

**Statement of Non-Financial Information and
Sustainability 2021**

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PRESENTATION LETTER

After a year of uncertainty, during which the pandemic has continued to play a central role, adaptation to the macrotrends of energy transition has assumed great importance, favouring the resilience and competitiveness of companies and reducing their risk profile. The disruption caused by the pandemic has shown that sustainability is a key factor in future survival, and that being part of progress and change opens up a range of opportunities for businesses that introduce it as a cornerstone of their strategy.

Decarbonisation is one of the key aspects to take into account in this energy transition, driven by the regulatory framework of the European Union Green Deal and the National Integrated Energy and Climate Plan. As proof of its commitment, ENDESA is accelerating its previous decarbonisation plans and bringing forward to 2040 the ambitious goal to decarbonise its activities, becoming a 100% renewable company and in this way highlighting the company's ambition to spearhead the process of decarbonisation and energy transition. In addition, ENDESA has announced its departure from the coal business by 2027 and abandonment of the gas business by 2040.

In this regard, the new 2022-2024 Strategic Plan takes into account these objectives and outlines the lines of action for their achievement, based on two main pillars:

- 48% growth in installed capacity for renewable sources to 12,300 MW, ensuring that 92% of ENDESA's mainland production is free of CO₂ emissions by the end of 2024.
- The drive to digitise the network, entailing an investment of 2,900 million euros. This will lead to improved quality of service and a reduction of losses.

A competitive generation base, together with a quality and reliable energy supply, will permit the electrification of consumption, gaining the loyalty of a greater number of customers, through an increasingly wide and innovative range of services, contributing to economic growth and a higher quality of life.

All this is included in an investment plan where the outlay is fully aligned with the objective of reaching net zero emissions by 2040, thus complying with the objective set in the Paris Agreement to ensure that the average global rise in temperature does not exceed 1.5 °C compared with pre-industrial levels. Under this plan for the 2022-2024 period, 89% of the planned investment is aligned with SDG 13 (Climate Action), which in turn includes SDG 7 (Affordable and Non-Polluting Energy), SDG 9 (Industry, Innovation and Infrastructure) and SDG 11 (Sustainable Cities and Communities).

Additionally, in line with the classification currently stipulated by European regulations to determine environmentally sustainable economic activities or European Taxonomy, 81% of the investments included in ENDESA's 2022-2024 plan are eligible, so they are aligned with the criteria of this regulation, being in the list of environmentally sustainable activities. This percentage establishes a direct relationship with access to sustainable financing, as it is at the heart of ENDESA's financial strategy. In this regard, it is expected that 80% of financing will come from sustainable sources by 2024, reaching more than 90% in 2030. In short, ENDESA intends to continue playing an important role in the sustainable recovery of economic activity after the pandemic and promoting a new economic model that is more responsible and inclusive.

ENDESA maintains a firm commitment to the development of local communities in the environments where its assets and business projects are located. Through a Creating Shared Value model, which the company has been applying since 2016, ENDESA establishes a participatory process with social, business and institutional agents to define support plans for each asset or project, with the aim of maximising the value to the local environment. The measures incorporated in these plans include training courses for local communities, promotion of primary and tertiary sector activities that promote socio-economic activity in the area, energy

efficiency initiatives, self-consumption and energy communities in the municipalities that host the projects.

There is a particular focus on the areas affected by the closures of coal-fired power plants. ENDESA, in keeping with its commitment to make a Just Energy Transition, voluntarily presented, together with the closure requests, its so-called Futur-e Plans. The main objective of these plans is to carry out an energy transition that helps to mitigate the potential impact of these closures on the local population, through 4 lines of action: (i) proactive job search for staff directly affected; ii) promotion of economic activity in the area, prioritising its own investments in these environments or looking for alternative third-party activities, which are implemented in the company's sites; iii) education and training of the local population to improve their employability and iv) sustainability initiatives within the municipality.

