., is considered a related-party transaction.

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

1. Operational and strategic rationale of the transaction

The Related-Party Transaction should be analyzed in the context of the electricity generation needs of Lanzarote and Fuerteventura.

Endesa Generación will carry out the appropriate steps for the spot purchase of 0.7% sulfur fuel oil for Lanzarote and Fuerteventura through a competitive or bidding process for each shipment. For each process, Endesa Generación will call for and receive offers from several suppliers, and will select the most competitive one.

Endesa Generación supplies fuel oil for its Punta Grande and Las Salinas thermal plants by virtue of: (i) a supply contract, which regulates the purchase of the product and the logistic operations leading to its delivery at the plant; and (ii) purchases on the spot market, which have allowed the company to optimize the provisioning cost where facilities are available that make it possible to unload batches of the appropriate size. This is the case of the spot purchases of shipments of 30,000 tons of 0.7% sulfur fuel oil for Lanzarote and Fuerteventura.

Consequently, Endesa Generación estimates that two of the spot shipments of 30,000 tons of 0.7% sulfur fuel oil for Lanzarote and Fuerteventura could be awarded to Eni Trade & Biofuels SpA provided that: (i) its offer provides for the lowest cost of all the bids requested from third parties; and (ii) the cost of the fuel oil, once arrived at the plant, is below that of the supply contract.

Therefore, it is reasonable to conclude that the transaction consisting of the purchase of spot shipments of 0.7% sulfur fuel oil by Endesa Generación, SAU, from Eni Trade & Biofuels SpA would be aligned with the purpose, values and strategic plan of the Company and Endesa Group.

In any event, in accordance with the information provided by Endesa, the Audit and Compliance Committee of Endesa, S.A. will be informed of the definitive amounts of the Related-Party Transaction if it is formalized.

2. Economic reasonableness of the transaction. Methods used

In accordance with paragraph 2.14 of the OECD Guidelines and Article 18.4 of the Corporate Income Tax Law ("LIS"), the CUP method, which "compares the price charged for property or services transferred in a controlled transaction to the price charged for property or services transferred in a comparable uncontrolled transaction in comparable circumstances," is the most



reliable transfer pricing method to establish the market value nature of the Related-Party Transaction.

The CUP method through internal comparables is the most appropriate to justify that the price set for the related-party spot purchase transactions of 0.7% sulfur fuel oil between Endesa Generación, SAU and Eni Trade & Biofuels SpA conforms to the principle of free competition.

The following methodology is used to set the price of the Related-Party Transaction:

- For each required shipment, offers will always be requested from several suppliers in addition to Eni. Endesa Generación will request offers from large market players.
- Of the bids received, the contract will be awarded for the one that entails the lowest cost for Endesa Generación, provided that the cost placed at the plant is lower than that of the supply contract. The price for the sale and purchase of 0.7% sulfur fuel oil is agreed according to the terms of delivery for the purchase and sale (DES) and according to prevailing market prices as per the relevant market index, plus a premium.
- Subsequently, an ex post validation exercise (outcome testing) will be carried out in order to validate the terms ultimately applied to the sale and purchase transactions and confirm that the pricing methodology was properly followed. This review will be carried out by independent experts appointed by Endesa and as regularly as deemed necessary by Endesa's Audit and Compliance Committee.

Therefore, the acceptance or rejection of the transaction will be determined in accordance with the market prices so obtained, which Endesa Generación will have requested from independent third parties in advance, reasonably reflecting a fiscal comparability analysis.

The Audit and Compliance Committee shall be informed of the final amount of the transaction.

Therefore, it is reasonable to conclude that the price agreed for the Related-Party Transaction is, in general, consistent with the market value principle and in no case higher than independent parties in similar conditions would have agreed.

3. Legal and commercial reasonableness of the transaction

The aforementioned agreement is established in reasonable terms for Endesa Generación, SAU, as the party that would receive the products.

In light of the legal and commercial terms and conditions, it can be concluded that the Related-Party Transaction has been reasonably articulated around contractual terms and conditions that could have been agreed by independent parties.

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

In its analysis of the transaction, the Audit and Compliance Committee took into account the report from PricewaterhouseCoopers Tax and Legal S.L. and PricewaterhouseCoopers Asesores de Negocios, S.L. ("PwC") on the fairness and reasonableness of the authorization for spot purchases of fuel oil by Endesa Generación SAU from Eni Trade & Biofuels SPA for the Punta Grande and Las Salinas thermal plants in 2024.

PwC issued its Report in its capacity as an independent expert. On the date the report was issued, PwC did not have any sort of commercial relationship with the Enel Group or with the Endesa Group that could compromise its capacity as an independent expert for the purposes of issuing its Report or that could give rise to a conflict of interest in conducting the analysis and drawing up the conclusions therein.



In the report issued for Endesa's Audit and Compliance Committee, the independent expert evidenced that it is reasonable to sign the supply agreement for a maximum of two spot shipments of 0.7% sulfur fuel oil for a total volume of up to 60,000 tons with a counterparty company related to Enel Group, and concluded that the physical purchase of fuel oil by Endesa Generación, S.A.U. from Eni Trade & Biofuels, S.p.A. is fair and reasonable from the standpoint of Endesa and, in particular, its shareholders other than the related party, i.e. other than the Enel Group.

VI. CONCLUSION OF THE AUDIT AND COMPLIANCE COMMITTEE

First, it should be noted 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. Furthermore, the Committee has a Shareholder-Appointed Director representing the controlling shareholder Enel, who holds 70.10% of the share capital of Endesa.

In accordance with Article 529 duovicies, paragraph 3, of the Capital Corporations Law, Mr. Stefano de Angelis, who is a shareholder-appointed director and representative of Enel, was not involved in the preparation of this Report.

The rest of the members of the Audit and Compliance Committee took part in preparing the Report on the fairness and reasonableness of the authority to make spot purchases of fuel oil by Endesa Generación SAU from Eni Trade & Biofuels SPA for the Punta Grande and Las Salinas thermal power plants in 2024, and agreed on its contents.

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

1. The transaction consisting of the purchase of spot shipments of 0.7% sulfur fuel oil by Endesa Generación, SAU, from Eni Trade & Biofuels SpA would be aligned with the purpose, values and strategic plan of Endesa Generación, SAU, and Endesa Group.
2. The origin of the related-party transaction is a bidding process by which Endesa Generación, SAU, will request offers from several suppliers for the purchase of spot shipments of 0.7% sulfur fuel oil for the Punta Grande and Las Salinas thermal plants, under defined conditions (quantity, quality, period and delivery), on the basis of which Eni Trade & Biofuels SpA would receive the award only if it offers the lowest cost of the bids submitted by all the suppliers; and (ii) the cost of the fuel oil, once arrived at the plant, is below that of the Supply Contract.
3. The methodology used to determine the price for the Related-Party Transaction conforms to Spanish tax legislation on transfer pricing and to OECD Guidelines, as the prices of this transaction will reflect what independent parties would have agreed under similar circumstances.

The Audit and Compliance Committee concludes that the authority to make spot purchases of fuel oil by Endesa Generación SAU from Eni Trade & Biofuels SPA for the Punta Grande and Las Salinas thermal power plants in 2024 is fair and reasonable from the standpoint of Endesa and its shareholders other than the related party.



VII. CONCLUSION OF THE BOARD OF DIRECTORS

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



REPORT OF THE AUDIT AND COMPLIANCE COMMITTEE ON THE FAIRNESS AND REASONABLENESS OF THE FRAMEWORK AGREEMENT FOR THE PROVISION OF MAINTENANCE SERVICES FOR METERS, REMOTE MANAGEMENT LVM HUBS, BIRD 3.0 PROBES AND ACCESSORIES BETWEEN GRIDSPERTISE S.R.L AND E-DISTRIBUCIÓN REDES DIGITALES, S.L. FOR 2024-2028

REPORT OF THE AUDIT AND COMPLIANCE COMMITTEE ON THE FAIRNESS AND REASONABLENESS OF THE FRAMEWORK AGREEMENT FOR THE PROVISION OF MAINTENANCE SERVICES FOR METERS, REMOTE MANAGEMENT LVM HUBS, BIRD 3.0 PROBES AND ACCESSORIES BETWEEN GRIDSPERTISE S.R.L AND E-DISTRIBUCIÓN REDES DIGITALES, S.L. FOR 2024-2028

I. INTRODUCTION AND REGULATORY FRAMEWORK

In accordance with the provisions of paragraph 3 of article 529 duovicies of the amended and restated Spanish Capital Corporations Law, as approved by Royal Legislative Decree 1/2010, of 2 July, Endesa's Audit and Compliance Committee hereby , issues this Report to assess whether the transaction is fair and reasonable from the standpoint of the company and, where appropriate, shareholders other than the related party, and indicate the assumptions on which the assessment is based and the methods used.

In accordance with Article 529 unvicies, paragraph 3, the Report issued and, as the case may be, 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 standpoint of the company and of shareholders who are not related parties.

Furthermore, Endesa has developed its own internal regulatory framework in this area, which includes, inter alia, a Related-Party Transaction Regulations approved by the Board of Directors, as well as a Related-Party Transaction Operating Procedure approved by the Audit and Compliance Committee, implementing the guidelines set forth in the Regulations and defining the proceedings, functions and responsibilities relating to the general rules on requests for and the approval, publication and monitoring of related-party transactions. These regulations have been applied in this case.

II. OVERVIEW OF THE GENERAL TRANSACTION

a) Background for the transaction

A significant feature of electricity distribution in Spain is that it is a regulated and asset-intensive activity. The main functions that distributors typically undertake include the following: (i) building, maintaining and operating installations; (ii) meeting new demands for electricity supply; (iii) ensuring supply and maintaining quality of service; and (iv) addressing access and connection requests.

In terms of footprint, E-Distribución Redes Digitales, S.L. is the largest electricity distributor in Spain. It forms part of the Endesa Group and is responsible for distributing energy from generation units to supply points located mainly in Andalusia, Aragón, the Canary Islands, Castile-León, Catalonia, Extremadura and the Balearic Islands.



In fiscal year 2019, E-Distribución Redes Digitales, S.L. and Enel Global Infrastructure and Networks, S.r.l. executed a contract for the supplying of LVM hubs and Bird 3.0 probes. In June 2021, Gridspertise, S.l.r. was subrogated to the position of Enel Global Infrastructure and Networks, S.r.l. Subsequently, in August 2022, E-Distribución Redes Digitales, S.L. and Gridspertise, S.l.r. signed a new framework agreement giving continuity to the supply to E-Distribución Redes Digitales S.L. of hubs and various accessories of the remote management system in addition to allowing E-Distribución Redes Digitales S.L. to secure new equipment for pilot projects of the distribution network.

In December 2022, Enel, S.p.A.'s sale of 50% of the share capital of Gridspertise to the fund CVC Capital Partners was finalized, with Gridspertise therefore becoming, as of the closing of this transaction, an associate of Enel, S.p.A.

Subsequently, on 30 May 2023, E-Distribución Redes Digitales S.L. and Gridspertise entered into a new agreement with a term through 31 December 2024, extendable through 31 December 2025 for the supplying of hubs, Bird 3.0 probes and various accessories of the remote management system.

With the aim of continuing the aforementioned agreements and certain other contracts for the supply of equipment designed by Gridspertise, it is proposed to enter into a new framework agreement between E-Distribución Redes Digitales S.L. and Gridspertise, so as to ensure the ongoing provision, by Gridspertise to E-Distribución Redes Digitales, S.L., through 31 December 2028, of upgrade and corrective maintenance services, as well as support and field work, in respect of installed Gridspertise technology that requires this type of services (the "Related-Party Transaction").

b) Purpose of the transaction

This transaction involves the execution of a Framework Agreement between EDISTRIBUCIÓN Redes Digitales S.L.U. and Gridspertise S.R.L., effective 1 February 2024 (the execution date thereof) through 31 December 2028, under which Gridspertise S.R.L. shall provide, at the request of EDISTRIBUCIÓN Redes Digitales S.L.U., upgrade and corrective maintenance services in respect of the installed, or otherwise arranged, meters, remote management LVM Hubs, Bird 3.0 probes and different accessories to the remote management system, subject to a total upper limit of €3M.

E-Distribución will be free to specify the services it requires from Gridspertise, which will depend on changes in applicable regulations and its own needs. Gridspertise shall then assess and propose a suitable technical solution and price in each case.

No corrective maintenance services will be provided in respect of equipment still covered by contractual warranty in accordance with the relevant equipment supply agreement, for as long as such warranty remains in force.

The services will be provided in respect of the following equipment:

- **The remote management meters**, as elements that must be provided by the distributor to measure levels of consumption among consumers, in accordance with the Unified Metering Point Regulation.
- **The Low Voltage Manager (LVM) measurement hubs** must be installed in newly built transformer centers or as replacement of existing ones, and are intended to establish communication with remote management meters, by capturing measurement information, the parameterization of equipment, and device status, etc. and linking with EDISTRIBUCIÓN Redes Digitales S.L.U.'s systems.

This communication also allows for various commercial transactions (new account connections, cancellations, suspensions, reconnections, changes in capacity or rate, etc.) to be carried out remotely.



- **The radio frequency modules, with their respective antennas**, are accessories that can be installed on LVM hubs, allowing remote communication with the meters, which are in turn equipped with radio frequency, as an alternative to the Power Line Communications (PLC). This makes it possible to provide communication in difficult situations.
- **Wireless probes** are accessories that enable smartphones and tablets to communicate locally with remote management meters for programming, as an alternative to remote management.
- **The QED devices**, which may incorporate, in addition to remote management hub functions, other additional remote control and protection functions in medium and low voltage, thus unifying in a single element functions currently carried out by multiple items of equipment.

c) Transaction amount

As consideration for the upgrade and corrective maintenance services in respect of the meters, remote management LVM hubs, Bird 3.0 probes and various remote management system accessories, E-Distribución shall pay Gridspertise a maximum total amount of €3,000,000 over the term of the agreement (1 February 2024 to 31 December 2028).

The Agreement provides two financial caps, the first being €3,000,000, as the total maximum amount of the Agreement, and the second being €1,000,000 as the maximum annual amount. Should it prove necessary to exceed any of these amounts, authorization must be sought from the Board of Directors or the General Shareholders' Meeting of Endesa, S.A. so that the relevant addendum can be signed and added to the Agreement or resolution.

The pricing formula is in line with the OECD Guidelines and with other related-party transactions arranged between the Endesa Group subsidiaries and Enel Group subsidiaries, and will be the result of applying a mark-up of 5% to the costs incurred in the case of corrective work, and of 8% for upgrade work.

III. IDENTIFICATION OF THE PARTY RELATED TO ENDESA

One party is **EDISTRIBUCIÓN Redes Digitales, S.L.U.**, a company fully owned by Endesa, S.A.

The other party is **Gridspertise, S.R.L.**, an associate of the Enel Group, in accordance with International Accounting Standards, through the 50% interest held by Enel Grids S.r.l. (100% owned by Enel, S.p.A.) in the share capital of Gridspertise, S.R.L. The remaining 50% of the company's share capital has been in the hands of the investment fund CVC Capital Partners since December 2022.

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 shareholders of Endesa who hold 10% or more of the voting rights or who are represented on the Board of Directors, as well as with any other persons considered as parties related to Endesa, in accordance with International Accounting Standards. Therefore, all transactions entered into by Endesa or its subsidiaries and Enel or its subsidiaries (excluding the Endesa Group⁹) shall be considered related-party transactions.

⁹ Endesa Group: for the purposes of internal regulations on related-party transactions, the term "Endesa Group" refers to Endesa, S.A. and its subsidiaries, as defined in Article 42 of the Spanish Commercial Code.



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

1. Operational, technical and/or commercial rationale

This transaction is necessary to ensure the full operation, throughout its entire useful life, of the technical equipment installed as part of the remote management system up and running at E-Distribución Redes Digitales, S.L., in accordance with the Meters&More protocol, given that such equipment is essential in enabling the distributor to fulfill its obligations, particularly those deriving from its status as the entity responsible for reading meters.

Royal Decree 1955/2000, of 1 December, regulating the activities of transport, distribution, marketing, supply and authorization procedures for electricity facilities, and Royal Decree 1110/2007, of 24 August, approving the unified Regulation for measurement points in the electricity system, govern, among other matters, the obligations incumbent on distributors, which include "the reading of the energy received and delivered via their distribution networks." In addition to the above, Royal Decree 1110/2007 states that:

- Metering equipment must enable time discriminating metering and be able to manage different programmable periods.
- Metering equipment shall be integrated into a remote management and metering system implemented by the relevant meter operator.
- Type 4 metering point equipment shall have six active energy records, six reactive energy records and six power records. In addition, the equipment must be able to program the parameters necessary for the billing of full and access tariffs.
- Equipment will be considered effectively integrated into the remote management system when it is capable of reading the hourly active power records remotely.

Therefore, the purpose of the transaction is that the distributor can satisfy its legal obligations, especially those derived from its status as the entity responsible for reading meters, by ensuring the availability of equipment compatible with the remote management system currently in operation at EDISTRIBUCIÓN Redes Digitales, in accordance with the Meters&More protocol and mitigating any problems that might arise due to technical issues or regulatory changes affecting the operating parameters of the products concerned. There is no technical alternative available on the market that can be provided by other suppliers with experience in the Meters&More protocol and that is compatible with the installed remote management meters and equipment.

It should also be noted that Gridspertise is the exclusive owner of the intellectual property rights, thus ensuring the adequacy of the service, as evidenced by the supplies and services provided in the past.

The impacts of the Related-Party Transaction on E-Distribución's operations and organization are discussed below:

- **Positioning and strategy.** By procuring the services from a company in which Enel holds a stake or which is otherwise associated with Enel will ultimately benefit both companies by ensuring the effectiveness of the solution and compatibility with the remote management system, with the Meters&More protocol and with the new ForceBeat mobility system.
- **Operational capacity.** The design and development of the products by a company in which Enel has a stake or which is otherwise associated with Enel, and which specializes, among other things, in the design and development of advanced measurement technologies and control and digitalization solutions, as well as artificial intelligence, all but guarantees the sound functioning of the products and services.

- **Costs.** If the services were provided in-house by EDISTRIBUCIÓN, the costs would be higher, as it does not have a full knowledge of the matter and would not be able to unlock the synergies arising from economies of scale.
- **Swiftness.** By entrusting the service to a company owned by or associated with Enel and which has considerable expertise, as is the case with Gridspertise, EDISTRIBUCIÓN may begin to receive the services within a reasonable period of time.

The implementation of the services entails a number of service-related risks (generic risks):

- Risks of service delay: This risk is partially mitigated, as the Agreement has been entered into out sufficiently in advance so that the necessary actions can be taken in due course.
- Risk associated with technological dependence: Although EDISTRIBUCIÓN does not own the intellectual property rights to the products and services, Gridspertise is required under this agreement to continue providing the services until 31 December 2028 at the earliest.

In any event, the risks related to the provision of the Services by a company associated to the Enel Group are the same as those that would be identified in the event that the supplier of the Services were a third party external to the Enel Group.

2. Economic reasonableness of the transaction. Methods used

According to the OECD Guidelines, the first step in determining economic reasonableness requires not only that intra-group services be valued in accordance with the arm's length principle, but also that those services create, or are likely to create, an advantage or benefit for the recipient.

The services to be provided provide an advantage or benefit for E-Distribución, in that Gridspertise is the entity that designs and develops the products whose maintenance is now required, thus all but guaranteeing the effective operation of the products.

Valuation methodology: In accordance with paragraph 7.31 of the OECD Guidelines, it was determined that the most appropriate method for valuing this transaction is the TNMM, a cost-based method (such as the cost plus method or the transactional net margin method), which is consistent with that which would have been applied by independent parties engaged in similar activities.

Furthermore, the Profit Level Indicator (PLI) selected to verify that the return earned by Gridspertise by providing the Services is consistent with the market value principle is the Markup On Total Costs (MOTC), which is calculated as the ratio of operating profit to total costs incurred.

The cost base incurred by Gridspertise in providing the Services includes the cost items described below:

- Direct costs: meaning costs that are incurred specifically in providing the services (e.g. personnel costs, travel expenses, depreciation of assets used to provide the services, engineering, laboratory and certification services, direct intercompany services, consultancy services);
- Indirect costs: meaning those costs which, although strictly related to the provision of services, may also be incurred in relation to other services (e.g. depreciation of assets



used for multiple activities/services, procurement costs, professional services provided by third parties, etc.);

- Overheads: include the operational costs of the service provider (e.g. insurance premiums, rent, administrative and overhead costs, etc.).
- Pass-through costs: Last but not least, the cost base includes those services rendered by third parties on behalf of the provider, whereby the latter merely procures goods or services and acts as an intermediary. These costs may consist of the following, without limitation: Third party software licenses (rights of use); outsourcing of operational activities beyond the provider's activity scope (i.e. fully outsourced operations with only minimum internal resources assigned); and telecommunication costs (traffic/toll-free numbers).

The cost base explicitly excludes extraordinary expenses, financing costs and taxes, costs associated with activities to the benefit shareholders, costs associated with duplicate activities, and all costs not linked to the provision of the service.

The cost base will include all costs genuinely borne by Gridspertise in providing the Services, but shall not exceed 20% of the price quoted for the Services. When the deviation in the price of the Service exceeds 10% of the budgeted costs, Gridspertise shall clarify and adequately justify the reason for such deviation. E-Distribución will not pay for any deviation above 10% where the cause has not been clarified and adequately justified by the provider, and in no event will it bear the cost of any deviation that exceeds 20%. Under no circumstances, and irrespective of whether such deviations are applied, may the maximum annual amount (i.e. €1,000,000) or the maximum total amount of the Agreement (i.e. €3,000,000) be breached.