In short, it is about putting sustainability at the heart of the business strategy and how assets and projects are operated.

The circular economy, linked to SDG 12 (Responsible Production and Consumption), is another key concept in the strategy. The circular economy must complement the decarbonisation process to effectively tackle the problem. It is necessary to reflect on the economic model, considering all stages of the life cycle: Extraction, production, use and disposal, in addition to the flows of materials and energy consumed at each of the stages of its life cycle. To implement the circular economy, ENDESA reassesses business all across the value chain by applying innovative thinking and considering both energy flow and materials, from the design and procurement stages to end customers, including energy generation, and infrastructures and networks. This is applied with specific approaches in the different units within the company.

Under ENDESA's strategy, 90% of the generation fleet is expected to be circular by 2030 (reduction in the use of materials and fuel at the generation facilities throughout the life cycle, compared with 2015).

ENDESA is aware that it must continue to maintain the highest possible demands in all business areas, applying an approach based on sustainability. This is reflected in transparent and ethical governance, at the forefront of the application of good practices, which has reinforced the commitment to continue integrating sustainability and good governance into the management of all ENDESA's activities.

In response to all the above aspects, as well as the creation of sustainable value shared with all its stakeholders throughout the value chain and ENDESA's commitment to respect Human Rights, an update of the Human Rights Policy has been carried out, which was approved in December by the Board of Directors of ENDESA.

We remain fully committed to the Ten Principles of the UN Global Compact, to the Guiding Principles on Business and Human Rights and to the Seventeen Sustainable Development Goals included in the 2030 Agenda.

For ENDESA, diversity is an essential factor in ensuring the company's competitiveness and a key element of its corporate governance strategy. In this area, it should be noted that following its incorporation in the Valuable 500 disability inclusion initiative, ENDESA has remained steadfast in its commitment to the promotion of diversity and inclusion, this being core to the company's strategy. ENDESA signed up to Valuable 500 in 2021, undertaking to enhance and expand actions relating to digital accessibility, autonomy, mobility, development and employability of people with disabilities. These are initial steps on which ENDESA is continuing to work to build a more inclusive company.

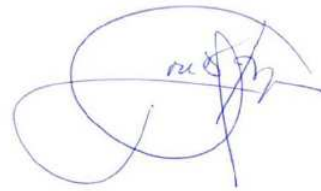
This commitment to sustainability is recognised by leading sustainability indices and analysts worldwide. As a result, ENDESA has again been included for the 21st consecutive year in the Dow Jones Sustainability Index, repeating its highest ever score. In addition, it has established itself as a leader in the sector, both in the Euronext Vigeo Eiris, and in the FTSE4Good index,

occupying in the former, in addition, second position among the approximately 5,000 companies worldwide from all sectors. It also achieved MSCI's AAA rating for sustainability. As a result, Endesa is among the most highly rated companies with regard to social, environmental and good corporate governance criteria in the IBEX-35.

In conclusion, ENDESA reaffirms its commitment to sustainability because it firmly believes that this will not only strengthen its strategy and business, but will also have a direct impact on society, helping it to be more prosperous, inclusive, sustainable and resilient in the current process of transition and change.



Juan Sánchez-Calero Guilarte
Chairman



José Damián Bogas Gálvez
Chief Executive Officer

COMPANY VISION

- 1. About ENDESA.**
- 2. Value creation.**
- 3. Materiality.**
- 4. Sustainability strategy.**
- 5. Sustainable Finance and Taxonomy.**
- 6. ESG performance assessment.**

1. ABOUT ENDESA

The scope of the information provided in this chapter covers both ENDESA, S.A. and its investee companies in Spain and Portugal, the same as in the Legal Documentation reports. For further information, see section 1.2.6. *Organisational structure* in Chapter 1. *About ENDESA*. Variations, if any, to the scope described here are presented throughout the chapter.

1.1. Financial, operational and sustainable milestones

1.1.1. Financial indicators

2-6/EU1/EU2/EU3

In 2021, revenue stood at Euro 20,899 million, down Euro by 3,849 million (+22.6%) on that obtained in 2020.

In 2021, EBITDA was 4,278 million euros (+12.0%).

As regards financial performance, Net income attributed to the Parent amounted to 1,435 million euros in 2021 compared to 1,394 million euros obtained in the previous year (2.9%). In order to analyse this performance, the following effects should be taken into account:

- The accounting entry in 2021 and 2020 for the impairment of the cash generating units (CGUs) of each of the non-mainland territories (TNP) in the Balearic Islands, the Canary Islands, Ceuta and Melilla, totalling Euro 489 million and Euro 253 million, respectively, in order to adapt the net carrying amount of these assets to their recoverable value.
- The entry into force of the “V ENDESA Framework Collective Agreement” in 2020 and the recognition of certain workforce restructuring provisions under ENDESA's Decarbonisation Plan, the Digitalisation of Processes and other plans in the “Agreement on Voluntary Measures to Suspend or Terminate Employment Contracts”, led to a total net negative impact of Euro 244 million (see section 9.2.2. *Operating expenses* of this *Consolidated Management Report*).

Net ordinary income for 2021 amounted to 1,902 million euros, down 10.8% on the previous year.

The breakdown of contributions to foundations and non-profit entities in 2021 can be consulted below:

- **ENDESA Foundation**, for an amount of 5 million euros. This annual donation is made to the Foundation to develop and finance its foundational activities, which are structured in support of education, training for employment, biodiversity and culture.
- **Universo Mujer II Programme** (Public administration), for the sum of 1 million euros. This donation is made within the framework of a programme classified as being of "exceptional public interest", which aims to promote and increase female participation in all areas of sport.

Below, details are provided of the most relevant financial indicators and how they have changed year on year:

FINANCIAL INDICATORS

	2019	2020	2021
Revenues (millions of euros)	20,158	17,050	20,899
EBITDA (millions of euros)¹	3,841	3,809	4,278
Profit for the year (millions of euros)²	171	1,394	1,435
Ordinary Profit for the year (millions of euros)³	1,562	2,132	1,902
Share Capital (millions of euros)	1,271	1,271	1,271
Non-Current Borrowings (millions of euros)	5,652	5,901	7,211
Contributions to foundations and non-profit organisations (millions of euros)⁴	8.4	27.2	7.0
Foundations (millions of euros)	6.5	21.3	5.9
Public administrations (millions of euros)	1.9	5.9	1.1
Public subsidies received (millions of euros)⁵	1.7	1.4⁶	1.7

¹ EBITDA = Income - Procurements and services + Work carried out by the Group for its assets - Personnel expenses - Other fixed operating expenses.

² Net Income = Net Income Attributable to the Parent.

³ Net Ordinary Income = Net Income of the Parent Company – Net Gain/(Loss) on Disposal of Non-Financial Assets (exceeding 10 million euros) – Net Impairment Losses on Non-Financial Assets (exceeding 10 million euros).

⁴ The information on Contributions to foundations and non-profit entities corresponds to the amounts accrued in 2021.

⁵ Details regarding public subsidies received corresponds to the total amount of public subsidies collected in 2021, all of which were collected in Spain (coming to 1.7 million euros in 2019 and 1.4 million euros in 2020, both amounts in Spain).

⁶ Amount adjusted for subsequent events and details occurring after year end.

1.1.1.1. Investments

In 2021, ENDESA made gross investments of 2,432 million euros. Of this amount, 2,389 million euros were related to investments in property, plant and equipment and intangible assets, and the remaining 43 million euros to financial investments, as follows:

Gross investment in generation in 2021 corresponded, for the most part, to the construction of facilities for the generation of electricity from renewable sources for an amount of 717 million euros, of which 103 million euros and 6 million euros correspond to companies acquired and/or incorporated in 2021 and 2020, respectively (394 million euros in 2020). It also includes the recognition of a right of use asset corresponding to the land where certain renewable generation facilities are located, for an amount of 72 million euros.