Therefore, all costs included in the price of the Related-Party Transaction under review are either directly or indirectly related to the provision of the Services. It is therefore reasonable to say that the methodology employed to calculate the cost base is consistent with the market value principle.

Cost-sharing criterion: the costs of services arranged specifically for the Related-Party Transaction are allocated directly to the cost base (direct costs). In those cases where it is not possible to directly allocate the costs incurred, Gridspertise shall allocate the costs incurred to the cost base of the Related Transaction by relying primarily on an indirect method involving cost allocation keys that are consistent with the recommendations set out in the OECD Guidelines and Spanish transfer pricing regulations.

Application of a profit margin: the consideration for the provision of the Services consists of the refund of all direct and indirect costs described above plus a profit margin based thereon, with the exception of costs incurred with third parties, which are charged without adding such margin. A mark-up of 5% will be applied for corrective maintenance work, and of 8% for upgrade work.

These mark-ups have been determined on the basis of a benchmarking study conducted by an independent expert, in order to determine the market range of the return obtained by independent parties that provide similar services to those of the Related-Party Transaction under review. The expected mark-ups are therefore consistent with what would have been agreed by independent parties under comparable circumstances.

3. Other information

The services will be billed once it has been confirmed that they have been properly performed and in accordance with the real costs incurred, which may never exceed 20% of the budgeted price per service and which may be adjusted annually based on the findings of the Auditor's Report, and subject to an ex-post control carried out by independent experts appointed by Endesa.



An ex-post validation exercise (“outcome-testing”) is carried out in order to validate the terms ultimately applied to the transactions and confirm that the pricing methodology was properly followed. This ex-post review mechanism is set out in paragraph 3.71 of the OECD Guidelines.

4. Legal and commercial reasonableness of the transaction

Despite the unique characteristics of the Agreement and even though the deadlines for providing the Services have not been set in advance (due to the nature of such services), the terms and conditions are similar to those agreed by independent parties in a contract for the provision of services and, in any case, enable a suitable balance with the distribution of risks in the Agreement to be obtained by objectively allowing E-Distribución to enforce Gridspertise's obligations, obtain compensation in case of non-compliance with the purposes of the Agreement or, ultimately, trigger termination thereof.

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

In its analysis of the transaction, the Audit and Compliance Committee took into account the Report from PricewaterhouseCoopers Tax and Legal S.L. and PricewaterhouseCoopers Asesores de Negocios, S.L. (“PwC”) on the “Framework Agreement for the Provision of Maintenance Services for Meters, Remote Management LVM Hubs, Bird 3.0 Probes and Accessories between Gridspertise S.R.L and E-Distribución Redes Digitales, S.L. for 2024-2028.”

PwC 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 relationship with the Enel Group or with the Endesa Group that could compromise its capacity as an independent expert for the purposes of issuing its Report or that could give rise to a conflict of interest in conducting the analysis and drawing up the conclusions therein.

In the Report issued to Endesa's Audit and Compliance Committee, it is concluded that the Related-Party Transaction is fair and reasonable from the standpoint of Endesa and, in particular, its shareholders other than the related party, i.e. other than the Enel Group, and it is noted *inter alia*, that the nature of the Related-Party Transaction is in line with the purpose, values and strategic plan of E-Distribución and the Endesa Group; that the maintenance services to be provided by Gridspertise will ensure compliance with any obligations incumbent on E-Distribución as a regulated party and also compatibility with the Meters&More protocol; that the risks related to the provision of the services by a company associated to the Enel Group are the same as those that would be identified in the event that the supplier of the services were a third party external to the Enel Group; and that both the transfer pricing methodology established for such purposes and the type of costs and the margin to be allocated are consistent with the arm's length principle.

VI. CONCLUSION OF THE AUDIT AND COMPLIANCE COMMITTEE

First, it should be noted 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. Furthermore, the Committee has a Shareholder-Appointed Director representing the controlling shareholder Enel, who holds 70.10% of the share capital of Endesa. In accordance with Article 529 duovicies, paragraph 3, of the Capital Corporations Law, Mr. Stefano De Angelis, who is a shareholder-appointed director and representative of Enel, was not involved in the preparation of this Report.

The rest of the members of the Audit and Compliance Committee took part in the preparation and agreed on the contents of this Report on the “**Framework Agreement for the Provision of Maintenance Services for Meters, Remote Management LVM Hubs, Bird 3.0 Probes and Accessories between Gridspertise S.R.L and E-Distribución Redes Digitales, S.L. for 2024-2028**”.



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

- Taking into account the obligations of the distributor with regard to the reading of the measurements and given the need for meters in electricity supplies to enable time discrimination and remote management, and to adapt to potential regulatory changes, it is therefore necessary to provide maintenance services for meters, hubs, Bird 3.0 probes and their related remote management system accessories.
- The provision of the Services by an associate company of the Enel Group, namely Gridspertise: (i) guarantees compliance with the potential regulatory needs of E-Distribución as a regulated entity; (ii) ensures compatibility with the current systems of E-Distribución; and (iii) minimizes costs by unlocking economies of scale, and moreover is the only current alternative in the market for the provision of these services.
- The cost base and the allocation criterion are reasonable, and reasonably comply with the OECD Guidelines and with the Spanish applicable regulations.
- The TNMM pricing method established for the transaction under review, also using MOTC as the PLI, 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-based profit margin obtained by Gridspertise in the transaction being analyzed is consistent with the market range determined from the sample of independent comparable entities.

The Audit and Compliance Committee concludes that the "Framework Agreement for the Provision of Maintenance Services for Meters, Remote Management LVM Hubs, Bird 3.0 Probes and Accessories between Gridspertise S.R.L and E-Distribución Redes Digitales, S.L. for 2024-2028" is fair and reasonable from the standpoint of Endesa and its shareholders other than the related party.

VII. CONCLUSION OF THE BOARD OF DIRECTORS

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



REPORT OF THE AUDIT AND COMPLIANCE COMMITTEE ON THE FAIRNESS AND REASONABLENESS OF THE CONTRACTING BY ENDESA MEDIOS Y SISTEMAS, S.L. OF OFFICE SOFTWARE LICENSES, PRODUCTS AND SERVICES FROM ENEL GLOBAL SERVICES S.R.L. FOR 2024-2028



REPORT OF THE AUDIT AND COMPLIANCE COMMITTEE ON THE FAIRNESS AND REASONABLENESS OF THE CONTRACTING BY ENDESA MEDIOS Y SISTEMAS, S.L. OF OFFICE SOFTWARE LICENSES, PRODUCTS AND SERVICES FROM ENEL GLOBAL SERVICES S.R.L. FOR 2024-2028

I. INTRODUCTION AND REGULATORY FRAMEWORK

In accordance with the provisions of paragraph 3 of article 529 duovicies of the amended and restated Spanish Capital Corporations Law, as approved by Royal Legislative Decree 1/2010, of 2 July, Endesa's Audit and Compliance Committee hereby issues this Report to assess whether the transaction is fair and reasonable from the standpoint of the company and, where appropriate, shareholders other than the related party, and indicate the assumptions on which the assessment is based and the methods used.

In accordance with Article 529 unvicies, paragraph 3, the Report issued and, as the case may be, 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 standpoint of the company and of shareholders who are not related parties.

Furthermore, Endesa has developed its own internal regulatory framework in this area, which includes, inter alia, a Related-Party Transaction Regulations approved by the Board of Directors, as well as a Related-Party Transaction Operating Procedure approved by the Audit and Compliance Committee, implementing the guidelines set forth in the Regulations and defining the proceedings, functions and responsibilities relating to the general rules on requests for and the approval, publication and monitoring of related-party transactions. These regulations have been applied in this case.

II. OVERVIEW OF THE GENERAL TRANSACTION

a) Background for the transaction

Endesa Medios y Sistemas, S.L. is a company that provides information technology and computer-related services to other Endesa Group companies.

Enel Global Services S.R.L. manages the Enel Group's supplier assessment processes on its own behalf and on behalf of other Group companies. More precisely, Enel Global Services S.R.L. is the Enel Group company that caters to all needs, across the entire Group, for the sorts of products and services envisaged in the Contract, including those offered by "Independent Suppliers". It is likewise responsible for the global procurement of all such products and services,



which generates certain cost savings, and it subsequently enters into the corresponding contracts with the Group companies requiring the products and services it procures.

At its meeting held on 23 February 2021, the Board of Directors of Endesa, S.A. authorized Endesa Medios y Sistemas, S.L. to enter into a three-year contract with Enel Global Services S.R.L. for the licensing and supply of products and services from a Supplier outside the Group. As the term of this contract expired on 31 December 2023, a new contract pursuing the same purpose needs to be signed, so that Endesa Medios y Sistemas, S.L. may continue to use these licenses, products and services.

Enel Global Services S.R.L. has entered into a contract with a Supplier outside the Enel Group (the "SUPPLIER") for the supply of office software products and services for the period running from 1 January 2024 through 31 December 2028, so that it may continue to supply the total volume of office licenses, products and services required by each Enel Group subsidiary. The execution of this contract effectively extends the period of supply of products and services from the SUPPLIER from three to five years, thus earning greater discounts on the purchase price along with improvements in the features and functionalities of the licenses arranged.

In this context, Endesa Medios y Sistemas, S.L. needs to be able to continue relying on those office software licenses, products and services of the SUPPLIER that will allow it to leverage its growth and offer its employees solutions best suited to the company's needs amid the current changing environment.

Therefore, this Report envisions the execution of a contract to regulate the terms and conditions whereby Enel Global Services S.R.L. shall provide Endesa Medios y Sistemas S.L. with products and services procured from the SUPPLIER over the period running from 1 January 2024 through 31 December 2028.

b) Purpose of the transaction.

To authorize the provision, by Enel Global Services S.R.L. to Endesa Medios y Sistemas, S.L., of the office software licenses, products and services to be provided by the SUPPLIER over the period running from 1 January 2024 through 31 December 2028¹⁰, subject to a maximum value of 24.7 million euros.

The office software licenses, products and services have been fully or partially developed by the SUPPLIER. Enel Global Services S.R.L. is the Enel Group company that caters to the needs for Products and Services among all Group companies. It procures all such items on a global basis, thus generating cost savings, and then enters into the corresponding contracts with the subsidiaries concerned, including Endesa Medios y Sistemas, S.L., transferring, without any mark-up, the prices agreed with the SUPPLIER.

c) Transaction amount.

¹⁰ The agreement signed in 2021 with the SUPPLIER provides for a further 30-day period from the maturity of the contract, during which Endesa Medios y Sistemas, S.L. may continue to use the SUPPLIER's products covered by the agreement.



The consideration payable by Endesa Medios y Sistemas, S.L. for the licenses, products and services amounts to a maximum of 24.70 million euros over the five-year term of the Contract. This amount comprises a committed amount of €21.48 M (€3.69 M in FY 2024; €3.97 M in FY 2025; €3.97 M in FY 2026; €4.84 M in FY 2027; and €5.01 M in FY 2028) and a maximum uncommitted amount of €3.22 M.

The total committed amount for the products and services agreed by the parties relates to the volume of products and services that Endesa Medios y Sistemas, S.L. plans to acquire over the Supply Period.

The Agreement also envisions a total price for any uncommitted products and services that may, or may not, be required by Endesa Medios y Sistemas, S.L. A procedure has been devised for the annual adjustment of needs, which may be carried out by means of two different mechanisms: one known as a "True up" for any additional volumes required, and the other as a "True down", which may be used to reduce the volume of products and services supplied. The True down mechanism may be used to: (i) reduce the licenses by 5% and; (ii) reduce the Additional online products by 100%.

The prices are exactly the same as those agreed upon between Enel Global Services S.R.L. and the SUPPLIER in the corresponding contract, making this transaction tantamount to a pass-through of such contract (taking into account the quantity of products and services required by Endesa Medios y Sistemas, S.L.). Endesa Medios y Sistemas, S.L. will ultimately benefit from the discounts obtained by Enel Global Services S.R.L. due to the total volume of products and services arranged by the latter, which will not apply any mark-up in respect of the prices paid.

The agreed consideration for the supply of the goods and services is determined on the basis of normal market conditions, under what is known as the arm's length principle, as described in the most recent version of the OECD Transfer Pricing Guidelines for Multinational Enterprises.

III. IDENTIFICATION OF THE PARTY RELATED TO ENDESA

Endesa Medios y Sistemas, S.L. is a company fully owned by Endesa, S.A. and therefore a subsidiary thereof, thus belonging to the Endesa Group ("Endesa Medios y Sistemas, S.L.").

Enel Global Services S.R.L. is a company fully owned by Enel S.p.A and therefore a subsidiary thereof, and a member company of the Enel Group ("Enel Global Services S.R.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 shareholders of Endesa who hold 10% or more of the voting rights or who are represented on the Board of Directors, as well as with any other persons considered as parties related to Endesa, in accordance with International Accounting Standards. Therefore, all transactions entered into by Endesa or its subsidiaries and Enel or its subsidiaries (excluding the Endesa Group) shall be considered related-party transactions.

Enel and its subsidiaries (excluding the Endesa Group) and Endesa and its subsidiaries are considered "the same counterparty" for the purposes of determining the thresholds for related-party transaction publication. In other words, the same counterparty is considered both the



related person, whether natural or legal, as well as any other entity under their control and, in the case of natural persons, their close relatives, as defined in IAS 24.

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

1. Operational rationale of the transaction

The products and services will enable Endesa Medios y Sistemas, S.L. to continue to have the necessary components, in terms of technological capabilities, on which to build the functionalities needed to achieve its digital transformation objectives, as well as the adaptations that will enable it to manage local idiosyncrasy by relying on economies of scale. In addition, moving towards a digitization and integrated data management paradigm will enable Endesa Medios y Sistemas, S.L. to focus its efforts on offering excellent service to its customers, thanks to solutions that have already been developed and tested.

Meanwhile, the SUPPLIER and Enel Global Services S.R.L. have reached a contractual arrangement whereby Enel Global Services S.R.L. acts as the sole point of contact with the SUPPLIER through a Global Framework Agreement (GFA), covering all the needs of the Enel Group companies. This arrangement allows Endesa Medios y Sistemas, S.L. to: (i) achieve economies of scale and reach higher volumes, thus placing Endesa Medios y Sistemas, S.L. in an optimal position to unlock synergies; (ii) select licenses, products and services of greater scope or reach; and (iii) apply, therefore, discounts on tariff prices thanks to the volumes arranged by Enel Global Services S.R.L.

From a technological standpoint, the SUPPLIER's office software is the best option for Endesa, as it offers greater functionality, security and compatibility than the other options available on the market. This is due to the increased accessibility, security, integration, cost optimization, customization options and productivity that this suite offers.

Moreover, the Group-wide procurement of these kinds of products and services is a widespread practice among other national and international business groups of similar or larger size, across all sectors of the economy. In fact, this type of arrangement is viewed as a significant competitive advantage for Endesa Group companies due to the fact that they are part of the Enel Group.

2. Economic reasonableness of the transaction. Methods used

The price to be charged for the products and services will be exactly the same as the price agreed between Enel Global Services S.R.L. and the SUPPLIER, effectively making it a genuine pass-through of prices, including the discounts obtained due to the total volume of products and services procured, and without any mark-up being applied to the price offered by the SUPPLIER.

The joint procurement by all Enel Group companies of the products and services allows Endesa Medios y Sistemas, S.L. to achieve economies of scale and reach higher volumes, thus placing Endesa Medios y Sistemas, S.L. in an optimal position to unlock synergies; select licenses, products and services of greater scope or reach; and therefore apply discounts on the list prices thanks to the volumes arranged by Enel Global Services S.R.L. at a global level.



It is important to note that Endesa Medios y Sistemas, S.L. accounts for 16% of the total volume of products and services procured by Enel Global Services S.R.L., meaning that the commercial terms and the discount on the prices offered by Enel Global Services S.R.L. would not be comparable with those that Endesa Medios y Sistemas, S.L. might hope to obtain were it to arrange the products and services directly from the SUPPLIER. Therefore, Endesa Medios y Sistemas, S.L. stands to benefit considerably from these more favorable terms and conditions.

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, the benefit of the services to be received is plain to see, as Endesa Medios y Sistemas will be able to continue using the licenses, products and services of the SUPPLIER that it already uses (plus certain new products), thus ensuring continuity for its technology platform and, therefore, for the business processes that make up the Endesa Group.

Second, to verify that the Related-Party Transaction is in line with the principle of free competition, the possibility of applying the Comparable Uncontrolled Price ("CUP") method was considered. The CUP method compares the price charged for property or services transferred in a controlled transaction to the price charged for property or services transferred in a comparable uncontrolled transaction in comparable circumstances. Furthermore, paragraph 2.15 of the OECD Guidelines provides that a transaction may be considered comparable to another if "reasonably accurate adjustments can be made to eliminate the material effects of such differences." Likewise, paragraph 2.15 provides that, where it is possible to locate comparable uncontrolled transactions, the CUP method is preferable.

In this transaction, it is possible to apply the CUP method through external benchmarking to determine the market price, as Enel Global Services has arranged the licenses jointly for the entire Enel Group, before subsequently entering into a contract with Endesa Medios y Sistemas in order to pass on the negotiated prices without any mark-up. In other words, the individual prices of the products in the related-party transaction are exactly the same as those agreed upon between Enel Global Services and the independent Supplier (independent third party).

This procedure is known as a "pass-through", whereby Enel Global Services benefits from the discounts derived from the total volume of the licenses procured from the SUPPLIER, without any further mark-up. This structure ensures not only transparency but also the direct transfer of the economic benefits arising from the negotiations conducted with the independent supplier at a global level, thus optimizing efficiency and maximizing savings through joint and collaborative procurement.

Consequently, given that the services to be obtained under the Related-Party Transaction will provide Endesa Medios y Sistemas with a utility or profit, and that the agreed price for the provision of licenses, products and services pertaining to the SUPPLIER's brand is a price that would have been agreed upon between independent third parties, and functions as a "pass-through", with no mark-up, it is fair to conclude that the price is reasonable from the standpoint of the arm's length principle.



3. Legal and commercial reasonableness of the transaction

The Related-Party Transaction has been reasonably articulated around contractual terms and conditions that could have been agreed by independent parties and that in this case, having been agreed between related parties, create benefits for Endesa's subsidiary, i.e., Endesa Medios y Sistemas, S.L. and ultimately, Endesa.

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

After analyzing the transaction, the Audit and Compliance Committee has taken into account 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 contracting by Endesa Medios y Sistemas, S.L. of office software licenses, products and services from Enel Global Services S.R.L. for 2024-2028.

PwC 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 relationship with the Enel Group or with the Endesa Group that could compromise its capacity as an independent expert for the purposes of issuing its Report or that could give rise to a conflict of interest in conducting the analysis and drawing up the conclusions therein.

The Report finds, among other conclusions, that the Related-Party Transaction is conducive to the purposes, values and strategic plans of Endesa Medios y Sistemas, S.L.; that the joint procurement by all Enel Group companies of products and services acquired from the SUPPLIER places Endesa Medios y Sistemas, S.L. in an optimal position to unlock synergies; and that while the risks of the Related-Party Transaction are the same as those that would arise were the Related-Party Transaction to be carried out directly by Endesa Medios y Sistemas, S.L., the objectives of both parties (minimizing project risks) are aligned, seeing as though the supplier is a group company. Therefore, the contracting by Endesa Medios y Sistemas, S.L. of office software licenses, products and services from Enel Global Services S.R.L. for 2024-2028 is fair and reasonable from the standpoint of Endesa and the shareholders who are not related parties.

VI. CONCLUSION OF THE AUDIT AND COMPLIANCE COMMITTEE

First, it should be noted 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. Furthermore, the Committee has a Shareholder-Appointed Director representing the controlling shareholder Enel, who holds 70.10% of the share capital of Endesa. In accordance with Article 529 duovicies, paragraph 3, of the Capital Corporations Law, Mr. Stefano De Angelis, who is a shareholder-appointed director and representative of Enel, was not involved in the preparation of this Report.

The rest of the members of the Audit and Compliance Committee took part in the preparation and agreed on the contents of this Report on the "contracting by Endesa Medios y Sistemas, S.L.



of office software licenses, products and services from Enel Global Services S.R.L. for 2024-2028.”

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

- Given that the joint procurement by all Enel Group companies of products and services from the SUPPLIER will achieve economies of scale and higher purchase volumes, thus placing Endesa Medios y Sistemas, S.L. in an optimal position to unlock synergies, choose licenses, products and services of greater reach and therefore earn discounts on list prices given the volume procured, it is a reasonable and viable option for the parties to enter into framework agreement under which Endesa Medios y Sistemas, S.L. may acquire the Products and Services.
- From a technological standpoint, the SUPPLIER’s office software is the best option for Endesa, as it offers greater functionality, security and compatibility than the other options available on the market. This is due to the increased accessibility, security, integration, cost optimization, customization options and productivity that this suite offers.
- The supply of products and services by an Enel Group company the likes of Enel Global Services S.R.L. is viewed as the best way forward, by ensuring that: (i) Endesa Medios y Sistemas, S.L. is able to acquire the products and services to meet its operational and technological needs; (ii) the interests of all parties involved are aligned; and (iii) the risks are minimized, as the objectives of both the Endesa Group and the Enel Group are aligned.
- The CUP method has reliably shown that the price agreed for the provision of the licenses, products and services under the SUPPLIER brand is a price agreed upon between independent third parties, and functions as a “pass-through.” Therefore, it is concluded that the price is reasonable from the standpoint of the arm’s length principle.

The Audit and Compliance Committee concludes that the contracting by Endesa Medios y Sistemas, S.L. of office software licenses, products and services from Enel Global Services S.R.L. for 2024-2028 is fair and reasonable from the standpoint of Endesa and the shareholders other than the related party.

VII. CONCLUSION OF THE BOARD OF DIRECTORS

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



REPORT OF THE AUDIT AND COMPLIANCE COMMITTEE ON THE FAIRNESS AND REASONABLENESS OF THE RELATED-PARTY TRANSACTION CONSISTING OF THE RECHARGE OF EXPATRIATE PERSONNEL SECONDMENT COSTS BETWEEN ENDESA GROUP COMPANIES AND ENEL GROUP COMPANIES



REPORT OF THE AUDIT AND COMPLIANCE COMMITTEE ON THE FAIRNESS AND REASONABLENESS OF THE RELATED-PARTY TRANSACTION CONSISTING OF THE RECHARGE OF EXPATRIATE PERSONNEL SECONDMENT COSTS BETWEEN ENDESA GROUP COMPANIES AND ENEL GROUP COMPANIES

I. INTRODUCTION AND REGULATORY FRAMEWORK

In accordance with the provisions of paragraph 3 of article 529 duovicies of the amended and restated Spanish Capital Corporations Law, as approved by Royal Legislative Decree 1/2010, of 2 July, Endesa's Audit and Compliance Committee hereby issues this Report to assess whether the transaction is fair and reasonable from the standpoint of the company and, where appropriate, shareholders other than the related party, and indicate the assumptions on which the assessment is based and the methods used.

In accordance with Article 529 unvicies, paragraph 3, the Report issued and, as the case may be, 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 standpoint of the company and of shareholders who are not related parties.

Furthermore, Endesa has developed its own internal regulatory framework in this area, which includes, inter alia, a Related-Party Transaction Regulations approved by the Board of Directors, as well as a Related-Party Transaction Operating Procedure approved by the Audit and Compliance Committee, implementing the guidelines set forth in the Regulations and defining the proceedings, functions and responsibilities relating to the general rules on requests for and the approval, publication and monitoring of related-party transactions. These regulations have been applied in this case.

II. OVERVIEW OF THE GENERAL TRANSACTION

a) Background for the transaction

It is common practice for personnel secondment to occur between the different entities of the Endesa Group and the Enel Group, in order to promote integration between companies and create synergies as a result of such integration. This means that certain entities of the Endesa Group transfer part of their staff ("expatriates") to entities of the Enel Group and vice versa, with the companies that transfer the staff assuming initially the costs related to the seconded personnel. For this reason, it is considered to be in the mutual interest of both the Endesa Group and the Enel Group to proceed with the temporary secondment of Enel's specialized personnel from different countries to Endesa and vice versa, with these transfers between the companies being formalized by means of the so-called "Recharge Agreements for Personnel Secondment."



This type of contract is common practice in multinational groups in which employees are seconded between companies belonging to the same group.

This is a single category of contracts, whose legal elements and purpose are identical:

- These are ordinary contracts, inasmuch as they are necessary in order to properly allocate costs of this type of international exchanges;
- They are entered into according to a standardized model form in all cases, with the exception of contracts executed with Chilean or Vietnamese companies¹¹;
- Criteria relating to (a) selection of personnel to be seconded, and (b) economic considerations, in accordance with general policies common throughout the Endesa Group and the Enel Group, are applied;
- Maximum flexibility is required relative to the moment at which they are entered into, amended or renewed, as well as their duration, in accordance with the needs and specific moments when the personnel transfer is to take place; in addition, the number of employees transferred will vary at any given time; and
- This flexibility and connection with the precise number of employees being assigned from time to time make it difficult to foresee each year the needs and amount of the contracts.

In general terms, these operations do not entail any cost for any of the companies involved, since the company benefiting from the service pays all expenses to the home company. However, notwithstanding this circumstance, this must be considered a related-party transaction and the relevant regulations must be applied.

In accordance with the Spanish Securities Market Commission (CNMV) guidelines "on the reporting regime for related-party transactions governed by Chapter VII bis of Title XIV of the Capital Corporations Law," which provide that multi-year contracts must be valued in current rather than annualized terms, the Recharge Agreements for Personnel Secondment analyzed in this report shall be approved on the basis of an estimate of the total duration of each agreement; that is, current agreements have been valued as per the remaining time until their termination.

b) Purpose and amount of the transaction.

The purpose of the transaction is to re-invoice the expatriate seconded personnel costs arising from the execution of new contracts (Recharge Agreements for Personnel Secondment) or from the extension of contracts previously authorized, entered into between Endesa, S.A. or its controlled companies and companies of the Enel Group from 1 February 2023 until the end of each of these contracts, which amount to a total of circa €3.56 M, of which €1.77 M relates to

¹¹ Chilean and Vietnamese local regulations require, respectively, that a mandate cost be included in the re-invoiced cost base. The amount of this cost is estimated in approximately USD 3,000-4,000 per employee per year, or a 5% mark-up on the costs incurred.



employees seconded from Endesa and €1.79 M to employees seconded from Enel. Herein below, these services shall be referred to as “**Secondment Costs.**”

The company hosting the seconded personnel shall be responsible for coordinating, directing and managing these employees, without receiving in any case instructions from the home entity, the latter acting as a mere intermediary. Similarly, the company hosting the seconded employees shall be responsible for instructing and providing the necessary assistance to expatriate employees who have been seconded thereto. For their part, the companies hosting seconded employees undertake to pay the costs that their home entity would have had to bear with regard to the seconded staff. Based on this analysis of duties, risks and assets, the home entities may be classified as mere intermediaries in the secondment, and they perform minimum duties and assume limited risks. In general, the "Recharge Agreements for Personnel Secondment" are classified as pass-through contracts.

Recharge Agreements for Personnel Secondment are framework agreements prepared based on a unified model form that presents substantively common characteristics for all the Agreements, which govern the legal and financial terms for the recovery of the costs incurred by the "Home Company" for the international secondment of its personnel, by invoicing the "Host Company" for all these costs.

Whenever there is a new secondment, a "Balance Sheet" is prepared, itemizing the specific estimated annual costs for the seconded employee, and clarifying which costs will be assumed directly by the "Host Company" (i.e., the company that receives the services of the assigned personnel) and which costs will remain at the Home Company (the company that has transferred the specialized personnel) to be subsequently recharged. This document is attached to the Recharge Agreements for Personnel Secondment as a schedule.

III. IDENTIFICATION OF THE PARTY RELATED TO ENDESA

Endesa Group Companies that have entered into agreements with Enel Group Companies: Endesa, S.A., Endesa Energía, S.A., Endesa Generación, S.A., Endesa X Servicios, S.L., Enel Green Power España, S.L. and Edistribución Redes Digitales S.L.

Enel Group Companies that have entered into agreements with Endesa Group Companies: ENEL S.p.A. and its subsidiaries Enel Grids Srl (100%), Enel Energia SpA (100%), Enel Américas S.A. (82.27%), Enel Investment Holding BV (100%), Enel Brasil SA (82.27%), Enel Colombia SA ESP (47.18%), Enel Global Services, S.R.L. (100%), Enel Green Power SpA (100%), Enel Green Power Chile (64.93%), Enel Services Mexico SA de CV (99.99%) and Enel Green Power Vietnam LLC (100%).

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 shareholders of Endesa who hold 10% or more of the voting rights or who are represented on the Board of Directors, as well as with any other persons considered as parties related to Endesa, in accordance with International Accounting Standards. Therefore, all transactions entered into by Endesa or its subsidiaries and Enel or its subsidiaries (excluding the Endesa Group) shall be considered related-party transactions.

Enel and its subsidiaries (excluding the Endesa Group) and Endesa and its subsidiaries are considered “the same counterparty” for the purposes of determining the thresholds for related-



party transaction publication. In other words, the same counterparty is considered both the related person, whether natural or legal, as well as any other entity under their control and, in the case of natural persons, their close relatives, as defined in IAS 24.

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

1. Operational rationale of the transaction

Paragraph 7.5 of the OECD Guidelines, consistent with Article 18.5 LIS, sets forth as the first requirement of intergroup services that they benefit or may benefit the recipient. The reasons for and benefits of the transaction are as follows:

- **Shared experiences/knowledge:** Both Endesa and its controlled subsidiaries and the Enel Group have historically had an extensive international footprint that determines the need for specialized personnel who can join companies in different countries, contributing to the exchange of experiences and knowledge between them and also favoring the professional growth of their workers and those of the host companies. For this reason, it is considered to be in the mutual interest of both the entities of the Endesa Group and those of the Enel Group to proceed with the secondment of specialized personnel, with such transfers between the companies being executed through the Agreements.
- **Confidentiality:** To the extent that the activities undertaken by the seconded staff may have a strategic component for the Group (especially when sharing expertise in certain areas where specialization is key), they will entail a high degree of confidentiality. Therefore, the provision of such services by a third party would not be feasible, not only because any such third party may lack the required expertise but also because of the sensitivity of the information contained in the shared knowledge.
- **Neutrality:** Account must also be taken on the neutral effect of the monetary amounts involved in the transaction and that will be received (or paid) by the Endesa Group companies. As provided for in the Agreements, the price will be fixed. The price includes all costs, as estimated by the "Home Entity", which will be recharged thereby, including any costs necessary to meet its contractual obligations. The price so calculated should not include any mark-up over the total costs calculated, except for Chilean and Vietnamese companies. This means that the Agreements, in any case, have no financial effect for the Endesa Group entities, since they simply involve a cost recharging without any mark-up and have no tax effect, with the exceptions of those Agreements to which Chilean companies are parties and the service agreement between Endesa, S.A. and Enel Green Power Vietnam LLC.

In the specific case of exchanges of personnel with Enel Group entities located in Chile, local regulations require that, in addition to direct and indirect costs (actual costs incurred by expatriates, for which documentary evidence must exist), an estimated amount be included in the re-invoiced cost base. This so-called "mandate cost" refer to the management and administration expenses related to employees' payroll and other services. This cost is estimated



at approximately 3,000-4,000 USD per employee per year and is therefore considered to have an insignificant impact for the purposes of this analysis.

It should be noted that during 2023 a service agreement was concluded between Endesa, S.A. and Enel Green Power Vietnam LLC for a maximum amount of 22,880 euros and a term of two months. Due to regulatory requirements in Vietnam, a margin of 5% on the costs incurred must be included in the agreement. Taking into account the maximum amount of this agreement, it has been considered to have an immaterial impact for the purposes of this review.

2. Economic reasonableness of the transaction. Methods used

The Recharge Agreements for Personnel Secondment enable the recovery of the costs borne by the "Home Company" by having part of its employees on international assignment, in accordance with internal expatriation policies:

- **Internal direct cost:** Personnel costs, including fixed and variable salary, social security, pension fund contributions, if any, special incentives, supplementary benefits and any other costs directly related to compensation.
- **External direct cost:** Travel and other external direct costs
- **Internal indirect cost:** Digital costs, administrative management, training, etc.

OECD Guidelines establish as a second criterion for determining the deductibility of an intra-group service charge, confirmation of the fact that it represents fair compensation for the provision of such services in accordance with the at arm's length principle. The transfer pricing policy applied in the recharge of Secondment Costs by Endesa Group companies (either as "Home Entity" or "Host Entity") consists of invoicing all costs associated with the assignment of personnel.

Once it has been concluded that the costs incurred by the entity transferring the expatriate staff should be recharged to the entity receiving said staff, and that the cost base is reasonable, Article 18.5 LIS, aligned with the OECD Guidelines, provides for services rendered jointly in favor of several related persons or entities that (i) whenever possible, a direct or individualized cost allocation criterion should be followed, and (ii) only in those cases where this is not possible, an indirect distribution criterion should be applied.

The costs corresponding to these personnel assignments are invoiced to each beneficiary entity for each of the expatriate employees in the "Host Company", following a direct allocation criterion, since they can be identified precisely.

Finally, consideration should be given to whether the mere re-invoicing of services provided by expatriate staff is consistent with the at arm's length principle, or whether a mark-up should be established.

In this regard, paragraph 7.34 of the OECD Guidelines provides that, when an associated company is acting only as an agent or intermediary in the provision of services, it is not appropriate to determine arm's length pricing applying a mark-up on the cost of the services.

Paragraph 1.174 of the OECD Guidelines recommends that the transfer or secondment of individual employees among members of a multinational corporate group should not be separately compensated, as a general matter. In many instances the transfer of individual employees between associated companies will not give rise to a need for compensation. Where employees are seconded (i.e. they remain on the transferor's payroll but work for the transferee), in many cases the appropriate arm's length compensation for the services of the seconded employees in question will be the only payment required.

Therefore, in view of the above, it is reasonable to pass on the corresponding costs to the entities to which the expatriate staff have been transferred, without the application of a mark-up.

For all these reasons, it is considered that the consideration applied is in line with the at arm's length principle and therefore its economic reasonableness is justified.

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

In its analysis of the transaction, the Audit and Compliance Committee took into account Ernst & Young Abogados, S.L.P.'s report on the fairness and reasonability of the agreements under review. Ernst & Young Abogados, S.L.P. issued a Report in its capacity as independent expert, having been ascertained that at the date of issue of the Report EY Abogados did not maintain any sort of commercial relationship with the Enel Group or with the Endesa Group that could compromise its condition as independent expert for the purposes of issuing this Report or that, in particular, could place it in a situation of conflict of interest to conduct the analysis and draw up the conclusions set out therein.

The Report concludes that the re-invoicing of employee assignment costs through the "Recharge Agreements for Personnel Secondment" between Endesa Group companies and Enel Group companies provides advantages to Endesa, so it can be concluded that Endesa obtains a benefit derived from the assignment of employees giving rise to the cost recharge (technical and/or commercial reasonableness of the transaction), and that the consideration applied is in line with the at arm's length principle (economic rationality). Therefore, the re-invoicing of costs between Endesa Group companies and Enel Group companies is fair and reasonable from the standpoint of Endesa and the shareholders who are not related parties.

VI. CONCLUSION OF THE AUDIT AND COMPLIANCE COMMITTEE

First, it should be noted 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. Furthermore, the Committee has a Shareholder-Appointed Director representing the controlling shareholder Enel, who holds 70.10% of the share capital of Endesa. In accordance with Article 529 duovicies, paragraph 3, of the Capital Corporations Law, Mr. Stefano De Angelis, who is a shareholder-appointed director and representative of Enel, was not involved in the preparation of this Report.



The rest of the members of the Audit and Compliance Committee took part in the preparation and agreed on the contents of this Report on the "recharge of expatriate personnel secondment costs between Endesa Group companies and Enel Group companies."

In accordance with the information contained herein, the Audit and Compliance Committee concludes that the "Recharge Agreements for Personnel Secondment" between the companies of the Endesa Group and the companies of the Enel Group:

- Promote the professional development of Endesa employees, both expatriates and those who locally share their work with Enel Group expatriates through the exchange of experiences and knowledge.
- Have a neutral effect on the transactions' consideration, which will be received or paid by entities of the Endesa Group, since the "Recharge Agreements for Personnel Secondment" enable the recovery of the total costs borne by the "home company" for having some of its employees on international assignment and the "Host Entity" will not bear any mark-up charged by the "Home Entity."

The Audit and Compliance Committee concludes that the re-invoicing of the secondment costs between Endesa Group companies and Enel Group companies is fair and reasonable from the standpoint of Endesa and its shareholders other than the related party.

VII. CONCLUSION OF THE BOARD OF DIRECTORS

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



REPORT OF THE AUDIT AND COMPLIANCE COMMITTEE ON THE FAIRNESS AND REASONABLENESS OF THE SHAREHOLDER CONTRIBUTION BY ENDESA MOBILITY, S.L. TO ENDESA X WAY, S.L.



REPORT OF THE AUDIT AND COMPLIANCE COMMITTEE ON THE FAIRNESS AND REASONABLENESS OF THE SHAREHOLDER CONTRIBUTION BY ENDESA MOBILITY, S.L. TO ENDESA X WAY, S.L.

I. INTRODUCTION AND REGULATORY FRAMEWORK

In accordance with the provisions of paragraph 3 of article 529 duovicies of the amended and restated Spanish Capital Corporations Law, as approved by Royal Legislative Decree 1/2010, of 2 July, Endesa's Audit and Compliance Committee hereby issues this Report to assess whether the transaction is fair and reasonable from the standpoint of the company and, where appropriate, shareholders other than the related party, and indicate the assumptions on which the assessment is based and the methods used.

In accordance with Article 529 unvicies, paragraph 3, the Report issued and, as the case may be, 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 standpoint of the company and of shareholders who are not related parties.

Furthermore, Endesa has developed its own internal regulatory framework in this area, which includes, inter alia, a Related-Party Transaction Regulations approved by the Board of Directors, as well as a Related-Party Transaction Operating Procedure approved by the Audit and Compliance Committee, implementing the guidelines set forth in the Regulations and defining the proceedings, functions and responsibilities relating to the general rules on requests for and the approval, publication and monitoring of related-party transactions. These regulations have been applied in this case.

II. OVERVIEW OF THE GENERAL TRANSACTION

a) Background for the transaction

Within the current energy transition process, we are witnessing a profound transformation with the adoption, not only by the energy sector but also by other sectors such as transport, of cleaner and more sustainable sources of energy. In order to meet this challenge, in which the leading utilities play an essential role, both the Endesa Group and the Enel Group consider it necessary to offer electric mobility solutions that can meet customer demand and needs.

Endesa X Way, S.L., a 49% investee of Endesa Mobility, S.L. (a wholly owned subsidiary of Endesa, S.A.) and a 51% investee of Enel X Way, S.r.l. (a wholly owned subsidiary of Enel, S.p.A.), offer services related to electromobility, including the installation, operation and use of charging infrastructure.

In the current economic context, electric mobility is a growing business with significant economies of scale. Accordingly, Endesa X Way, S.L., in order to maximize its presence in the market and enhance the performance of its operations, has developed an investment plan with respect to charging infrastructure in Spain. For such purpose, in March 2022 the Company approved the Endesa X Way, S.L. business plan, which called for large investments that would create negative cash flows in the first years, thus making it necessary to resort to financing in order to ensure the continuity of Endesa X Way, S.L.'s business.



According to Endesa X Way, S.L.'s estimates and its business plan updated for 2024, financing is required. This financing would be contributed by the shareholders through capital contributions, in order for the company to continue conducting its business.

b) Purpose and amount of the transaction.

The purpose of the related party transaction is Endesa Mobility, S.L.'s monetary contribution to the shareholders' equity of Endesa X Way S.L. for a maximum amount of 12,250,000 euros during the first 12 months from the execution of the agreement.

The transaction will be formalized, if applicable, in the relevant shareholder contribution agreement (Endesa Mobility, S.L. and Enel X Way, S.r.l.) for the contribution to shareholders' equity. The agreement will be submitted to the General Shareholders' Meeting of Endesa X Way, S.L. for approval. The contributions will be made in cash and will not be added to Endesa X Way's share capital since, they will be contributions to shareholders' equity.

The contributions will be made by both shareholders, Endesa Mobility and Enel X Way, in proportion to their interests in EXW's share capital, namely:

- (i) 12,250,000 euros in the case of Endesa Mobility (as it holds 49% of EXW's share capital).
- (ii) 12,750,000 euros in the case of Enel X Way (as it holds 51% of EXW's share capital), and

The transaction may materialize through one or more transfers by the shareholders of Endesa X Way, S.L., i.e., Endesa Mobility, S.L. and Enel X Way, S.r.l., in proportion to their interests in the share capital of Endesa X Way, S.L. i.e., €25,000,000. Both shareholders must make each of the payments in proportion to their percentage interests in the share capital.

The contributions will be duly evidenced for the purposes of their accounting justification in accordance with applicable regulations.

III. IDENTIFICATION OF THE PARTY RELATED TO ENDESA

- (i) **Endesa Mobility, S.L.** ("Endesa Mobility") is a company fully owned by Endesa, S.A. and therefore a subsidiary thereof, thus belonging to the Endesa Group. For its part, Endesa, S.A. is a Spanish listed public limited company ("Endesa") and a 70.1% investee of Enel Iberia S.r.l., which in turn is a wholly owned subsidiary of Enel S.p.A.
- (ii) **Endesa X Way, S.L. ("EXW")** is a 49% investee of Endesa Mobility, S.L. and a 51% investee of Enel X Way, S.r.l. which is a 100% subsidiary of Enel.

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 shareholders of Endesa who hold 10% or more of the voting rights or who are represented on the Board of Directors, as well as with any other persons considered as parties related to Endesa, in accordance with International Accounting Standards. Therefore, all transactions entered into by Endesa or its subsidiaries and Enel or its subsidiaries (excluding the Endesa Group) shall be considered related-party transactions.

Enel and its subsidiaries (excluding the Endesa Group) and Endesa and its subsidiaries are considered "the same counterparty" for the purposes of determining the thresholds for related-party transaction publication. In other words, the same counterparty is considered both the



related person, whether natural or legal, as well as any other entity under their control and, in the case of natural persons, their close relatives, as defined in IAS 24.

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

1. Operational and strategic rationale of the transaction

In Spain, as in the rest of the countries of the area, the electric mobility business is growing given that it plays an essential role in the electrification of demand and the decarbonization of transport.

On 23 November 2023, Endesa presented the update of its Strategic Plan for 2024-2026. Through this plan, the Company's continues to be committed to: (i) decarbonization of generation activities; (ii) the provision of services that will help customers in the transition "to a more electrified future"; and (iii) the development of the distribution network as an integration element.

Consequently, and as a basis for promoting its customers' transition to an electrified future, electric mobility has emerged as one of the main businesses on which the Endesa Group expects to promote the electrification of consumers' final demand.