ENDESA, through ENDESA X Servicios, S.L.U., has invested 17 million euros in 2021, mainly in the e-City, e-Home and e-Mobility activities, in the development of other products and services.

Gross investments in distribution of 819 million euros related to network extensions and expenditure aimed at optimising the network in order to improve the efficiency and quality of the service provided.

On the other hand, the total accumulated cost of acquiring treasury stock as of December 31, 2021 amounted to 3.4 million euros.

Information on the main investments is provided in Notes 20.1.1 and 23.1.1 to the Consolidated Financial Statements for the year ended 31 December 2021.

1.1.2. Operating indicators

OPERATING INDICATORS

	2019	2020	2021
NET INSTALLED CAPACITY (MW)	23,365	21,652	21,140
Conventional thermal	7,159	5,098	3,978
Oil	2,334	2,334	2,334
Coal	4,825	2,764	1,644
Nuclear plant	3,318	3,328	3,328
Combined cycle	5,480	5,445	5,445
Renewable	7,408	7,781	8,389
Hydroelectric	4,748	4,749	4,746
Wind	2,308	2,423	2,546
Photovoltaic	352	609	1,097
NET ELECTRICITY PRODUCTION (GWh)¹	61,402	56,269	57,592
Conventional thermal	13,346	5,650	4,853
Oil	5,703	4,217	4,077
Coal	7,643	1,433	776
Nuclear plant	26,279	25,839	25,504
Combined cycle	11,687	11,365	14,441
Renewable	10,090	13,415	12,794
Hydroelectric	5,861	7,681	6,122
Wind	4,127	5,235	5,605
Photovoltaic	101	498	1,066
Rest	1	1	1
ELECTRICITY SALES TO END CUSTOMERS (GWh)	89,441	80,772	79,458
Regulated price	11,385	11,342	10,705
Deregulated market ²	78,056	69,430	68,753
NUMBER OF ELECTRICITY CUSTOMERS³ (thousands)	10,635	10,420	10,251
Regulated market ⁴	4,807	4,730	4,373
Deregulated market ²	5,828	5,690	5,878
GAS SALES (GWh)⁵	79,784	70,045	76,991
Deregulated market	45,584	39,665	41,147
Regulated market	1,295	1,225	1,318
International market	19,968	17,440	17,765
Wholesale business	12,937	11,715	16,761
NUMBER OF GAS CUSTOMERS³ (thousands)	1,649	1,673	1,684
Regulated market	230	233	232
Deregulated market	1,419	1,440	1,452
ENERGY DISTRIBUTED¹ (GWh)	126,454	124,658	131,090
WORKFORCE (end of year)	9,952	9,591	9,258

¹ Data measured in bars at the substation.

² To provide coherent economic data for this business, we include sales made by ENDESA Energia and customers in European countries outside of Spain and Portugal.

³ Supply points.

⁴ Tariff customers. Does not include access customers.

⁵ Excluding own generation consumption.

1.1.3. Sustainable indicators

1.1.3.1. Generation of wealth in 2021

ENDESA's activity as a producer and supplier of electricity is a key element in the economic and social development of the countries in which it operates.

The economic value generated and distributed by ENDESA in 2019, 2020 and 2021 was as follows:

SUSTAINABLE INDICATORS (MILLIONS OF EUROS)

	2019	2020 ¹	2021
Direct economic value generated	20,184	17,160	21,639
Economic value distributed	18,445	16,316	19,710
Dividends	1,562	2,132	1,522
Operating and other fixed expenses	15,485	11,395	15,923
Personnel expenses	1,022	1,147	916
Taxes and levies	155	1,413	1,147
Investment in social projects	12.5	34	14
Finance expenses	209	195	188
Economic value retained	1,739	844	1,929

¹At 31 December 2021, ENDESA changed the way in which its Consolidated Financial Statements are presented. These changes have been implemented retroactively, which has involved amending the Consolidated Financial Statements corresponding to the year ended 31 December 2020. Furthermore, this has entailed changing the figures broken down in these indicators for the year ended 31 December 2020, bringing them in line for the purposes of presenting the financial information.