EXW is an Enel Group company focused on installing electric vehicle charging points. It is currently going through an investment and expansion phase, and one of the main elements of the business developed by EXW is cost competitiveness based on economies of scale.

The Business Plan approved by EXW anticipated the need for capital in the first years, which has been borne out through April 2023. Therefore, in order for EXW to continue with its operations, it is necessary for a new monetary contribution to be made to EXW. This monetary contribution, which, if applicable, would be made by Endesa Mobility, would allow EXW to continue with its operations. This would place Endesa in a better position to meet its 2024-2026 Strategic Plan.

In short, the contribution to EXW's shareholders' equity by its shareholders would allow EXW to continue with its growth and expansion strategy and to position itself as leader in electric vehicle charging services.

2. Economic reasonableness of the transaction. Methods used

Contributions to shareholders' equity of account 118 of the Spanish General Chart of Accounts ("PGC") are a customary financing formula among commercial companies owing to their simplicity, speed and economy compared with traditional shareholder capital contributions. Such contributions are customary among companies that own energy or infrastructure projects in which successive capital contributions are required over short periods of time.

To determine the nature and financial reasonableness of the shareholder contributions, we must analyze, first, shareholders' potential right to a refund with respect to the contributions they have made, and, second, the valuation of such contributions from a tax standpoint, in accordance with Article 17 of the Spanish Corporate Income Tax Act ("LIS").

From an accounting standpoint, shareholders' nonrefundable contributions are definitively included in corporate equity. Therefore, shareholders are not entitled to have them refunded or to receive any consideration for their contributions. Consequently, the related-party transaction is eminently corporate and it therefore does not correspond to a direct business or financial relationship between the parties, which would lead to the specific valuation rules set out in Article 18 LIS and in the respective regulation articles on related-party transactions.



From a tax standpoint, nonrefundable shareholder contributions (Article 17 LIS, on valuation of corporate transactions) are to be valued according to the market value principle. To the extent that each shareholder's contribution is proportional to its interest in the share capital, no income arises for the entity, either for accounting or tax purposes. Therefore, for shareholders, any contribution made entails an increase in the acquisition value of the relevant ownership interest, which may have future tax impacts for calculating the possible capital gain or loss in the event of a transfer of the shareholder's ownership interest.

Therefore, the related party transaction conforms to the arm's length principle, inasmuch as it is a monetary contribution and the market valuation of the contribution made by the shareholders is determined based on the amount contributed, with no need to use any of the transfer pricing methods set out in Article 18 LIS in order to verify such valuation.

Consequently, the related party transaction meets the criteria set out in accounting and tax regulations on the valuation of shareholders' nonrefundable monetary contributions, and therefore is reasonable from an economic standpoint.

3. Legal and commercial reasonableness of the transaction

The related party transaction will be formalized through the adoption, by the EXW General Shareholders' Meeting, of a resolution for a monetary contribution of shareholders' equity that will be recorded in the relevant meeting minutes in accordance with Article 202 of the Spanish Capital Corporations Law. For accounting purposes, the contribution must be recorded in PGC account 118 and will entail an increase in EXW's net equity.

It is a customary practice for commercial companies to opt for this type of increase of shareholders' equity rather than capital increases in order to provide liquidity, for economy, speed and flexibility reasons, especially when the company requires successive capital contributions over short periods of time.

With respect to the commercial reasonableness of the related-party transaction, in this type of transaction consisting of a shareholder contribution to shareholders' equity:

- ✓ the shareholders receive no consideration. Nevertheless, shareholders may see an increase in the value of their ownership interest in the company indirectly through an increase in the value of the company's equity. In addition, shareholders could obtain a refund (although it would be contingent on the achievement of profits or the existence of unrestricted reserves) pursuant to Article 273 of the Capital Corporations Law (allocation of profit).
- ✓ Shareholder contributions to PGC account 118 do not require compliance with the legal requirements set out in the Capital Corporations Law for the amendment of bylaws, thereby reducing the time required for execution and notary and commercial registry costs.

The Related-Party Transaction has been reasonably articulated around contractual terms and conditions that could have been agreed by independent parties and that in this case, having been agreed between related parties, create benefits for Endesa's subsidiary, i.e., Endesa Mobility and ultimately, Endesa.

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

After analyzing the transaction, the Audit and Compliance Committee has taken into account 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 shareholder contribution to be made by ENDESA MOBILITY, S.L. to ENDESA X WAY, S.L.

PwC 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 relationship with the Enel Group or with the Endesa Group that could compromise its capacity as an independent expert for the purposes of issuing its Report or that could give rise to a conflict of interest in conducting the analysis and drawing up the conclusions therein.

The Report concludes, *inter alia*, that the nature of the related party transaction is aligned with the purposes, values and strategic plans of Endesa Mobility, S.L., implying that Endesa may be in a better position to fulfill its 2024-2026 Strategic Plan and that the economic risk of not making the contribution could be greater. Therefore, the shareholder contribution to be made by ENDESA MOBILITY, S.L. to ENDESA X WAY, S.L. is fair and reasonable from the standpoint of Endesa and the shareholders who are not related parties.

VI. CONCLUSION OF THE AUDIT AND COMPLIANCE COMMITTEE

First, it should be noted 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. Furthermore, the Committee has a Shareholder-Appointed Director representing the controlling shareholder Enel, who holds 70.10% of the share capital of Endesa. In accordance with Article 529 duovicies, paragraph 3, of the Capital Corporations Law, Mr. Stefano De Angelis, who is a shareholder-appointed director and representative of Enel, was not involved in the preparation of this Report.

The rest of the members of the Audit and Compliance Committee took part in the preparation and agreed on the contents of this Report on the "shareholder contribution by ENDESA MOBILITY, S.L. to ENDESA X WAY, S.L."

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

- The capital contributions to EXW are necessary for it to continue with its operations and its growth and expansion strategy, and thus position itself as a leader in electric vehicle charging services, which implies that Endesa may be in a better position to fulfill its 2024-2026 Strategic Plan.
- Shareholder contributions are a suitable way, from a legal and commercial standpoint, to increase shareholders' equity compared to capital increases, for economy, speed and flexibility reasons.
- The related party transaction conforms to the arm's length principle, given that the market valuation of the contribution made by the shareholders is determined by the amount contributed. In addition, it is not necessary to use any of the transfer pricing methods, for which reason the transaction complies with the criteria set out in accounting and tax regulations with respect to the valuation of nonrefundable monetary contributions by shareholders, and is therefore reasonable from an economic standpoint.

Therefore, the Audit and Compliance Committee hereby concludes that the shareholder contribution to be made by ENDESA MOBILITY, S.L. to ENDESA X WAY, S.L. is fair and reasonable from the standpoint of Endesa and the shareholders who are not related parties.



VII. CONCLUSION OF THE BOARD OF DIRECTORS

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



REPORT OF THE AUDIT AND COMPLIANCE COMMITTEE ON THE FAIRNESS AND REASONABLENESS OF EXECUTING A FRAMEWORK AGREEMENT FOR CONDUCTING JOINT PROMOTION ACTIONS BETWEEN ENDESA ENERGY, S.A.U. AND ENDESA X WAY, S.L.

REPORT OF THE AUDIT AND COMPLIANCE COMMITTEE ON THE FAIRNESS AND REASONABLENESS OF EXECUTING A FRAMEWORK AGREEMENT FOR CONDUCTING JOINT PROMOTION ACTIONS BETWEEN ENDESA ENERGY, S.A.U. AND ENDESA X WAY, S.L.

I. INTRODUCTION AND REGULATORY FRAMEWORK

In accordance with the provisions of paragraph 3 of article 529 duovicies of the amended and restated Spanish Capital Corporations Law, as approved by Royal Legislative Decree 1/2010, of 2 July, Endesa's Audit and Compliance Committee hereby issues this Report to assess whether the transaction is fair and reasonable from the standpoint of the company and, where appropriate, shareholders other than the related party, and indicate the assumptions on which the assessment is based and the methods used.

In accordance with Article 529 unvicies, paragraph 3, the Report issued and, as the case may be, 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 standpoint of the company and of shareholders who are not related parties.

Furthermore, Endesa has developed its own internal regulatory framework in this area, which includes, inter alia, a Related-Party Transaction Regulations approved by the Board of Directors, as well as a Related-Party Transaction Operating Procedure approved by the Audit and Compliance Committee, implementing the guidelines set forth in the Regulations and defining the proceedings, functions and responsibilities relating to the general rules on requests for and the approval, publication and monitoring of related-party transactions. These regulations have been applied in this case.

II. OVERVIEW OF THE TRANSACTION

a) Background

The current energy transition process is deeply transforming not only the energy sector but also other sectors such as transport, in a transition towards cleaner and more sustainable energy sources. In order to meet this challenge, in which the leading utilities play an essential role, both the Endesa Group and the Enel Group consider it necessary to offer electric mobility solutions that can meet customer demand and needs.

Endesa X Way, S.L., a 49% investee of Endesa Mobility, S.L. (a wholly owned subsidiary of Endesa, S.A.) and a 51% investee of Enel X Way, S.r.l. (a wholly owned subsidiary of Enel, S.p.A.), offer services related to electromobility, including the installation, operation and use of charging infrastructure.

Endesa Energía, S.A.U. is the Endesa S.A. company that markets electricity and gas, connecting end customers to the grid in addition to promoting added value solutions adapted to those customers.



To contribute additional value to Endesa's customers, in line with trends in the market, there is a need to market and promote joint comprehensive solutions (energy rates and charging solutions), between Endesa Energía and Endesa X Way, adapted to customers' needs.

Consequently, it is proposed to establish the terms of the collaboration between Endesa X Way, S.L. and Endesa Energía, S.A.U through which ENDESA ENERGÍA, S.A.U. will sell charging products and services to its customers and potential customers interested in a joint energy offering, in exchange for a commission on the sales price.

On 3 May 2023, Endesa X Way, S.L. and Endesa Energía, S.A.U. executed an agreement by which Endesa Energía, S.A.U. requested charging solutions from Endesa X Way, S.L. The agreement was limited to the B2G business segment. Accordingly, the commitments adopted and the legal nature of the agreement are independent and in no event come into conflict with or affect this transaction.

b) Purpose and amount of the transaction.

The purpose of the Related-Party Transaction is the execution of a non-exclusive framework collaboration agreement, for a term of two years, between Endesa Energía and Endesa X Way, in order to establish:

- Joint promotion and marketing of products relating to Endesa X Way's charging solutions and Endesa Energía's energy service, through Endesa Energía's channels, targeting new customers or end customers in Endesa Energía's portfolio in the B2C segment.
- Joint advertising campaigns to promote and market Endesa X Way and Endesa Energía products and services.

During the term of the Agreement, Endesa Energía will obtain maximum revenue arising from the Agreement with Endesa X Way in the amount of €1,990,000, of which a maximum of €1,590,000 will consist of a commission on the sales of Endesa X Way charging solutions, and the remaining €400,000 will relate to the cost attributable to Endesa X Way stemming from the possibility of conducting advertising campaigns requiring the purchase of external media from Endesa in order to promote and market the products and services covered by the Agreement. These campaigns will be carried out exclusively through ENDESA ENERGÍA, S.A.U., with each party assuming 50% of the cost.

Endesa Energía will market, through its channels, the packaged proposals of energy from Endesa Energía and charging services from Endesa X Way, making sales of charging solutions for and on behalf of Endesa X Way.

III. IDENTIFICATION OF THE PARTY RELATED TO ENDESA

- i. **Endesa Energía, S.A.U. ("ENDESA ENERGÍA, S.A.U.")** is a company fully owned by Endesa, S.A. and therefore a subsidiary thereof.



- ii. **Endesa X Way, S.L. (“ENDESA X WAY, S.L.”)** is a 49% investee of Endesa Mobility, S.L. which in turn is a fully owned subsidiary of Endesa, S.A., and a 51% investee of Enel X Way, S.r.l. which is a 100% subsidiary of Enel.

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 shareholders of Endesa who hold 10% or more of the voting rights or who are represented on the Board of Directors, as well as with any other persons considered as parties related to Endesa, in accordance with International Accounting Standards. Therefore, all transactions entered into by Endesa or its subsidiaries and Enel or its subsidiaries (excluding the Endesa Group) shall be considered related-party transactions.

Enel and its subsidiaries (excluding the Endesa Group) and Endesa and its subsidiaries are considered “the same counterparty” for the purposes of determining the thresholds for related-party transaction publication. In other words, the same counterparty is considered both the related person, whether natural or legal, as well as any other entity under their control and, in the case of natural persons, their close relatives, as defined in IAS 24.

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

1. Operational and strategic rationale

The Spanish energy market is liberalized, highly diversified, and fragmented, with a large number of competitors seeking various solutions to adapt to the needs of increasingly demanding and complex customers.

In the current context, and in order to offer added value to their customers, energy companies are beginning to include in their catalogue bundled energy solutions for the home in exchange for rate discounts. In this regard, the electric mobility sector is gaining more and more importance as a tool for meeting current decarbonization and electrification targets. An increasing number of persons are using electrical vehicles and demanding charging solutions for private or public use.

In November 2023, the Endesa Group presented its 2024-2026 Strategic Plan, making a commitment, among other things, to the clean electrification of demand in order to achieve safe, sustainable and cost-effective energy systems. In addition, Endesa is committed to maximizing the value of its portfolio of customers, helping them move toward a more electrified future, enhancing the effectiveness and efficiency of the process of attracting new customers, as well as increasing their loyalty by providing value-added solutions.

The collaboration with Endesa X Way allows Endesa Energía to contribute added value to its customers in the area of electric mobility, retaining Endesa Group customers as well as attracting new ones. Accordingly, Endesa Energía would be able to offer a catalogue of integrated products and services, thus differentiating itself from the competition and possibly increasing its market share.

With better market positioning, the transaction would allow Endesa Energía to increase its sales capacity and reach new customers through advertising campaigns as well as to offer a joint solution with higher added value for customers.

Endesa X Way’s charging solutions would be sold to customers through existing Endesa Energía channels; hence, Endesa Energía would not incur associated added costs, and the advertising



campaigns to promote the charging solutions along with Endesa Energía's other solutions would be shared with ENDESA X WAY, S.L.

In addition, ENDESA X WAY, S.L. would expand its customer network thanks to the channels of ENDESA ENERGÍA, S.A.U., allowing it to increase its mobility solutions sales.

In short, the Related-Party Transaction allows ENDESA ENERGÍA, S.A.U. to create added value for its customers, giving it greater capacity for retention and competitiveness in the market while obtaining a financial return (commission) on the sales of charging solutions. We should note that the identified risks would be the same if the Agreement were signed with a third party.

2. Economic reasonableness. Methods used

The application of the at arm's length principle is generally based on the comparison of the terms and conditions for a related-party transaction with the terms and conditions for transactions between independent companies. For these comparisons to be useful, the relevant economic characteristics of the situations being compared should be sufficiently comparable.

Paragraph 1.33 of the OECD Guidelines states that "Application of the arm's length principle is based on a comparison of the conditions in a controlled transaction with the conditions that would have been made had the parties been independent and undertaking a comparable transaction under comparable circumstances. There are two key aspects in such an analysis: the first aspect is to identify the commercial or financial relations between the associated enterprises and the conditions and economically relevant circumstances attaching to those relations in order that the controlled transaction is accurately delineated; the second aspect is to compare the conditions and the economically relevant circumstances of the controlled transaction as accurately delineated with the conditions and the economically relevant circumstances of comparable transactions between independent enterprises."

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 Endesa Energía, S.A.U. 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.

According to the information provided, ENDESA ENERGÍA, S.A.U. has broad coverage of sales channels, targeting both its own customers and potential customers. Having access to ENDESA ENERGÍA, S.A.U.'s sales channels and its sales know-how benefits ENDESA X WAY, S.L., inasmuch as its products attain greater dissemination among a larger and more diverse public. In addition, by jointly marketing their products, ENDESA ENERGÍA, S.A.U. and ENDESA X WAY, S.L. are able to offer customers a joint solution (energy rates and charging solutions) that is better adapted to their needs.

Lastly, by conducting advertising campaigns in conjunction with ENDESA ENERGÍA, S.A.U., ENDESA X WAY, S.L. is able to harness the synergies generated with the sales channels, as well as to benefit from the promotion of its brand, resulting in more effective marketing actions than if they were carried out independently by ENDESA X WAY, S.L.

To verify that the Related-Party Transaction is in line with the principle of free competition, firstly, the possibility of applying the Comparable Uncontrolled Price ("CUP") method was considered. In accordance with paragraph 2.14 *et seq.* of the OECD Guidelines, "the CUP method compares the price charged for property or services transferred in a controlled transaction to the



price charged for property or services transferred in a comparable uncontrolled transaction in comparable circumstances.” Likewise, paragraph 2.15 provides that, where it is possible to locate comparable uncontrolled transactions, the CUP method is preferable.

According to the information provided, ENDESA ENERGÍA, S.A.U. has conducted transactions with independent entities under terms similar to those provided for the Related-Party Transaction (Comparable Uncontrolled Transactions, “CUTs”). Therefore, the CUP method through internal CUTs was selected to verify the fulfillment of the arm's length principle of the price agreed between the parties to the Related-Party Transaction.

Moreover, with respect to the expenses incurred in the joint advertising campaigns, it is possible to follow the provisions set out in OECD Guidelines in order to assess the reasonableness of not adding a profit margin to the costs incurred by ENDESA ENERGÍA, S.A.U. Inasmuch as the OECD Guidelines set out the criteria that would have been agreed by independent parties under comparable conditions, it is possible to apply the CUP method through external benchmarking to verify the Related-Party Transaction’s fulfillment of the market value principle.

In this case, given that there is information available on the price agreed between independent third parties, it is possible to conclude that the assumptions needed to apply the CUP method in order to determine the market value of the related-party transaction are met:

The consideration to be received by ENDESA ENERGÍA, S.A.U. for marketing ENDESA X WAY, S.L.’s products consists of a commission on the pre-tax price of sale to the end customer, for each charging solution of ENDESA X WAY, S.L. This commission is within the range of commissions charged by ENDESA ENERGÍA, S.A.U. to independent parties for similar services.

The following media are used for conducting joint advertising campaigns:

- External payment methods: digital (video, display, SEM, etc.), radio, TV, televised promotions, exterior, etc. According to paragraph 7.34 of the OECD Guidelines, an arm’s-length price should be set not by applying a margin on the services costs, but on the costs inherent in the agent function. Therefore, it is reasonable from the standpoint of the arm’s-length principle to ENDESA ENERGÍA, S.A.U. to not obtain a profit margin on costs incurred with third parties in conducting the joint advertising campaigns with ENDESA X WAY, S.L.
- Customized communications to the Endesa B2C portfolio. Advertising campaigns requiring the purchase of media external to Endesa in order to promote and market the products and services will be carried out exclusively through ENDESA ENERGÍA, S.A.U., which will share the cost thereof with ENDESA X WAY, S.L. in an equitable manner. Given that both companies will jointly benefit from these advertising activities, they have agreed to share the cost evenly. Inasmuch as we have been informed that is not feasible to conduct a more thorough analysis of the possible associated returns, we find the criterion according to which 50% will be attributed to each entity reasonable.

3. Legal rationale

In light of these legal and commercial terms, it can be concluded that the Related-Party Transaction has been reasonably articulated around contractual terms and conditions that could have been agreed by independent parties. Given that the terms were reached, in this case, by related parties, they generate benefits for Endesa’s subsidiary, i.e. ENDESA ENERGÍA, S.A.U.



and, ultimately, for Endesa itself, notwithstanding the fact that they may also create benefits for Enel's subsidiary i.e., ENDESA X WAY, S.L. Nevertheless, such benefits would be justified and would not be disproportionate with respect to those generated for Endesa's subsidiary.

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

After analyzing the transaction, the Audit and Compliance Committee has taken into account the report prepared by PricewaterhouseCoopers Tax & Legal S.L. and PricewaterhouseCoopers Asesores de Negocios, S.L. ("PwC") on the fairness and reasonableness of the execution of a non-exclusive framework collaboration agreement, for a term of two years, between Endesa Energía and Endesa X Way.

PwC issued their Report in their capacity as independent experts. On the date the report was issued, PwC did not maintain any sort of commercial relationship with the Enel Group or with the Endesa Group that could compromise its capacity as an independent expert for the purposes of issuing its Report or that could give rise to a conflict of interest in conducting the analysis and drawing up the conclusions therein.

The Report concludes that it is reasonable to execute the agreement between Endesa Energía and Endesa X Way for the joint promotion and marketing of the products and services relating to the charging solutions of Endesa X Way, that the sales commission determined for Endesa Energía is in line with that obtained in performing comparable duties for independent entities, and that the 50% allocation criterion for the payment of the advertising campaigns requiring the purchase of external media between the two entities is reasonable, as well. Therefore, the transaction is fair and reasonable from the standpoint of Endesa, S.A. and, in particular, from that of the shareholders who do not belong to the Enel Group.

VI. CONCLUSION OF THE AUDIT AND COMPLIANCE COMMITTEE

First, it should be noted 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. Furthermore, the Committee has a Shareholder-Appointed Director representing the controlling shareholder Enel, who holds 70.10% of the share capital of Endesa. In accordance with Article 529 duovicies, paragraph 3, of the Capital Corporations Law, Mr. Stefano De Angelis, who is a shareholder-appointed director and representative of Enel, was not involved in the preparation of this Report.

The rest of the members of the Audit and Compliance Committee took part in the preparation and agreed on the contents of this Report.

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

- The nature of the Related-Party Transaction is in line with the purpose, values and strategic plan of Endesa Group.
- The collaboration for the joint promotion of products and services relating to charging solutions allows ENDESA ENERGÍA, S.A.U. to: (i) offer more comprehensive solutions with higher added value to its customers, which could give rise to attracting new customers and gaining the loyalty of existing customers; and (ii) obtain an economic benefit by receiving the commission on the sales of ENDESA X WAY, S.L.'s equipment.