1.1.3.2. Achievement of the objectives of the ENDESA Sustainability Plan (PES) 2021-2023



ENDESA has addressed each of the priorities and strategic pillars defined in the 2021-2023 Sustainability Plan, through more than 120 quantitative management targets, securing an overall rate of compliance of 95%.

ACHIEVEMENT OF THE OBJECTIVES OF THE SUSTAINABILITY PLAN

Line of action	Achievement in 2021
Future of generation	89%
Electrification	91%
People we work with	98%
Global and local communities	100%
Responsible supply chain	100%
Occupational health and safety	83%
Environmental sustainability	95%
Good governance	99%
Growth accelerators	99%
TOTAL	95%

1.2. Commitment to the new energy model

1.2.1. Open Power strategic positioning

Our VISION: OPEN POWER positioning

At ENDESA, we strive to be at the forefront of developments in the energy sector to bring safe, affordable and sustainable energy to millions of people. Aware of the profound changes that the industry is experiencing, we find ourselves in a new era for energy that is more open, participatory and digital.

The graph below sets out the vision, mission and values of ENDESA:



1.2.2. Creation of sustainable value

The integration of financial and non-financial information enables effective communication of the business model and its value-creation process, both with regard to its results and to the short, medium and long-term outlook. It provides an overview for partners and stakeholders to make their business decisions with sufficient information, as environmental, social and economic aspects are becoming increasingly important.

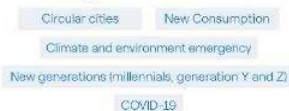
The following chart summarises the creation of value in ENDESA, showing its main figures and how these translate into results and value created for stakeholders through ENDESA's organisation and business model, which are characterised by robust and transparent corporate

governance and a sustainable strategy that, among other things, prioritises achieving the Sustainable Development Goals (SDGs), particularly Goals 7, 9, 11 and 13.

Inputs

	Amount	Unit
Prosperity		
Net financial debt ¹	8.806	M€
Equity of the Parent	5.380	M€
Gross Investments in Property, Plant and Equipment and Intangible Assets	2.389	M€
Property, Plant and Equipment	22.097	M€
Net Installed Capacity	21.140	MW
Net Installed Mainland Renewable Capacity	8.389	MW
Distribution and Transmission Grids	316.506	Km
Distributed Energy ²	131.090	GWh
End Consumers ³	12.359	Thousands
Digitalised Customers ⁴	12.472	Thousands
Net Electricity Sales ⁵	79.458	GWh
Number of Electricity Customers ^{6,7}	10.251	Thousands
Number of Electricity Customers on the Deregulated Market ⁸	5.878	Thousands
Public and Private Electricity Charging Stations	9.482	Units
Intangible Assets	1.542	M€
People		
Period-End Headcount	9.258	No. of employees
% Women in Final Headcount	25.5	No. of employees (%)
% Women in management positions	21.0	No. of employees (%)
Planet		
Coal consumption	412	kt
Fuel oil consumption	792	kt
Diesel consumption	861	kt
Natural gas consumption	2.148	Mm ³
Uranium consumption	675	t
Process water withdrawal	4.6	hm ³

Context: Opportunities and Threats



How we do it

Governance → Strategy → Performance → Outlook

What we do

Business Strategy	Company Trends		
	Decarbonisation	Digital Platforms	Electrification
	✓	✓	✓
	✓	✓	✓
	✓	✓	✓

Creation of long-term sustainable value



Governance Principles. OPEN POWER

Vision	Mission	Values
<ul style="list-style-type: none"> To be at the forefront of developments in the energy sector to bring safe, affordable and sustainable energy to millions of people. 	<ul style="list-style-type: none"> To open access to secure and sustainable energy. To open access to energy for new technologies. To open access to energy for people. To open access to energy for new uses. To open access to energy for broader alliances. 	<ul style="list-style-type: none"> Responsibility. Innovation. Trust. Proactivity.