- The terms and conditions foreseen for the Related-Party Transaction are consistent with the arm's-length principle; therefore, the transaction is fair and reasonable from an economic standpoint.
- The Related-Party Transaction has been reasonably articulated around contractual terms and conditions that could have been agreed by independent parties. Given that the terms were reached, in this case, by related parties, they generate benefits for Endesa's subsidiary, i.e. ENDESA ENERGÍA, S.A.U. and, ultimately, for Endesa itself, notwithstanding the fact that they may also create benefits for Enel's subsidiary i.e., ENDESA X WAY, S.L. Nevertheless, such benefits would be justified and would not be disproportionate with respect to those generated for Endesa's subsidiary.

The Audit and Compliance Committee concludes that the execution a non-exclusive framework collaboration agreement, for a term of 2 years, by Endesa Energía and Endesa X Way is fair and reasonable from the standpoint of Endesa and of the shareholders other than the related party.

VII. CONCLUSION OF THE BOARD OF DIRECTORS

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



REPORT OF THE AUDIT AND COMPLIANCE COMMITTEE ON THE FAIRNESS AND REASONABLENESS OF THE RELATED-PARTY TRANSACTION CONSISTING OF THE EXECUTION OF A LONG-TERM CREDIT FACILITY BY ENEL FINANCE INTERNATIONAL N.V. AND ENESA, S.A.



REPORT OF THE AUDIT AND COMPLIANCE COMMITTEE ON THE FAIRNESS AND REASONABLENESS OF THE RELATED-PARTY TRANSACTION CONSISTING OF THE EXECUTION OF A LONG-TERM CREDIT FACILITY BY ENEL FINANCE INTERNATIONAL N.V. AND ENDESA, S.A.

I. INTRODUCTION AND REGULATORY FRAMEWORK

In accordance with the provisions of paragraph 3 of article 529 duovicies of the amended and restated Spanish Capital Corporations Law, as approved by Royal Legislative Decree 1/2010, of 2 July, Endesa's Audit and Compliance Committee hereby issues this Report to assess whether the transaction is fair and reasonable from the standpoint of the company and, where appropriate, shareholders other than the related party, and indicate the assumptions on which the assessment is based and the methods used.

In accordance with Article 529 unvicies, paragraph 3, the Report issued and, as the case may be, 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 standpoint of the company and of shareholders who are not related parties.

Furthermore, Endesa has developed its own internal regulatory framework in this area, which includes, inter alia, a Related-Party Transaction Regulations approved by the Board of Directors, as well as a Related-Party Transaction Operating Procedure approved by the Audit and Compliance Committee, implementing the guidelines set forth in the Regulations and defining the proceedings, functions and responsibilities relating to the general rules on requests for and the approval, publication and monitoring of related-party transactions. These regulations have been applied in this case.

In addition, on 22 October 2018 Endesa's Board approved an additional procedure for managing related party financial transactions with significant shareholders. In accordance with this procedure, Enel shall provide financing to Endesa under conditions that must be equivalent to those previously established between Endesa and non-related party lenders.

II. OVERVIEW OF THE GENERAL TRANSACTION

a) Background for the transaction

Enel Finance International N.V (hereinafter "EFINV"), as the financial institution in the Enel Group, is responsible for managing and channeling financial resources for the Group. In this manner, EFINV receives financing from independent financial institutions and grants financing to the rest of the Enel Group.

Under Endesa's financial strategy, it is common practice for part of its financing to be carried out through transactions with Enel Group companies. Deals with Enel are mostly structural transactions in the form of loans and unconditional long-term credit facilities.



In order to comply with its financial management objectives, Endesa has recently arranged banking financial transactions with independent third parties. In addition, with this new related-party transaction it proposes the possibility of complementing its bank financing with an intra-group credit facility in the amount of 1,000 million euros.

The main financial management objectives in 2024 include maintaining suitable liquidity levels that ensure the business plan and possible budget deviations and dividend distribution and maintaining the average remaining term to maturity of its indebtedness at optimal levels, thus moderating maturity concentration and achieving greater flexibility in terms of liquidity needs and control of financial expense while optimizing the impact on the income statement.

Once this €1,000 M long-term credit facility has been approved, two existing long-term credit facilities between EFINV and Endesa for €700 M and €1,700 M, maturing in May 2025, will be canceled.

b) Purpose and amount of the transaction.

The purpose of the transaction is the execution by Endesa, S.A. of a credit facility with Enel Finance International N.V. for an amount of up to €1,000 M and a term of four years.

The credit facility to be signed will be remunerated on the basis of an interest rate determined by applying a spread on the Euribor during the term corresponding to each drawdown. Specifically, the spread applied to the Euribor will be 63 basis points ("bp") per year. A 20 bp front-end fee on the transaction principal will be included, to be paid by Endesa on the signing date. In addition, a non-drawdown fee of 20 bp, calculated on average balances not drawn down in each period, will be charged. Lastly, in the event of average utilization of more than one third of the facility, an additional 10 bp fee will be charged, and if more than two-thirds is utilized, a fee of 20 bp will be charged.

The transaction includes a sustainability spread adjustment clause: +/- 2 bp on credit spread based on compliance with the CAPEX KPI aligned with the 2024-2026 European Union's taxonomy.

III. IDENTIFICATION OF THE PARTY RELATED TO ENDESA

The company providing the services: Enel Finance International N.V (a company 75% owned by Enel Holding Finance S.r.l. and 25% by Enel S.p.A.).

The company receiving the services: 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 shareholders of Endesa who hold 10% or more of the voting rights or who are represented on the Board of Directors, as well as with any other persons considered as parties related to Endesa, in accordance with International Accounting Standards. Therefore, all transactions entered into by Endesa or its subsidiaries and Enel or its subsidiaries (excluding the Endesa Group¹²) shall be considered related-party transactions.

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

¹² Endesa Group: for the purposes of internal regulations on related-party transactions, the term "Endesa Group" refers to Endesa, S.A. and its subsidiaries, as defined in Article 42 of the Spanish Commercial Code.



1. Operational, technical and/or commercial rationale

Taking into account Endesa's 2024-2026 business plan and the need to meet investments, dividends, operational gaps and other flows envisaged in the plan, Endesa expects to have certain financing needs. Specifically, Endesa's financial plan has relevant items that could substantially affect liquidity and debt position, including potential shareholding-sale transactions, the performance of operating revenue and debt repayments.

In this regard, the main financial management objectives are:

- ✗ To maintain comfortable liquidity levels in order to ensure the business plan, budget deviations and dividend distribution.
- ✓ To maintain the average term to maturity of the company's indebtedness at optimal levels, thus moderating maturity concentration and achieving greater flexibility in terms of liquidity needs. A target of approximately four years has been set.
- ✓ Control of financial expenses, limiting the impact on the income statement.

To meet these targets, Endesa has recently arranged banking financial transactions with eight top-tier institutions. In addition, with this transaction it proposes the possibility of complementing the bank financing with a credit facility from EFINV, for 1,000 million euros, a lower amount than that agreed with the banks.

The execution of this credit facility, along with the financial transactions conducted with other institutions, will place Endesa in a more robust cash position and ensure its capacity to meet all of its short-term liabilities, with sufficient flexibility in the event of possible planning deviations. To this end, it intends to have irrevocable, long-term, immediately available products with a minimum holding cost (availability fee).

Currently, there continues to be uncertainty in the market on when eurozone rates will begin to decrease. Long- and short-term euro and dollar interest rates have risen sharply since the first half of 2022, when central banks began tightening their policies to ward off inflation.

Given that Endesa requires a significant financing volume to meet its operational obligations, the granting of the long term credit facility by EFINV to Endesa is primarily intended to facilitate the obtainment of these financial resources.

In this regard, the concentration process in the Spanish banking sector has substantially reduced the number of counterparties large enough to handle the overall volume managed by Endesa, which confers additional value to the inter-company resources. A balanced relationship is thus maintained between resources originating in the banking sector under competitive conditions and those obtained from EFINV under equivalent conditions. This diversification and the consequent balance between bank and intra-group financing allow the Company to alleviate the pressure placed on the financial institutions, from which the Company also requests other products such as derivatives, guarantees and working capital transactions. Easing the pressure allows Endesa to gain access to the best available conditions at any given time.

Hence, through this financing, Endesa receives more agile and simple access to the Group's monetary resources, saving time and resources. This is because by having access to these resources Endesa will be able to meet its financial obligations by having access to a significant volume of financial resources in a more agile and simplified manner, leading to a reduction in costs. If financing were requested from financial institutions in an isolated manner these costs would be higher.

Through the execution of the credit facility, Endesa's liquidity is strengthened, which improves its ability to meet short-term liabilities and to optimize financial management by regulating flows of working capital and addressing deviations from planned operational flows.

2. Economic reasonableness of the transaction. Methods used



In carrying out related party financing transactions with the Enel Group, Endesa normally has a comparable transaction that has been arranged with one or more third parties under similar conditions for an amount of at least 25% of the overall related-party transaction.

From Endesa's standpoint, the diversification of sources allows it to optimize the resulting terms and conditions.

The remuneration on the transaction analyzed herein has been determined on the basis of eight comparable transactions between Endesa and independent third parties; consequently, the Comparable Uncontrolled Price (**CUP**) method has been used to assess the extent to which the remuneration applied between EFINV and Endesa is in line with the market.

The remuneration that will be established for the credit facility granted by EFINV to Endesa will be based on the Euribor rate plus a 63 bp spread per annum, with a 20 bp front-end fee and a 20 bp fee on capital not drawn down.

Analysis of the components:

Baseline (Euribor): This is a public index, and consequently it is considered a market benchmark per se, and is customarily used in financing transactions between non-financial entities as a basis for applying a spread.

Spread applied on the baseline: The 63 bp spread is the average of the interest rates applied in similar firm transactions obtained by Endesa from independent financial institutions in March 2024. Specifically, transactions closed with eight financial institutions have been considered.

Front-end fee: equal to the weighted average of the fees that independent financial entities have applied to the credit facilities granted, i.e. 20 bp.

Fund non-drawdown fee: Specifically, a 20 bp per annum fee is established, inasmuch as this is the average that independent financial institutions have applied on credit facilities that have been granted.

Weighted-utilization fee: A fee of 0/10/20 bp per annum is established for 33%/66%/100% utilization of this facility, respectively, in line with the fees applied by the independent financial institutions.

ESG clause: The same KPI included in comparable bank transactions is established herein. It relates to the average proportion of CAPEX aligned with the EU Taxonomy (%) in the 2024-2026 three-year period, +/- 2 bp on spread.

These levels have been calculated taking into account the main characteristics of the transactions agreed between Endesa and independent third parties in terms of financing rate, granting date, term, total amount of the principal, spreads and fees, which can be considered comparable. This has been verified by Ernst & Young as independent expert.

Consequently, the baseline, the applied spread, the fees and the main characteristics of the proposed transaction analyzed herein are considered consistent with the arm's length principle, and therefore its economic rationale has been evidenced.

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

In its analysis of the transaction, the Audit and Compliance Committee took the following reports into account:

- **Report prepared by Ernst & Young Abogados, S.L.P.** on the fairness and reasonableness of the contract under review. Ernst & Young Abogados, S.L.P. (Ernst & Young) issued a Report in its capacity as independent expert, having checked that at the date of issue of the



Report EY Abogados did not maintain any sort of commercial relationship with the Enel Group or with the Endesa Group that could compromise its condition as independent expert for the purposes of issuing this Report or that, in particular, could place it in a situation of conflict of interest to conduct the analysis and draw up the conclusions set out therein. In their report for the Audit and Compliance Committee of Endesa, it is concluded that Endesa obtains a benefit as a participant in the credit facility, and that therefore the execution of this transaction (technical and/or commercial rationale of the transaction) is justified, and that the consideration applied is in line with the arm's length principle (economic rationale).

Therefore, according to Ernst & Young, the related-party transaction is fair and reasonable from the standpoint of Endesa and the shareholders who are not related parties.

VI. CONCLUSION OF THE AUDIT AND COMPLIANCE COMMITTEE

First, it should be noted 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. Furthermore, the Committee has a Shareholder-Appointed Director representing the controlling shareholder Enel, who holds 70.10% of the share capital of Endesa.

In accordance with Article 529 duovicies, paragraph 3, of the Capital Corporations Law, Mr. Stefano De Angelis, who is a shareholder-appointed director and representative of Enel, was not involved in the preparation of this Report.

The rest of the members of the Audit and Compliance Committee took part in the preparation and agreed on the contents of this Report on the execution of a credit facility between Enel Finance International N.V. and Endesa, S.A.

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

- The credit facility enables Endesa to meet all its obligations and operational needs in a more agile and efficient way, giving it access to the Group's monetary resources in the form of time and resource savings;
- Furthermore, Endesa's liquidity is strengthened, as well as its ability to meet its short-term obligations and to optimize financial management by regulating flows of working capital and addressing deviations from planned operational flows;
- The consideration established for the transaction, to the extent based on comparable transactions carried out by independent parties, is consistent with the arm's length principle.

The Audit and Compliance Committee concludes that the execution of a long-term credit facility by Enel Finance International N.V. and Endesa, S.A. is fair and reasonable from the standpoint of Endesa and the shareholders other than the related party.

VII. CONCLUSION OF THE BOARD OF DIRECTORS

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



Report of the Audit and Compliance Committee on the fairness and reasonableness of the execution of Addenda for the extension of the agreements for the provision of services by Endesa Group companies (Endesa Medios y Sistemas, S.L., Endesa, S.A. and Edistribución Redes Digitales, S.L.) to Gridspertise Iberia, S.L.



Report of the Audit and Compliance Committee on the fairness and reasonableness of the execution of Addenda for the extension of the agreements for the provision of services by Endesa Group companies (Endesa Medios y Sistemas, S.L., Endesa, S.A. and Edistribución Redes Digitales, S.L.) to Gridspertise Iberia, S.L.

I. INTRODUCTION AND REGULATORY FRAMEWORK

In accordance with the provisions of paragraph 3 of article 529 duovicies of the amended and restated Spanish Capital Corporations Law, as approved by Royal Legislative Decree 1/2010, of 2 July, Endesa's Audit and Compliance Committee hereby issues this Report to assess whether the transaction is fair and reasonable from the standpoint of the company and, where appropriate, shareholders other than the related party, and indicate the assumptions on which the assessment is based and the methods used.

In accordance with Article 529 unvicies, paragraph 3, the Report issued and, as the case may be, 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 standpoint of the company and of shareholders who are not related parties.

Furthermore, Endesa has developed its own internal regulatory framework in this area, which includes, inter alia, a Related-Party Transaction Regulations approved by the Board of Directors, as well as a Related-Party Transaction Operating Procedure approved by the Audit and Compliance Committee, implementing the guidelines set forth in the Regulations and defining the proceedings, functions and responsibilities relating to the general rules on requests for and the approval, publication and monitoring of related-party transactions. These regulations have been applied in this case.

II. OVERVIEW OF THE TRANSACTION

a) Background

In September 2022, the company Gridspertise Iberia, S.L., a wholly owned subsidiary of the Italian company Gridspertise S.r.L., which is jointly controlled by the Enel Group and the investment fund CVC Capital Partners, was incorporated in Spain. Gridspertise Iberia's activity consists of providing technical and commercial services.

The speed with which Gridspertise Iberia was incorporated and began operations in Spain made clear that there was a need for the Endesa Group to temporarily provide a minimum level of services (provision of corporate and space leasing and associated services) in order to ensure suitable quality standards until Gridspertise Iberia was able to operate autonomously and independently.

Following the authorization granted by the General Shareholders' Meeting of Endesa, S.A. held on 28 April 2023, agreements were signed for the provision of services by companies of the Endesa Group (Endesa Medios y Sistemas, S.L., Endesa, S.A. and E-Distribución Redes Digitales, S.L.) for GridSpertise Iberia S.L., for a maximum combined amount of 2.06 million euros.



The agreements had a term of one year, given that this was considered to be the amount of time that GridSpertise Iberia would need to find other alternatives with suppliers outside of the Endesa Group. Nevertheless, Gridspertise Iberia has requested that the term of the agreements be extended from 1 May 2024 to 30 April 2025, but canceling part of the services.

The signed agreements are substantially identical to those that Endesa S.A., Endesa Medios y Sistemas S.L. and E-Distribución Redes Digitales S.L have signed with other Endesa Group companies and with Enel Iberia S.L. in order for the terms and conditions to be harmonized and to avoid inconsistencies that could affect the determination of the price, as a result of possible tax and regulatory effects.

b) Purpose of the transaction.

The purpose of the transaction is the execution of Addenda for the extension of the agreements for the provision of services by Endesa Group companies (Endesa Medios y Sistemas, S.L., Endesa, S.A. and Edistribución Redes Digitales, S.L.) to GridSpertise Iberia S.L.

The subject of the transaction is the extension of the following services required by Gridspertise Iberia, S.L.:

- Corporate Services: Services provided by **Endesa, S.A** consisting of support activities relating to administration, accounting, finance, tax compliance, cash management, communications, sustainability and human resources and general real estate services.
- Real Estate Services and ICT Services: The services provided by **Endesa Medios y Sistemas, S.L** relating to space leasing and to maintenance, administration (travel, courier, etc.), cleaning, security, telecommunications and IT. These services are reflected in two addenda to the respective agreements, one on the leasing of certain spaces as well as the provision of a number of real estate services associated with said leasing, and the other for the provision of ICT services.
- Lease or sublease, including associated services: Services provided by **E-Distribución Redes Digitales** consisting of transferring the use of surplus spaces, as well as providing maintenance, cleaning and security services in those spaces.

It is requested that the term of the Agreements be extended to 30 April 2025 through the execution of non-terminating addenda to each of the Agreements (the "Addenda"). The purpose of the Addenda is to modify the term and the price of the Agreements and, in some cases, to make minor adjustments to the scope of the services in order to limit it to those services that will be effectively performed during the new contractual term.

c) Transaction amount.

The maximum combined amount of the addenda to the agreements associated with the provision of the services between Endesa, S.A, Endesa Medios y Sistemas, S.L. and E-Distribución Redes Digitales as service providers and Gridspertise Iberia, S.L. as the recipient of the services, for the period from 1 May 2024 to 30 April 2025, is €940 thousand.

The maximum amount established was calculated using the price estimated at the time the services were defined, on the basis of the costs and allocation keys budgeted, as the point of reference. The allocation keys are linked to the services provided to Gridspertise and are based on the fact that the services are rendered to several entities simultaneously. Hence, for corporate services, allocation keys such as EBITDA, debt and workforce are used, e.g. for IT services, the number of users, and for the lease or assignment of spaces, average occupancy or headcount are used.



The maximum amounts provided for in the addenda are:

- Corporate Services: Services provided by Endesa, S.A, for a total maximum amount of €354 thousand
- Real Estate Services: Services provided by Endesa Medios y Sistemas, S.L for a total maximum amount of €166 thousand
- ICT Services: Services provided by Endesa Medios y Sistemas, S.L for a total maximum amount of €270 thousand
- Lease or sublease, including associated services: Services provided by E-Distribución Redes Digitales, for a total maximum amount of €150 thousand

III. IDENTIFICATION OF THE PARTY RELATED TO ENDESA

The companies providing the services:

- Endesa Medios y Sistemas, S.L. is a company fully owned by Endesa, S.A. and therefore a subsidiary thereof, thus belonging to the Endesa Group ("Endesa Medios y Sistemas").
- E-Distribución Redes Digitales, S.L. is a company fully owned by Endesa, S.A. ("EDistribución").
- Endesa, S.A. is a Spanish listed public limited company (*sociedad anónima*) ("Endesa").

The company receiving the service: Gridspertise Iberia, S.L. ("Gridspertise Iberia") is a wholly owned subsidiary of Gridspertise S.r.L., which in turn is an associate of the Enel Group, through the holding by Enel Global Infrastructure and Networks (owned by Enel, S.p.A.) of 50% of its share capital.

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. Under Article 529 vicies of the Capital Corporations Law and section 9(b)(ii) of International Accounting Standard no. 24, Gridspertise Iberia, S.L., as an Enel associate, is a related party of Endesa.

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

1. Operational and strategic reasonableness of the transaction

It is reasonable for Endesa Group companies provide Gridspertise Iberia with the services regulated in the agreements, as Endesa, Endesa Medios y Sistemas and E-Distribución currently provide these services to Enel Group companies in Spain on a regular basis, for which reason they have the resources and assets required to provide such services. In addition, the services that are the subject matter of the Agreements have already been performed for Gridspertise Iberia over the last year.

The conditions under which the services covered by the Agreements will be provided will not entail an additional effort for the Endesa Group. No risks associated with providing the services on the basis of the service providers' past experience have been detected. In short, the Endesa companies are moving forward more efficiently in the process of resource optimization, without generating additional costs, and obtaining a return.

2. **Economic reasonableness. Methods used**

The Related-Party Transaction includes various types of services. Services on which a 5% mark-up is applied on the costs incurred and other services on which a mark-up is not added, given that they involve the re-invoicing of third party costs that contribute no added value (lease, travel, software licenses), in accordance with the Group's policy on transfer pricing and OECD guidelines. In addition, this avoids inconsistencies that might affect the model for providing services received by Endesa Group companies.

The transfer pricing methods selected for the review of the Related-Party Transaction's compliance with the market value principle are, depending on the services provided:

- Services on which a mark-up is not added, given that they involve the re-invoicing of third party costs that contribute no added value. Valuation using the Comparable Uncontrolled Price ("CUP") method.

To determine if the Related-Party Transaction complies with the market value principle, it should be first determined whether any comparable transactions have been carried out between independent third parties that can be used as a reference point of market value.

Hence, certain expenses incurred by the service providers are incurred directly with third parties, such as costs for leases, travel, audits, advertising campaigns, etc. According to the information provided, these costs will be re-invoiced without the companies providing the services to Gridspertise Iberia adding a mark-up.

The above is to be interpreted according to paragraph 7.34 of the OECD Guidelines: *"When an associated enterprise is acting only as an agent or intermediary in the provision of services, it is important in applying a cost based method that the return or mark-up is appropriate for the performance of an agency function rather than for the performance of the services themselves. In such a case, it may not be appropriate to determine arm's length pricing as a mark-up on the cost of the services but rather on the costs of the agency function itself."*

In the case at hand, it is understood that Endesa, Endesa Medios y Sistemas and E-Distribución perform an intermediary function with a third party within the framework of the service provision which forms the purpose of the Related-Party Transaction. Inasmuch as it is possible to justify not adding a mark-up based on the OECD Guidelines, there are grounds for selecting the CUP method to determine compliance with the arm's length principle in the subject of this Related-Party Transaction.

- Services on which a 5% mark-up on costs incurred is applied. Valuation using the Transactional Net Margin Method ("TNMM")

The Endesa companies do not provide the services which are the subject of the transaction to third parties; consequently, the CUP may not be applied given that external benchmarking is not possible. Nor is there any external benchmarking by independent third parties that would make it possible to apply the CUP.

Given that the risks and the functions of the transaction have been fully identified, the Profit Split Method (PSM) has been ruled out.

With the application of the CUP and PSM ruled out, the method selected is the Transactional Net Margin Method (TNMM) applied to budgeted costs, using the mark-up on the costs budgeted by the service providers as a Profit Level Indicator (PLI).

The process selected for the application of this method has been examined to verify whether the remaining charges that would be received by Gridspertise Iberia as consideration for the Related-Party Transaction are consistent with the arm's length principle.

Thus, paragraph 7.31 of the OECD Guidelines states that, "Often, the application of these guidelines will lead to the use of the CUP or a cost-based method (cost plus method or cost-based TNMM) for pricing intra-group services."

We must take into account paragraph 2.65 of the OECD Guidelines, which states that "A transactional net margin method is unlikely to be reliable if each party to a transaction makes valuable and unique contributions (see paragraph 2.4). In such a case, a transactional profit split method will generally be the most appropriate method (see paragraph 2.115). However, a one-sided method (traditional transaction method or transactional net margin method) may be applicable in cases where one of the parties makes all the unique and valuable contributions involved in the controlled transaction, while the other party does not make any unique contribution."

For these reasons, we conclude that the TNMM is a suitable transfer pricing method for determining whether the Related-Party Transaction Complies with the principle of free competition. This is the method most compatible with the business and commercial structure inasmuch as it provides more and higher quality information, and because it offers a suitable degree of comparability between related- and non-related-party transactions, obviating the need for significant adjustments.

According to the OECD Guidelines and as well as Spanish domestic regulations on transfer pricing, intra-group charges must meet certain criteria, as detailed below:

- Analysis of the cost base of the Related-Party Transaction

To determine the total cost base, the providers of the services covered by the agreements shall pass through the direct and indirect costs incurred in providing the corporate services, IT services, leases and assignment of spaces and associated services: The cost of the personnel assigned to each cost center to which the service providers pass through the cost incurred; The cost of the services directly requested by each cost center in order to provide its services; and other indirect costs incurred by the service providers, such as IT systems, depreciation of property, plant and equipment, support services and leases.

- Cost-allocation method used

As the services are jointly provided to several related parties or persons, and given that these services cannot be individualized, the cost base has been determined in accordance with allocation keys that meet criteria of rationality (e.g., Art. 18.5 Spanish Income Tax Law (LIS) and paragraph 7.23 of the OECD Guidelines).

- Addition of a mark-up

In accordance with the arm's length principle, it is reasonable to add a mark-up on the costs expected to be incurred by the providers of the services that are the subject of the Related-Party Transaction. For the purpose of determining whether the mark-up is aligned with the arm's length principle, it must be considered that the services which are the subject of the Related-Party Transaction may be considered routine, low added-value services, in accordance with Chapter VII D of the OECD Guidelines. In these cases, in accordance with paragraph 7.61 of the OECD Guidelines, addition of a 5% mark-up by the service provider is reasonable.



In addition, this was verified with a benchmarking study to determine the market range of the return obtained by independent third parties carrying out activities comparable to those that make up the Related-Party Transaction. The study concluded that the median of the interquartile range (5.28%) provides the most reliable measure of the market value principle.

Therefore, the foreseen 5% mark-up is consistent with the mark-up that independent entities would be willing to agree on in comparable conditions.

Lastly, the provisions of Law 24/2013, of 26 December, on the Electricity Sector ("LSE"), which regulates the economic activities of electricity distribution carried out by E-Distribución, should be considered. Specifically, Article 12.1 LSE implies that E-Distribución's sole corporate purpose will be to conduct the economic activities envisioned in this law, and it may not conduct other economic activities.

It is therefore reasonable to conclude that E-Distribución may not obtain an economic benefit for providing the services described above. Consequently, the transfer pricing method agreed in this case is consistent with the method that would have been agreed on by independent parties in comparable conditions.

In conclusion:

- The aforementioned criteria for selecting the transfer pricing method (CUP and TNMM, based on estimated costs) are consistent with the OECD Guidelines, in light of the comparability analysis of the parties taking part in the Related-Party Transaction and the clauses of the agreements.
- The methodology for determining the cost base and the allocation criterion defined for determining the amount of the Related-Party Transaction is consistent with the recommendations set forth in the OECD Guidelines and Article 18.5 LIS. Likewise, it is considered that the criterion determined for adding or not adding a mark-up on the costs budgeted by the service providers is reasonable, and that, when this criterion is applied, the 5% mark-up is consistent with the mark-up that independent parties would be willing to agree on under comparable conditions.

Accordingly, it is reasonable to conclude that the transfer pricing methodology defined for this Related-Party Transaction is consistent with the market value principle.

3. Legal and commercial reasonableness of the transaction

The legal and commercial terms of the Agreements included in the Related-Party Transaction have been reasonably articulated around contractual terms and conditions that could have been agreed by independent parties.

The Related Party Transaction, if approved by Endesa's Board of Directors, will be formalized through the execution of non-terminating addenda amending the Agreements signed in 2023 between the Endesa Group companies (Endesa, S.A., Endesa Medios y Sistemas and E-Distribución) and Gridspertise Iberia.



Hence, by virtue of the Addenda, the parties will agree on the extension of the term of the Agreements for an additional period of one year, as well as the updating of the price agreed in the Agreements and the scope of the services that are the subject matter thereof in order to adjust it to the services to be provided by the Endesa Group to Gridspertise Iberia during the new term.

In light of this limitation in the scope of the Addenda, the remaining terms and conditions agreed in the Agreements will remain in effect during the new term thereof. In this regard, it should be noted that mutual obligations are established in all of the Agreements with regards to confidentiality, force majeure, non-assignment of the Agreements and liability, in terms that can be considered the most common terms and conditions in the market for this type of contract.

With respect to the price, even though it will be updated by virtue of the Addenda, the economic terms established in the Agreements will remain in effect. These terms establish, clearly and in detail, the criteria for calculating the price as well as the maximum amount for the entire term of the Agreements.

In addition, the Addenda do not modify the obligations assumed by Gridspertise in the Agreements to avoid situations from which a conflict of interest may arise with respect to the activities or services that are the subject matter thereof, obligations that will remain in effect during the new term of the Agreements. Consequently, for cases in which a conflict of interest is unavoidable, Endesa or the relevant Endesa Group company will be entitled to terminate the relevant Agreement.

Therefore, in light of these legal and commercial terms and conditions, it can be concluded that the Related-Party Transaction has been reasonably articulated around contractual terms and conditions 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 Gridspertise Iberia to the detriment of Endesa Group companies and Endesa itself.

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

After analyzing 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 extension of the agreements analyzed herein.

PwC 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 relationship with the Enel Group or with the Endesa Group that could compromise its capacity as an independent expert for the purposes of issuing its Report or that could give rise to a conflict of interest in conducting the analysis and drawing up the conclusions therein.

In the Report issued to Endesa's Audit and Compliance Committee, it is concluded that the approval of Addenda for the extension of the agreements for the provision of services by Endesa, S.A, Endesa Medios y Sistemas, S.L y E-Distribución Redes Digitales as service providers and Gridspertise Iberia, S.L. as the recipient of the services is fair and reasonable from the standpoint of Endesa and, in particular, its shareholders other than the related party, i.e. other than the Enel Group.



VI. CONCLUSION OF THE AUDIT AND COMPLIANCE COMMITTEE

First, it should be noted 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. Furthermore, the Committee has a Shareholder-Appointed Director representing the controlling shareholder Enel, who holds 70.10% of the share capital of Endesa.

In accordance with Article 529 duovicies, paragraph 3, of the Capital Corporations Law, Mr. Stefano De Angelis, who is a shareholder-appointed director and representative of Enel, was not involved in the preparation of this Report.

The rest of the members of the Audit and Compliance Committee took part in the preparation and agreed on the contents of this Report on the provision of services by Endesa Group companies to Gridspertise Iberia, S.L.

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

- From an operational and strategic standpoint, by providing these services, the Endesa Group companies are able to move forward more efficiently in the process of resource optimization, without generating additional costs and thus to obtain a return.
- The conditions under which the services would be provided do not entail an additional effort for the Endesa Group. No risks associated with the provision of the services on the basis of the service providers' past experience have been detected.
- The pricing method applied conforms to Spanish tax legislation on transfer prices and to OECD guidelines, as the prices of this transaction reflect what independent parties would have agreed under similar circumstances.
- The Related-Party Transaction has been reasonably articulated around contractual terms and conditions that could have been agreed by independent parties. In addition, it should be noted that all of the Agreements subject to the Addenda set out obligations for Gridspertise to avoid situations that might give rise to a conflict of interest regarding the activities or services that are covered by the Agreements.

The Audit and Compliance Committee concludes that the execution of Addenda for the extension of the agreements for the provision of services by Endesa, S.A, Endesa Medios y Sistemas, S.L y E-Distribución Redes Digitales as service providers and Gridspertise Iberia, S.L. as the recipient of the services is fair and reasonable from the standpoint of Endesa and its shareholders other than the related party.

VII. CONCLUSION OF THE BOARD OF DIRECTORS

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



REPORT OF THE AUDIT AND COMPLIANCE COMMITTEE ON THE FAIRNESS AND REASONABLENESS OF THE CONTRACTS FOR THE PROVISION OF ELECTRIC CHARGING SOLUTIONS AND THE PROVISION OF SERVICES BETWEEN ENDESA X WAY AND ENDESA ENERGÍA



REPORT OF THE AUDIT AND COMPLIANCE COMMITTEE ON THE FAIRNESS AND REASONABLENESS OF THE ELECTRIC CHARGING INFRASTRUCTURE CONTRACTS BETWEEN ENDESA X WAY AND ENDESA ENERGÍA

I. INTRODUCTION AND REGULATORY FRAMEWORK

In accordance with the provisions of paragraph 3 of article 529 duovicies of the amended and restated Spanish Capital Corporations Law, as approved by Royal Legislative Decree 1/2010, of 2 July, Endesa's Audit and Compliance Committee hereby issues this Report to assess whether the transaction is fair and reasonable from the standpoint of the company and, where appropriate, shareholders other than the related party, and indicate the assumptions on which the assessment is based and the methods used.

In accordance with Article 529 unvicies, paragraph 3, the Report issued and, as the case may be, 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 standpoint of the company and of shareholders who are not related parties.

Furthermore, Endesa has developed its own internal regulatory framework in this area, which includes, inter alia, a Related-Party Transaction Regulations approved by the Board of Directors, as well as a Related-Party Transaction Operating Procedure approved by the Audit and Compliance Committee, implementing the guidelines set forth in the Regulations and defining the proceedings, functions and responsibilities relating to the general rules on requests for and the approval, publication and monitoring of related-party transactions. These regulations have been applied in this case.

II. OVERVIEW OF THE TRANSACTION

a) Background

In the energy transition process, electric mobility is a crucial factor for achieving decarbonization and electrification targets. Electric vehicles are carbon neutral and may be charged using renewable energy sources, making them a key tool for the sustainable electrification of demand. In Spain, as in the rest of the countries of the area, the electric mobility business is growing.

To meet this challenge, in which the leading utilities play an essential role, the Endesa Group considers it necessary to offer services adapted to the needs of customers, who are increasingly demanding with respect to more complete products and services. Endesa Energía, S.A.U., in order to meet the needs of those customers, including public administrations, who are demanding comprehensive mobility solutions, from the sale of electricity through the provision of electric charging services (mobility solutions), is interested in contracting, on a non-exclusive basis, Endesa X Way, S.L. as charging infrastructure service provider.

In May 2023 Endesa X Way, S.L. and Endesa Energía, S.A.U. executed a framework agreement governing the terms and conditions under which Endesa X Way, S.L. offered Endesa Energía,



S.A.U., on a non-exclusive basis, the provision of electric-vehicle charging solutions, including the entire installation process, the supply of equipment, as well as the operation and maintenance service (granting of an infrastructure management software license and provision of maintenance services) the term of which expires on 30 April 2024.

Consequently, it is proposed that a new framework agreement be arranged on the basis of terms similar to those set out in the agreement signed in May 2023, with a term of one year, until 30 April 2025, or until a maximum amount of 1.5 million euros is reached, on a non-exclusive basis, in order for Endesa X Way, S.L. to provide Endesa Energía, S.A.U. with electric-vehicle charging solutions targeting B2B and B2G customers, including the entire installation process, the provision of equipment, as well as the operation and maintenance service (granting of an infrastructure management software license and provision of maintenance services) when required by Endesa Energía, S.A.U. (the "Related-Party Transaction").

b) Purpose and amount of the transaction.

The purpose of the transaction is the execution of a new framework agreement, on a non-exclusive basis, establishing the terms and conditions under which Endesa X Way will provide Endesa Energía with electric-vehicle charging solutions for B2B and B2G customers, including the entire installation process, provision of equipment, operation and/or use of charging infrastructure, for a maximum amount of €1.5 M. The term of the contract will run until 30 April 2025 or, as applicable, until the date on which the amount of €1.5 M has, in the aggregate, been used.

The overall scope of the services to be provided is: Turnkey solution services for designing and scaling the installation process, provision of charging equipment and other equipment and switchgear needed to develop the infrastructure, management of project permits and processing of applications, execution of civil engineering work and electric installation and legalization and roll-out of the infrastructure; operation and maintenance service for the charging infrastructure; and provision of infrastructure management solutions, including preventive maintenance, helpline, emergency support and warranty services.

III. IDENTIFICATION OF THE PARTY RELATED TO ENDESA

The company providing the service: Endesa X Way, S.L. is a 51% investee of Enel X Way, which in turn is a fully owned subsidiary of Enel S.p.A, and a 49% investee of Endesa Mobility, a fully owned subsidiary of Endesa S.A.

The company receiving the service: Endesa Energía, S.A.U. is a fully owned subsidiary of Endesa.

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 shareholders of Endesa who hold 10% or more of the voting rights or who are represented on the Board of Directors, as well as with any other persons considered as parties related to Endesa, in accordance with International Accounting Standards. Therefore, all transactions entered into by Endesa or its subsidiaries and Enel or its subsidiaries (excluding the Endesa Group) shall be considered related-party transactions.

Enel and its subsidiaries (excluding the Endesa Group) and Endesa and its subsidiaries are considered "the same counterparty" for the purposes of determining the thresholds for related-



party transaction publication. In other words, the same counterparty is considered both the related person, whether natural or legal, as well as any other entity under their control and, in the case of natural persons, their close relatives, as defined in IAS 24.

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

1. Operational, strategic, technical and commercial rationale.

Endesa's 2024-2026 Strategic Plan reflects the company's commitment to the clean electrification of demand in order to achieve safe, sustainable and cost-effective energy systems. In addition, Endesa is committed to maximizing the value of its portfolio of customers, helping them move toward a more electrified future, enhancing the effectiveness and efficiency of the process of attracting new customers, as well as increasing their loyalty by providing value-added solutions.

Given the current transformation of the energy sector, especially the transport sector, with the adoption of cleaner and more sustainable energy sources, Endesa Energía is transitioning toward a business model characterized by packetizing charging infrastructure (including the provision of the infrastructure maintenance service) along with the electric power for charging its customers' electric vehicles. In this context, and to meet customer demand, it is considered necessary that Endesa Energía have a one-stop provider of charging points.

The Contract would give Endesa Energía the advantage and the added value of having a supplier able to comprehensively meet potential demand from its customers, complying, as applicable, with the requirements set forth in the respective tender documents, i.e., from the turnkey installation of the charging infrastructure to operation and maintenance of that infrastructure, including the granting of an infrastructure management software use license. Endesa Energía thus ensures that its needs are met with a single supplier.

EXW has strong know-how, a good market position and strong purchasing power, allowing it to offer a complete service in line with the needs of Endesa Energía and its customers, at a price — for the charging equipment, installation and operation and maintenance — that could prove more competitive than that offered by other suppliers outside of the Enel Group. Nonetheless, it is important to take into account that the Contract will be signed, as the case may be, on a non-exclusive basis; consequently, Endesa Energía may request offers from other suppliers and select the proposal it deems most competitive.

The non-exclusive turnkey supply of charging solutions by an Enel Group company such as EXW allows the company to (i) have a competitive offering in terms of technical specifications, conditions, guarantees and price for the services, (ii) meet the needs of Endesa Energía for services fully adapted to its needs and, therefore, to those of its potential customers; and (iii) ensure the availability of a supply offering by a given deadline and of a given scope.

2. Economic reasonableness. Methods used

Economic rationale

The application of the at arm's length principle is generally based on the comparison of the terms and conditions for a related-party transaction with the terms and conditions for transactions between independent companies. For these comparisons to be useful, the relevant economic characteristics of the situations being compared should be sufficiently comparable.



Paragraph 1.33 of the OECD Guidelines states that “Application of the arm's length principle is based on a comparison of the conditions in a controlled transaction with the conditions that would have been made had the parties been independent and undertaking a comparable transaction under comparable circumstances. There are two key aspects in such an analysis: the first aspect is to identify the commercial or financial relations between the associated enterprises and the conditions and economically relevant circumstances attaching to those relations in order that the controlled transaction is accurately delineated; the second aspect is to compare the conditions and the economically relevant circumstances of the controlled transaction as accurately delineated with the conditions and the economically relevant circumstances of comparable transactions between independent enterprises.”

Furthermore, 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.

The arm's length price of the Related-Party Transaction has been analyzed as outlined below:

1. An assessment has been carried out to ensure that the services subject to the Related-Party Transaction allow Endesa Energía to obtain a benefit (benefit test):

The Agreement, if executed, will allow Endesa Energía to have a competitive offering of EXW equipment and services in order to offer such equipment and services to its customers.

The Agreement is not signed, as applicable, on an exclusivity basis; consequently, Endesa Energía may request proposals from suppliers other than EXW, ensuring that it is able to provide its customers the most competitive offering or, as the case may be, the offering that meets the requirements of the relevant tender process.

Based on the above, it is reasonable to conclude that the Related-Party Transaction provides a return to Endesa Energía, which is consistent with the OECD Guidelines and the requirements of Article 18.5 LIS for the deductibility of expenses on intra-group services.

2. The transfer pricing methodology used to determine the consideration of the Related-Party Transaction was reviewed.

To verify that the Related-Party Transaction is in line with the principle of free competition, firstly, the possibility of applying the Comparable Uncontrolled Price (“CUP”) method was considered. In accordance with paragraph 2.14 *et seq.* of the OECD Guidelines, “the CUP method compares the price charged for property or services transferred in a controlled transaction to the price charged for property or services transferred in a comparable uncontrolled transaction in comparable circumstances.” Likewise, paragraph 2.15 provides that, where it is possible to locate comparable uncontrolled transactions, the CUP method is preferable. In accordance with the above, the CUP is accepted as the most appropriate method to analyze the transfer pricing policy applied in the related-party transactions herein.



In light of the above, and given that there is information available on the price agreed between independent third parties, it is possible to conclude that the assumptions needed to apply the CUP method in order to verify the market value of the provision of the services that make up the Related-Party Transaction are met.

The price offered by ENDESA X WAY, S.L. for the provision of "turnkey solution" services is slightly lower than that offered by independent entities under comparable conditions, and the price offered by ENDESA X WAY, S.L. for the provision of charging infrastructure operation and maintenance services to Endesa Energía is consistent with the catalog of standard prices established for independent parties. Therefore, it is possible to conclude that the transaction price is reasonable from the standpoint of the arm's length principle.

3. Legal rationale

The Related-Party Transaction has been reasonably articulated around contractual terms and conditions that could have been agreed by independent parties.

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

In analyzing the transaction, the Audit and Compliance Committee has taken into account 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 related-party transaction covered by this Report.

PwC 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 relationship with the Enel Group or with the Endesa Group that could compromise its capacity as an independent expert for the purposes of issuing its Report or that could give rise to a conflict of interest in conducting the analysis and drawing up the conclusions therein.

In the Report issued for Endesa's Audit and Compliance Committee, PwC states that it may be concluded that the approval of the Framework Agreement for the provision of electric-vehicle charging solutions for B2B and B2G customers, including the entire process of installation, supply of equipment, operation and/or use of charging infrastructure, on a non-exclusive basis, between Endesa X Way and Endesa Energía, as described in this document, is fair and reasonable from the standpoint of Endesa and the shareholders who are not related parties.

VI. CONCLUSION OF THE AUDIT AND COMPLIANCE COMMITTEE

First, it should be noted 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. Furthermore, the Committee has a Shareholder-Appointed Director representing the controlling shareholder Enel, who holds 70.10% of the share capital of Endesa.



In accordance with Article 529 duovicies, paragraph 3, of the Capital Corporations Law, Mr. Stefano De Angelis, who is a shareholder-appointed director and representative of Enel, was not involved in the preparation of this Report.

The rest of the members of the Audit and Compliance Committee took part in the preparation and agreed on the contents of this Report.

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

- By virtue of the Agreement, Endesa Energía would have the competitive advantage of having, on a non-exclusive basis, a one-stop supplier capable of offering a comprehensive solution for electric-vehicle charging. It should also be noted that the nature of the Related-Party Transaction is in line with Endesa Energía needs and, therefore, with those of its potential customers.
- Entering into this Contract with an Enel Group company allows Endesa Energía to (i) have a competitive offering in terms of technical specifications, conditions, guarantees and price for the services, (ii) meet the needs of Endesa Energía for services fully adapted to its needs and, therefore, to those of its potential customers; and (iii) ensure the availability of an offering by a given deadline and under given terms and conditions.
- EXW has strong know-how, a good market position and strong purchasing power, allowing it to offer a complete service in line with the needs of Endesa Energía and its customers, at a price — for the charging equipment, installation and operation and maintenance — that could prove more competitive than that offered by other suppliers outside of the Enel Group. Nonetheless, it is important to take into account that the Contract will be signed, as the case may be, on a non-exclusive basis; consequently, Endesa Energía may request offers from other suppliers and select the proposal it deems most competitive.
- According to the requirements set forth in the OECD Guidelines and Article 18.5 LIS, the proposed services provide Endesa Energía with a return or profit.
- The prices offered by EXW for the provision of “turnkey solution” services and “charging infrastructure operation and maintenance” services are consistent with the arm's length principle.

Endesa's Audit and Compliance Committee concludes that the approval of the Framework Agreement for the provision of electric-vehicle charging solutions for B2B and B2G customers, including the entire process of installation, provision of equipment, operation and/or use of charging infrastructure, on a non-exclusive basis, between Endesa X Way and Endesa Energía is fair and reasonable from the standpoint of Endesa and the shareholders other than the related party.

VII. CONCLUSION OF THE BOARD OF DIRECTORS

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



REPORT OF THE AUDIT AND COMPLIANCE COMMITTEE ON THE FAIRNESS AND REASONABLENESS OF THE RELATED-PARTY TRANSACTION CONSISTING OF THE RATIFICATION OF THE SALE OF LNG BETWEEN ENDESA ENERGÍA, S.A.U. AND ENI GLOBAL ENERGY MARKETS, S.p.A.



REPORT OF THE AUDIT AND COMPLIANCE COMMITTEE ON THE FAIRNESS AND REASONABLENESS OF THE RELATED-PARTY TRANSACTION CONSISTING OF THE RATIFICATION OF THE SALE OF LNG BETWEEN ENDESA ENERGÍA, S.A.U. AND ENI GLOBAL ENERGY MARKETS, S.p.A.

I. INTRODUCTION AND REGULATORY FRAMEWORK

In accordance with the provisions of paragraph 3 of article 529 duovicies of the amended and restated Spanish Capital Corporations Law, as approved by Royal Legislative Decree 1/2010, of 2 July, Endesa's Audit and Compliance Committee hereby , issues this Report to assess whether the transaction is fair and reasonable from the standpoint of the company and, where appropriate, shareholders other than the related party, and indicate the assumptions on which the assessment is based and the methods used.

In accordance with Article 529 unvicies, paragraph 3, the Report issued and, as the case may be, 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 standpoint of the company and of shareholders who are not related parties.

Furthermore, Endesa has developed its own internal regulatory framework in this area, which includes, inter alia, a Related-Party Transaction Regulations approved by the Board of Directors, as well as a Related-Party Transaction Operating Procedure approved by the Audit and Compliance Committee, implementing the guidelines set forth in the Regulations and defining the proceedings, functions and responsibilities relating to the general rules on requests for and the approval, publication and monitoring of related-party transactions. These regulations have been applied in this case.

II. OVERVIEW OF THE GENERAL TRANSACTION

a) Background for the transaction

In 2020, Endesa Energía and Eni Global Energy Markets S.p.A. Entered into an open-ended LNG framework supply agreement, which at the date of issue of this Report remains in effect. This agreement is the legal framework under which the LNG purchase transaction between Endesa Energía and Eni, which is the subject of this report, is carried out.

On 31 July 2023, Endesa Energía initiated its activity as the company that was the successful bidder on the logistics services of the El Musel terminal, in Gijón. This was an important milestone given that this terminal provides flexibility at a time of congestion in European terminals. In addition, the LNG tanks provide storage capacity, and the exclusive use of the terminal creates a possibility for new business opportunities, all of which helps strengthen energy supply security in Europe.

Currently, given the fluctuations in demand and the changes in the gas market, Endesa Group has a surplus gas position for the coming months that it needs to manage.



b) Purpose and amount of the transaction.

The purpose of the transaction is to ratify the sale by Endesa Energía, S.A.U. of 293 GWh of LNG at the El Musel terminal to Eni Global Energy Markets SpA, for delivery on 8 May 2024, for approximately €8 M, based on the market-price valuation of the May TTF product with a discount.

The final amount of the transaction will depend on the average for the TTF DA product quotes in May.

The sale is aimed at providing the ability to adjust the physical balance of Endesa Energía's gas, and to take advantage of the market conditions.

The Audit and Compliance Committee of Endesa, S.A. shall be informed of the final amount of the transaction.

III. IDENTIFICATION OF THE PARTY RELATED TO ENDESA

One party is **Endesa Energía S.A.**, a company fully owned by Endesa, S.A. Enel Iberia, a fully-owned subsidiary of Enel Spa, holds 70.101% of the share capital of Endesa. Therefore, Endesa Energía is controlled by Enel Spa.

The other party is **Eni Global Energy Markets S.p.A.**, a company fully owned by Eni S.p.A ("Eni Group") and therefore a subsidiary thereof. For its part, the Eni Group is a 30.33% investee of the Italian government. Therefore, Eni is a related counterparty of Enel.

Under accounting legislation (IAS 24, IAS 10 and IAS 28), given that the Italian government controls Enel, S.p.A. and Eni, S.p.A., the transaction between Endesa Energía S.A. and Eni Global Energy Markets S.p.A. is considered a related-party transaction.

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

1. Operational and strategic rationale of the transaction

The Framework Agreement allows Endesa Energía to have a higher degree of flexibility, increasing supply security by diversifying its LNG suppliers, as well as to maximize the profitability of its operations given that, through LNG sale transactions, it may reduce its physical position and obtain a financial spread.

In the current context of the energy markets, the Framework Agreement allows Endesa Energía to operate and to increase the number of options for the execution of LNG sale transactions and to obtain additional commercial margins.

In the gas marketing activity, it is essential to manage the physical balance of gas in a manner making it possible to continually achieve equilibrium while meeting customer demand at all times. In recent months, demand in the retail gas markets has been declining, primarily as a result of decreased consumption by the combined cycles that use gas to produce heat and electricity. This situation primarily relates to the current context of renewable energies penetration in the generation mix of the Spanish electricity system, with renewable generation above technical expectations.



The situation has resulted in Endesa Energía having a long physical position for May, which should be managed.

In addition to making the May 2024 energy balance viable, the sale of LNG to Eni allows Endesa Energía to obtain a positive commercial margin.

2. Economic reasonableness of the transaction. Methods used

- I. In accordance with Endesa's model, LNG sale and purchase transactions between Endesa Energía and Eni are to be carried out according to the following principles:
 - Two alternative binding offers from independent third parties must be reliably obtained, effectively showing that Eni's offer is the most favorable to Endesa Energía's interests.
 - If it is not possible to obtain alternative offers from independent third parties, the transaction may go ahead if approved by Endesa's Chief Executive Officer, provided that the following guarantees are met:
 - Endesa Energía shall use an indication of the estimated transaction price (applicable market benchmark indexes), supplemented with other internal price estimation methods, such as benchmarks from brokers, counterparties in similar transactions, official reports and publications (Icis Heren, Platts, Reuters...), internal price-forecasting models.
 - Eni's offer must be comparable with the price estimate defined in the previous section, such that it is the most favorable to Endesa Energía's interests.
 - Documentary records must be kept of unanswered requests for quotations and estimates.
 - Subsequently, an ex post validation exercise (outcome testing) will be carried out in order to validate the terms ultimately applied to the transactions and confirm that the pricing methodology was properly followed. This review will be carried out by independent experts appointed by Endesa S.A.'s Audit Committee.
- II. Analysis of compliance with the arm's length principle and election of transfer pricing method:

The application of the at arm's length principle is generally based on the comparison of the terms and conditions for a related-party transaction with the terms and conditions for transactions between independent companies. For these comparisons to be useful, the relevant economic characteristics of the situations being compared should be sufficiently comparable.

To verify that the Related-Party Transaction is in line with the principle of free competition, the market price has been determined by applying the Comparable Uncontrolled Price ("CUP") method, using Comparable Uncontrolled Transactions ("CUTs"), inasmuch as Endesa Energía has conducted similar transactions with independent parties. In addition, Endesa Energía has information on external market comparables (official quotes from reference brokers in the sector and from Mibgas (organized gas market)) that can be used as a market price benchmark.

The analysis that was carried out is an ex ante analysis as set out in paragraph 3.69 of the OECD Guidelines:

"In some cases, taxpayers establish transfer pricing documentation to demonstrate that they have made reasonable efforts to comply with the arm's length principle at the time their intra-group transactions were undertaken, i.e. on an ex ante basis (hereinafter "the arm's length price-setting" approach), based on information that was reasonably available to them at that point. Such information includes not only information on comparable transactions from previous years, but also information on economic and market changes that may have occurred between those previous years



and the year of the controlled transaction. In effect, independent parties in comparable circumstances would not base their pricing decision on historical data alone."

As explained above, the customary methodology in this type of transaction consists of comparing the proposed price for the Related-Party Transaction with at least two comparable market bids before closing the transaction, in order to ensure that the Related-Party Transaction is the most favorable for Endesa Energía's interests in accordance with the ex ante controls set out in the methodology determined by Endesa for this type of related-party transaction.

Nevertheless, given that this is a non-standard transaction, and owing to the immediate nature of the opportunity, it was not possible to obtain two binding alternative bids.

The price established for the LNG sale was compared on the basis of, on the one hand, a comparable uncontrolled transaction and, on the other, the official quotes and the Mibgas market price quotes in VBP/tank, applying a discount on the market quote. The TTF index market price has been obtained from an independent financial information database and is therefore in line with the prices prevailing in the market, as they are agreed under terms and conditions that could be established with independent parties. Taking the above into account, although the index price would be in line with market value, it has been confirmed that the discount applied to the TTF index market price complies with the market value principle, as the TTF discount applied in the comparable uncontrolled transaction is higher than the discount proposed for the Related-Party Transaction. In addition, the information relating to quotes from reference brokers in the sector (ICAP, Tullett Prebon, BGC) and from Mibgas (organized gas market) on the quote for the VBP discount with respect to the TTF was analyzed, and it was concluded that in no case is the discount on the TTF determined in the Related-Party Transaction higher than the market benchmarks published by the brokers specialized in the sector and by Mibgas (organized gas market).

For this reason, it can be inferred that the methodology for determining the price of the Related-Party Transaction is reasonable from an economic standpoint for Endesa Energía, inasmuch as the application of this methodology yields a price higher than the market benchmarks published by brokers and by Mibgas (organized gas market).

Lastly, in accordance with the methodology established by Endesa for this type of related-party transactions, an ex post validation exercise ("outcome-test") will be carried out by an independent expert selected by Endesa's Audit and Compliance Committee in order to validate the terms and conditions eventually applied to the transactions and to confirm that the methodology was properly applied.

3. Legal reasonableness

The Related-Party Transaction is legally executed by signing what is known as the "Confirmation", i.e. a document setting out the specific terms of the purchases, and based on a form attached to the Framework Agreement.

The terms and conditions applicable to the specific purchases and sales of LNG to be carried out under the Framework Agreement, such as the Related-Party Transaction arranged in the Confirmation, are regulated in the Framework Agreement itself, an analysis of which makes it possible to conclude that these terms and conditions were agreed by Enel and Endesa Energía according to customary terms for international contracts of this nature, and could have been agreed by independent parties.

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

After analyzing 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 addendum to the agreement analyzed herein.



PwC 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 relationship with the Enel or ENI Group or with the Endesa Group that could compromise its capacity as an independent expert for the purposes of issuing its Report or that could give rise to a conflict of interest in conducting the analysis and drawing up the conclusions therein.

In the Report issued to Endesa's Audit and Compliance Committee, PwC concluded that the ratification of the sale of 293 GWh of liquefied natural gas (LNG) at the El Musel port terminal by Endesa Energía, S.A.U. to Eni Global Energy Markets SpA as described in this document is fair and reasonable from the standpoint of Endesa and shareholders who are not related parties.

VI. CONCLUSION OF THE AUDIT AND COMPLIANCE COMMITTEE

First, it should be noted 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. Furthermore, the Committee has a Shareholder-Appointed Director representing the controlling shareholder Enel, who holds 70.10% of the share capital of Endesa. In accordance with Article 529 duovicies, paragraph 3, of the Capital Corporations Law, Mr. Stefano De Angelis, who is a shareholder-appointed director and representative of Enel, was not involved in the preparation of this Report.

The rest of the members of the Audit and Compliance Committee took part in the preparation and agreed on the contents of this Report.

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

1. the nature of the transaction is in line with Endesa's strategic plan, inasmuch as it allows the company to reduce its long position in volume by one third, obtaining a positive margin.
2. The Related-Party Transaction allows Endesa Energía to: (i) respond to fluctuations in the demand for gas in the retail market; (ii) balance and reduce its long physical position for May 2024; and (iii) obtain a positive commercial margin.
3. In accordance with paragraph 2.14 of the OECD Guidelines and Article 18.4 of the Spanish Corporate Income Tax Law ("LIS"), the CUP method is the most reliable transfer pricing method for determining the nature of the market value of the Related-Party Transaction.
4. The methodology for determining the price of the Related-Party Transaction is reasonable for Endesa Energía from an economic standpoint, inasmuch as the application of this methodology yields a price higher than the market benchmarks published by brokers and by Mibgas (organized gas market).
5. Furthermore, the price established in the LNG sale was agreed based on market prices (TTF index) and applying a discount. The TTF index market price is obtained from an independent financial information database and is therefore in line with the prices prevailing in the market, given that they are agreed under terms and conditions that could be established with independent third parties. In addition, in applying the ex ante control methodology, it has been confirmed that in no case is the discount on the TTF index higher than the discounts applied by independent third parties.
6. Therefore, it is reasonable to conclude that the price agreed for the related-party transaction is, in general, consistent with the market value principle and in no case higher than independent parties in similar conditions would have agreed.
7. Lastly, in accordance with Endesa's methodology for this type of related-party transactions, an ex post validation exercise (outcome testing) will be carried out in order



to validate the terms ultimately applied to the transactions and confirm that the pricing methodology was properly followed.

The Audit and Compliance Committee of Endesa hereby concludes that the ratification of the sale of 293 GWh of liquefied natural gas (LNG) at the El Musel port terminal by Endesa Energía, S.A.U. to Eni Global Energy Markets SpA as described in this document is fair and reasonable from the standpoint of Endesa and of the shareholders other than the related party.

VII. CONCLUSION OF THE BOARD OF DIRECTORS

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



REPORT OF THE AUDIT AND COMPLIANCE COMMITTEE ON THE FAIRNESS AND REASONABLENESS OF THE EXTENSION OF THE AGREEMENT FOR THE PROVISION OF LOGISTICS SERVICES BETWEEN ENDESA GENERACIÓN, S.A.U. AND ENEL PRODUZIONE, S.P.A IN THE PORTS OF CARBONERAS AND FERROL



REPORT OF THE AUDIT AND COMPLIANCE COMMITTEE ON THE FAIRNESS AND REASONABLENESS OF THE EXTENSION OF THE AGREEMENT FOR THE PROVISION OF LOGISTICS SERVICES BETWEEN ENDESA GENERACIÓN, S.A.U. AND ENEL PRODUZIONE, S.P.A IN THE PORTS OF CARBONERAS AND FERROL

I. INTRODUCTION AND REGULATORY FRAMEWORK

In accordance with the provisions of paragraph 3 of article 529 duovicies of the amended and restated Spanish Capital Corporations Law, as approved by Royal Legislative Decree 1/2010, of 2 July, Endesa's Audit and Compliance Committee hereby issues this Report to assess whether the transaction is fair and reasonable from the standpoint of the company and, where appropriate, shareholders other than the related party, and indicate the assumptions on which the assessment is based and the methods used.

In accordance with Article 529 unvicies, paragraph 3, the Report issued and, as the case may be, 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 standpoint of the company and of shareholders who are not related parties.

Furthermore, Endesa has developed its own internal regulatory framework in this area, which includes, inter alia, a Related-Party Transaction Regulations approved by the Board of Directors, as well as a Related-Party Transaction Operating Procedure approved by the Audit and Compliance Committee, implementing the guidelines set forth in the Regulations and defining the proceedings, functions and responsibilities relating to the general rules on requests for and the approval, publication and monitoring of related-party transactions. These regulations have been applied in this case.

II. OVERVIEW OF THE GENERAL TRANSACTION

a) Background for the transaction

Endesa holds the concession for the port terminals of Ferrol and Carboneras until 2035 and 2037, respectively. To date, these terminals were mainly used to serve Endesa's coal-fired power plants located in mainland Spain. Because of the closure of Endesa's mainland coal plants, new traffic is being sought for these terminals, which will enable them to remain economically viable. On 22 June 2022, the Board of Directors authorized the execution of a logistics services agreement between Endesa Generación, S.A.U. and Enel Produzione, S.p.A. at the ports of Ferrol and Carboneras (the "Agreement"), entered into by the parties on 1 July 2022, the term of which expired on 30 June 2023. Lastly, Endesa's General Shareholders' Meeting held on 28 April 2023 authorized the extension of the Agreement for an additional period of one year, i.e. from 1 July 2023 to 30 June 2024.



Enel Produzione, S.p.A. requires external coal storage in order to adapt to its actual consumption of coal, and therefore needs to extend the term of the Agreement for one additional year.

In this context, it is proposed that a non-terminating addendum to the Agreement be executed, extending the term thereof from 1 July 2024 to 30 June 2025, which is the subject matter of this report.

b) Purpose of the transaction

The purpose of the transaction is to extend the agreement for the provision of logistics services by Endesa Generación, S.A.U. to Enel Produzione, S.p.A. at the Carboneras and Ferrol terminals, from 1 July 2024 to 30 June 2025.

The logistics services provided by Endesa Generación to Enel Produzione are as follows:

- Unloading solid fuels, with cranes and own or third-party conveyor systems and/or trucks, to the storage area, including the cleaning of holds;
- Handling the storage of discharged solid fuels, including ancillary services necessary to maintain solid fuels in the storage area;
- Loading solid fuels onto ships, using a conveyor belt system, loader or own or third-party cranes, including ancillary services for transferring coal from the storage area to the loading area;
- Shipping agency services, if requested by Enel Produzione, S.p.A.;
- Customs clearance service by a duly authorized customs agency, if requested by Enel Produzione, S.p.A.;
- Inspection services, if requested by Enel Produzione, S.p.A.; and
- Suitable measures against environmental pollution in accordance with current legislation.

The agreement calls for loading and unloading a maximum of 150,000 tons at the two terminals, distributed over 12 months, during the term of the agreement.

c) Transaction amount

The agreement extension addendum subject to this report has an estimated maximum value of €3.61 M.

In the addendum to the agreement, Endesa Generación and EP have agreed on the maximum coal storage volumes for the operations to be undertaken, and these volumes may be increased at the request of PE and with approval by Endesa Generación at its sole discretion. The maximum value for the agreement includes the provision of customs clearance and inspection services.

The Agreement establishes specific fees for unloading a shipment of coal from the ship to the storage area, including the ancillary services required to complete the unloading service, i.e. cleaning of holds; fees for coal storage and handling in the storage area, including the ancillary services required to keep the coal in good condition; fees for reloading coal shipments from the storage area to the ships, including the ancillary services required to complete the loading service, i.e. the resources with which to move the coal from the storage area to the loading position.

Each party shall pay the fees and taxes legally applicable thereto and will be liable for any damages, expenses or indemnities incurred by the other party or third parties due to breach or negligence.



III. IDENTIFICATION OF THE PARTY RELATED TO ENDESA

One party is **Endesa Generation, S.A.U. ("Endesa Generation")**, a company fully owned by Endesa, S.A., and therefore a subsidiary thereof.

The other party is **Enel Produzione S.p.A. ("EP")**, a company fully owned by Enel Italia S.p.A., which in turn is wholly owned by Enel, S.p.A. and therefore a subsidiary thereof.

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 shareholders of Endesa who hold 10% or more of the voting rights or who are represented on the Board of Directors, as well as with any other persons considered as parties related to Endesa, in accordance with International Accounting Standards. Therefore, all transactions entered into by Endesa or its subsidiaries and Enel or its subsidiaries (excluding the Endesa Group) shall be considered related-party transactions.

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

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

1. Strategic, technical and commercial rationale of the transaction

Endesa has established specific targets for reducing greenhouse gas emissions within the general context of energy transition. Consequently, in its most recent Strategic Plan (2024-2026), Endesa maintains the targets for becoming carbon neutral by 2040 without using carbon storage technologies. This involves accelerating the decommissioning of the company's remaining thermal generation facilities.

Specifically, the termination of all coal-based production by 2027 is an intermediate milestone. To support this process and undertake it as efficiently as possible, Endesa Generación is taking a number of initiatives to highlight the importance of and give a second life to the significant residual infrastructures associated with this type of facilities, among them the port terminals of Ferrol and Carboneras. These infrastructures have historically provided logistics services associated with the handling of the coal required to fuel the company's thermal plants. These infrastructures can be used to load, unload and store coal that is transported on ships.

In keeping with the aforementioned infrastructure transformation and reuse strategy, Endesa Generación is continuing with the physical and administrative reconversion of both terminals in order to adapt to new traffic and different types of bulk products. Endesa Generación is currently developing an active commercial activity to pursue the execution of contracts for the provision of this type of service. The addendum to the agreement under analysis falls within this transition process.

The Related-Party Transaction is consistent with potential operations with third parties and Endesa's Thermal Plant in Alcudia (if coming into operation is required by REE), since there is sufficient capacity to meet other possible demands. Other types of operations may also be compatible.

Furthermore, the facilities, capacity and expertise of both terminals enable Endesa Generación to provide the service set out in the agreement without making any further investments and with costs adjusted to market rates, and the extension of the agreement will allow Endesa Generación to obtain an operating margin with which to recover part of the fixed costs incurred in the terminals.



Based on the above, it is reasonable for Endesa Generación to make the logistics services offered at its terminals in Ferrol and Carboneras available to third parties, as it will enable more efficient progress to be made in the process of converting these infrastructures by covering all or part of the associated costs.

2. Legal reasonableness of the transaction

The addendum analyzed herein maintains the same obligations for both parties as the agreement. An independent expert's assessment of the transaction determined that terms and conditions thereof are precise, clear and reasonable, as they establish a detailed distribution of risks between the parties with regard to the nature of the services to be provided, the product to be handled (coal) and the means of transport to be used (bulk carriers), and the transaction is comprehensive and in accordance with the usual practice for the provision of services of this nature between independent parties. In this regard, the addendum also maintains the clauses governing general aspects such as force majeure, expenses and taxes, damages, applicable law and jurisdiction drafted on an arm's length basis, in accordance with the purpose of the agreement. The clause governing conflict of interest deserves special mention as it enables Endesa Generación to terminate the agreement if certain particularly noteworthy situations of conflict of interest were to arise.

For all this, given the legal and commercial terms and conditions under which the Related-Party Transaction is expected to be executed, it can be concluded that it has been reasonably articulated around contractual terms and conditions that could have been agreed by independent parties.

3. Economic reasonableness of the transaction

The application of the at arm's length principle is generally based on the comparison of the terms and conditions for a related-party transaction with the terms and conditions for transactions between independent companies. For these comparisons to be useful, the relevant economic characteristics of the situations being compared should be sufficiently comparable.

Paragraph 1.33 of the OECD Guidelines states that "Application of the arm's length principle is based on a comparison of the conditions in a controlled transaction with the conditions that would have been made had the parties been independent and undertaking a comparable transaction under comparable circumstances. There are two key aspects in such an analysis: the first aspect is to identify the commercial or financial relations between the associated enterprises and the conditions and economically relevant circumstances attaching to those relations in order that the controlled transaction is accurately delineated; the second aspect is to compare the conditions and the economically relevant circumstances of the controlled transaction as accurately delineated with the conditions and the economically relevant circumstances of comparable transactions between independent enterprises."

To verify that the Related-Party Transaction is in line with the principle of free competition, firstly, the possibility of applying the Comparable Uncontrolled Price ("CUP") method was considered. In accordance with paragraph 2.14 *et seq.* of the OECD Guidelines, "the CUP method compares the price charged for property or services transferred in a controlled transaction to the price charged for property or services transferred in a comparable uncontrolled transaction in comparable circumstances." Likewise, paragraph 2.15 provides that, where it is possible to locate comparable uncontrolled transactions, the CUP method is preferable. In accordance with the above, the CUP is accepted as the most appropriate method to analyze the transfer pricing policy applied in the related-party transactions herein.



In this case, given that there is information available on the price agreed between independent third parties, it is possible to conclude that the assumptions needed to apply the CUP method in order to determine the market value of the related party transactions are met.

In addition, to determine the rates, Endesa Generación takes into account all direct and direct costs incurred in providing logistic and storage services, including any ancillary services required.

A comparison of the price proposed by Endesa Generación with several similar bids on the market shows that the rates offered by Endesa Generación to EP are market rates, as also confirmed by an independent expert.

Accepting the usual limitations in terms of comparability, and in accordance with the analysis of the transaction by the independent expert, it is considered that the fees for determining the value of the Related Party Transaction are reasonable from a transfer pricing standpoint, given that they are aligned with the internal benchmarks both for the service provider and for the service receiver under conditions similar to those foreseen for the Related-Party Transaction.

Within the framework of the agreement, EP may ask Endesa Generación to conduct the administrative management of customs clearance through a qualified customs agency, as well as the administrative management of inspection services to be carried out by an authorized company selected by Endesa Generación.

Endesa Generación will re-invoice the services provided to EP for an estimated total amount of 26,000 euros. The re-invoiced expenses relate to the costs agreed with independent parties, previously accepted by Endesa Generación (i.e. relating in and of themselves to market values), with the entity that re-invoices the charge acting solely as an intermediary in the transaction, for which reason the stated amount is consistent with market values.

As a result of the above, this pricing method conforms to Spanish tax legislation on transfer prices and to OECD guidelines, as the prices of this transaction reflect what independent parties would have agreed under similar circumstances.

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

After analyzing 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 addendum to the agreement analyzed herein.

PwC 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 relationship with the Enel Group or with the Endesa Group that could compromise its capacity as an independent expert for the purposes of issuing its Report or that could give rise to a conflict of interest in conducting the analysis and drawing up the conclusions therein.

In the Report issued to Endesa's Audit and Compliance Committee, PwC concluded that the approval of the addendum to the agreement for the provision of logistics services by Endesa Generación to Enel Produzione at the Carboneras and Ferrol port terminals described in this document is fair and reasonable from the standpoint of Endesa and shareholders who are not related parties.



VI. CONCLUSION OF THE AUDIT AND COMPLIANCE COMMITTEE

First, it should be noted 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. Furthermore, the Committee has a Shareholder-Appointed Director representing the controlling shareholder Enel, who holds 70.10% of the share capital of Endesa. In accordance with Article 529 duovicies, paragraph 3, of the Capital Corporations Law, Mr. Stefano De Angelis, who is a shareholder-appointed director and representative of Enel, was not involved in the preparation of this Report.

The rest of the members of the Audit and Compliance Committee took part in the preparation and agreed on the contents of this Report.

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

- It is reasonable for Endesa Generación to continue making the logistics services offered at its two terminals in the ports of Ferrol and Carboneras available to third parties, as it will enable more efficient progress to be made in the process of converting these infrastructures by covering all or part of the associated costs.
- The conditions under which the service would be provided to EP are reasonable and are reasonably priced, so this will enable progress to be made in the transformation towards new traffic while leaving sufficient surplus capacity to meet possible new demands from Endesa Generación itself or third parties, so the associated opportunity cost is not significant.
- The agreed price was compared with offers from qualified operators for comparable transactions. The pricing method applied conforms to Spanish tax legislation on transfer prices and to OECD guidelines, as the prices of these transactions reflect what independent parties would have agreed under similar circumstances.
- The terms and conditions of the agreement are the usual terms in transactions of this type between completely independent parties.

The Audit and Compliance Committee concludes that the approval of the addendum to the agreement for the provision of logistics services by Endesa Generación to Enel Produzione at the port terminals of Carboneras and Ferrol is fair and reasonable from the standpoint of Endesa and shareholders other than the related party.

VII. CONCLUSION OF THE BOARD OF DIRECTORS

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



REPORT OF THE AUDIT AND COMPLIANCE COMMITTEE ON THE FAIRNESS AND REASONABLENESS OF THE RELATED-PARTY TRANSACTION CONSISTING OF THE PHYSICAL COAL SUPPLY BY ENEL PRODUZIONE AND ENEL GLOBAL TRADING TO ENDESA GENERACIÓN.



REPORT OF THE AUDIT AND COMPLIANCE COMMITTEE ON THE FAIRNESS AND REASONABLENESS OF THE RELATED-PARTY TRANSACTION CONSISTING OF THE PHYSICAL COAL SUPPLY BY ENEL PRODUZIONE AND ENEL GLOBAL TRADING TO ENDESA GENERACIÓN.

I. INTRODUCTION AND REGULATORY FRAMEWORK

In accordance with the provisions of paragraph 3 of article 529 duovicies of the amended and restated Spanish Capital Corporations Law, as approved by Royal Legislative Decree 1/2010, of 2 July, Endesa's Audit and Compliance Committee hereby , issues this Report to assess whether the transaction is fair and reasonable from the standpoint of the company and, where appropriate, shareholders other than the related party, and indicate the assumptions on which the assessment is based and the methods used.

In accordance with Article 529 unvicies, paragraph 3, the Report issued and, as the case may be, 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 standpoint of the company and of shareholders who are not related parties.

Furthermore, Endesa has developed its own internal regulatory framework in this area, which includes, inter alia, a Related-Party Transaction Regulations approved by the Board of Directors, as well as a Related-Party Transaction Operating Procedure approved by the Audit and Compliance Committee, implementing the guidelines set forth in the Regulations and defining the proceedings, functions and responsibilities relating to the general rules on requests for and the approval, publication and monitoring of related-party transactions. These regulations have been applied in this case.

II. OVERVIEW OF THE GENERAL TRANSACTION

a) Background for the transaction

- Endesa Generación is the second leading Spanish company in electricity generation, with 21,247 MW at the end of 2023, with which it was able to generate 60,264 GWh. In Spain, electric power generation includes generation both on the Iberian Peninsula and in Non-Peninsular Territories (Canary Islands, Balearic Islands, Ceuta and Melilla).

Power generation in the Non-Peninsular Territories has the following differentiating characteristics with respect to the system in mainland Spain: (i) lack of economies of scale; (ii) need for greater reserve margins; and (iii) utilization of a specific technology mix conditioned by



resource availability, giving thermal generation a preponderant role in ensuring security of supply.

Indeed, installed thermal power (considered to mean combined cycles, coal, liquid fuels and gas) constitutes 83% of the total installed power in the Balearic Islands in 2023.

For the definition of its 2024-2026 strategic plan, the Endesa Group has included environmental sustainability as one of its principles, based on, *inter alia*, its exit from the coal business in 2027.

In this context, Endesa Generación continues to operate some of its coal-fired plants. Specifically, it operates two coal-fired generation units (groups 3 and 4) at its plant in Alcudia, on the Balearic Islands, with operations limited to 500 hours for each group in the calculation for a calendar year.

The Alcudia thermal plant's stock management model allows Endesa Generación to have, at the beginning of each fiscal year, the volume of coal it needs to operate, within the limitations corresponding to equivalent hours of operation. Therefore, Endesa Generación's coal management model allows it to handle, with the maximum guarantees, orders from the System Operator. According to information provided, these orders are concentrated during the summer months (June, July and August) owing to the higher demand for electricity on the island in these months. However, it may request that the plant enters into operation at any time of the year.

Consequently, Endesa Generación needs to procure 60 kt of coal before 31 December 2024, in order to guarantee the functioning of the stock management model in 2024 and 2025. With respect to 2024, the company needs to immediately manage a volume of 10 KT of coal (deliveries in May and June 2024) owing to stock readjustments for 2024. With respect to 2025, before 1 January 2025, the company must ensure a volume of 50 KT of coal; for this reason, the appropriate steps must be taken in October 2024.

- Fuels for electricity generation in the Non-Peninsular Territories, are required to be supplied in accordance with Law 17/2013, Royal Decree 738/2015 and Order TED/1315/2022, through fuel auctions called by the Ministry for Ecological Transition and Demographic Challenge. For now, however, the Ministry has not called these auctions.

If the auction procedure is implemented in the period in question, Endesa Generación will attend the auctions.

- A specific process restricted to physical transactions in coal was authorized by the Board of Directors of Endesa in 2017, requiring three alternative offers (including the one from Enel) to be requested, prior to contracting with the ENEL Group, in order to verify that the ENEL Group offer is the most favorable for ENDESA. The operations include a specific methodology determining ex ante and ex post controls. These operations have been adapted to the special circumstances posed by coal purchases for the Alcudia Thermal Plant, among other factors, owing to current market volatility, the shortage of coal from certain sources, changes in aspects such as batch size, coal quality, the designated port of delivery (Alcudia), which imposes restrictions on the size of the ships that it can receive, along with the diminished importance in the market of the volume of coal to be purchased by Endesa.



b) Purpose and amount of the transaction.

To authorize the physical purchase of up to 60 kt of coal by Endesa Generación from Enel Produzione and Enel Global Trading, between 7 May and 31 December 2024, for a notional amount that, at current prices, would come to €8.5 M. The Audit and Compliance Committee shall be informed of the final amount of the transaction.

In any event, there is no obligation for Endesa Generación to acquire coal from Enel Produzione and Enel Global Trading, and Endesa Generación is still able to go directly to the market when the conditions are more favorable than those offered by its related party.

The transactions carried out within the scope of this authorization shall not exceed a maximum value of 60 kt, at an estimated nominal value of €8.5 M, at the current price. Each transaction will have a maximum settlement period of 6 months (to reduce volatility in transaction prices and adjust the settlement deadline to the maximum delivery time of ships arriving from the most distant destination (3 months) with a maximum planning period of the order by ENDESA of an additional 3 months).

III. IDENTIFICATION OF THE PARTY RELATED TO ENDESA

One party is **Endesa Generación, S.A.U.**, a company fully owned by Endesa, S.A. Enel Iberia, a fully-owned subsidiary of Enel Spa, holds 70.101% of the share capital of Endesa. Therefore, Endesa Generación is controlled by Enel Spa.

Other parties are **Enel Produzione and Enel Global Trading**, companies fully owned by Enel S.p.A and therefore subsidiaries thereof, and members of the Enel Group.

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

1. Operational and strategic rationale of the transaction

The related party transaction should be analyzed within the context of power generation needs in the Balearic Islands and Non-Peninsular Territories along with the Endesa Group's strategic plan for 2024-2026.

The option of operating with Enel in this specific case is in keeping with the need to purchase very limited volumes (a maximum of 60 kt), far from the quantities of coal that are regularly transacted in this market (60 to 150 kt ships).

Enel has signed contracts for loading, storing and unloading coal at ports on the Iberian Peninsula (primarily in Tarragona, Carboneras and Ferrol). This gives Enel a strategic advantage when it comes to supplying coal, at a volume below the standard market volume (60 to 150 kt ships), to the Alcludia plant, because of its proximity to the Tarragona port.

Consequently, the option of operating with Enel allows Endesa to acquire the coal it needs to operate the Alcludia thermal plant, all while conserving the capacity to have an alternative to the market when the economic conditions offered on the markets are more favorable than those offered by Enel. This would ensure, according to the expected consumption, that it has up to a



maximum of an annual 500 equivalent hours of operation in 2025 and up to 100 hours for potential extraordinary needs in 2024.

Therefore, it is reasonable to conclude that the transaction consisting of the purchase of coal by Endesa Generación from Enel is aligned with the purpose, values and strategic plan of the Company and Endesa Group.

2. Economic reasonableness of the transaction. Methods used

In accordance with paragraph 2.14 of the OECD Guidelines and Article 18.4 of the Corporate Income Tax Law ("LIS"), the CUP method, which "compares the price charged for property or services transferred in a controlled transaction to the price charged for property or services transferred in a comparable uncontrolled transaction in comparable circumstances," is the most reliable transfer pricing method to establish the market value nature of the Related-Party Transaction.

Furthermore, paragraph 2.15 provides that a transaction may be considered comparable to another if "*reasonably accurate adjustments can be made to eliminate the material effects of such differences.*"

The following methodology is used to set the price of the Related-Party Transaction:

- ✓ Endesa Generación will request two additional bids from qualified operators in the market willing to offer the quantity and quality of coal required by Endesa Generación. Subsequently, and before the relevant Related Party Transaction is closed, Endesa Generación will compare the bids obtained on the market with the bid from Enel Produzione or EGT in order to ensure that it is the most economical bid, assuming the other conditions are equal.
- ✓ If there is no possibility of obtaining the alternative bids indicated above, the relevant transaction may be carried out with Enel Produzione or EGT if it is positive for Endesa Generación; however, physical coal purchase transactions signed with Enel Produzione or EGT must be approved individually by Endesa's CEO, once the impossibility of obtaining the two alternative bids and Endesa's interest in the transaction have been verified.

In addition, these transactions must be carried out with the following assurances, which necessarily must be independently approved by Endesa's General Manager of Energy Management:

- That Endesa uses an indication of the estimated transaction price, supplemented with other internal price estimation methods, such as benchmarks from brokers, counterparties in similar transactions, official reports and publications (Icis Heren, Platts, Reuters...), internal price-forecasting models, etc.;
 - The offer made by Enel Produzione or EGT must be comparable with the price estimate defined in the preceding section, such that it is the most favorable to Endesa Generación's interests; and
- ✓ Subsequently, an ex post validation exercise (outcome testing) will be carried out in order to validate the terms ultimately applied to the transactions and confirm that the pricing methodology was properly followed. Once the transactions have been carried out, Endesa Generación will verify the indexes published during the delivery and settlement period and verify their validity by ensuring that the most economically favorable bid for Endesa Generación (out of the three available bids) at the time the bids are made has been selected. This review will be carried out by independent experts appointed by Endesa and as regularly as deemed necessary by Endesa's Audit and Compliance Committee.

Therefore, it is reasonable to conclude that the valuation methodology used to determine the price of the coal purchase transactions would be reasonable from the standpoint of transfer



pricing inasmuch as it is based on the market benchmarks provided by independent operators or coal price indexes.

3. Legal and commercial reasonableness of the transaction

The Contract has been drafted using terms and conditions that are commonly accepted in the international market and that govern other similar transactions in the market.

The parties have determined a reasonable allocation of the risks for the delivery of the coal supply, as well as mechanisms for the management of force majeure events, under generally-accepted terms and appropriate early termination events and liability schemes.

In particular, the Contract foresees mechanisms to ensure that the coal is supplied under certain conditions, with respect to its weight and quality, in each of the deliveries made to Endesa Generación, through the participation in the delivery of independent third parties that will inspect the products. As for the price, the Contract determines the formula on the basis of which the price will be calculated, which will depend on the amount of coal effectively delivered.

In light of the above, it can be concluded that the related-party transaction will be implemented in a reasonable manner and under contractual terms that could have been agreed by independent parties.

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

After analyzing 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 physical coal purchase by Endesa Generación from Enel Produzione and Enel Global Trading.

PwC issued its Report in its capacity as an independent expert. On the date the report was issued, PwC did not have any sort of commercial relationship with the Enel Group or with the Endesa Group that could compromise its capacity as an independent expert for the purposes of issuing its Report or that could give rise to a conflict of interest in conducting the analysis and drawing up the conclusions therein.

In the report issued for Endesa's Audit and Compliance Committee, the independent expert concluded that the Related-Party Transaction consisting of the physical coal supply by Enel Produzione and Enel Global Trading to Endesa Generación is fair and reasonable from Endesa's standpoint and in particular from the standpoint of the shareholders that are not related parties i.e., the shareholders other than the Enel Group.

VI. CONCLUSION OF THE AUDIT AND COMPLIANCE COMMITTEE

First, it should be noted 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. Furthermore, the Committee has a Shareholder-Appointed Director representing the controlling shareholder Enel, who holds 70.10% of the share capital of Endesa.



In accordance with Article 529 duovicies, paragraph 3, of the Capital Corporations Law, Mr. Stefano de Angelis, who is a shareholder-appointed director and representative of Enel, was not involved in the preparation of this Report.

The rest of the members of the Audit and Compliance Committee took part in the preparation and agreed on the contents of this Report on the fairness and reasonableness of the physical coal supply by Enel Produzione and Enel Global Trading to Endesa Generación.

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

1. The transaction consisting of the purchase of coal by Endesa Generación from Enel is aligned with the purpose, values and strategic plan of the Company and Endesa Group.
2. Physically purchasing coal from an Enel Group company allows Endesa Generación to ensure the availability of a product with specific qualities and a volume very much below the market standard in order to meet the needs of Endesa Generación for the Alcludia plant.
3. The risks identified as arising from the physical coal purchase from an Enel Group company are the same as those that would be identified in the event that the supplier was a third party external to the Enel Group.
4. The methodology used to determine the price for the Related-Party Transaction conforms to Spanish tax legislation on transfer pricing and to OECD Guidelines and is reasonable from a transfer pricing point of view.

Consequently, in order to verify the economic reasonableness of Enel's bid, as a preferential method, Endesa Generación will request two additional bids in order to compare Enel's price with two market bids before closing the transaction; alternatively, if it is not possible to obtain such bids, the offer furnished by Enel will be compared with the price calculated on the basis of market benchmarks (plus or minus a spread based on quality, source and other reasons, supplemented with other internal pricing methods).

Subsequently, an ex post validation exercise (outcome testing) will be carried out by an independent third party in order to confirm the terms ultimately applied to the transaction.

The Audit and Compliance Committee concludes that the physical coal supply by Enel Produzione and Enel Global Trading to Endesa Generación is fair and reasonable from the standpoint of Endesa and of the shareholders other than the related party.

VII. CONCLUSION OF THE BOARD OF DIRECTORS

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