Future of work and focus on people



Outputs & Shareholder Value Creation

	Amount	Unit
Prosperity		
Direct Economic Value Generated	21.639	M€
Public Administrations	(1.147)	M€
Share Buybacks	79.659	Shares
Dividends Paid	2.132	M€
Revenue	20.899	M€
EBITDA ¹	4.278	M€
Net ordinary income ¹	1.902	M€
Additional Net Installed Mainland Renewable	627	MW
TIEPI (duration of supply interruptions) ²	50.0	Minutes
Patents and Licences	10	Units
People		
Frequency of Fatal Accidents Index: Own Employees ³	0.12	
Training Hours (average per employee) ⁴	43.95	Hours
Turnover ⁵	10.1	%
Planet		
Direct Carbon Dioxide Emissions - Scope 1	10.702.129	t
SO ₂ Emissions	7.591	t
NO _x Emissions	43.413	t
Particle Emissions	703	t
Biodiversity-conservation projects	29	No. projects

¹ See the definition in Section 7 Alternative Performance Measures (APMs) in the Consolidated Management Report.

² Energy supplied to customers, with or without a contract, auxiliary consumption from generators and outputs to other networks (transport and distribution).

³ Customers of distributors.

⁴ Smart meters activated.

⁵ Sales to end customers.

⁶ Supply points.

⁷ Customers of retailers.

⁸ Customers of suppliers in the deregulated market.

⁹ Source: In house. Data for the last 12 months.

¹⁰ Frequency Index = Total number of accidents excluding those on journeys to and from work compared to total number of hours worked multiplied by 1,000,000.

¹¹ Average training given per employee (average number of hours of training).

¹² Percentage of contracts terminated compared to final workforce.

1.2.3. ENDESA's sustainable business model

ENDESA has developed a sustainable business model, recognising that it must focus its business strategy on meeting the major challenges facing the society in which it performs its activities. Climate change is the main challenge for all of ENDESA's stakeholders. ENDESA, therefore, recognises that it must play a leading role in fighting this challenge. To this end, it is pursuing a business model that aims to lead the energy transition, in line with the United Nation's Sustainable Development Goals (SDGs) and the objectives of the Paris Agreement. The objective is to meet the challenge of decarbonisation and so contain the average increase in global temperatures to below 1.5°C compared with the pre-industrial period, creating shared value for all stakeholders and spreading its sustainability principles and commitments throughout the value chain.

Around 90% of the investments in ENDESA's 2022-2024 Strategic Plan address SDG 13 (Climate Action) which it contributes to through specific actions relating to SDG 7 (Affordable and clean energy), through growth in renewable energy capacity; SDG 9 (Industry, innovation and infrastructure), through digitalisation of the distribution network and SDG 11 (Sustainable cities and communities), driving the electrification of energy consumption through the sale of products and roll out of charging stations for electric vehicles. This demonstrates the extent to which sustainability is integrated into ENDESA's business model. For more details see section 4.4.1. *Sustainable Development Goals*. Furthermore, approximately 81% of the investments included in the Strategic Plan 2022-2024 are eligible under the EU taxonomy.



This strategic plan guides the company's activities towards a sustainable business model, which is complemented by ENDESA's sustainability plan, which brings together the company's sustainability guidelines, including over 100 quantitative objectives for a the 2022-2024 period.

This strategic approach of the business model reflects the company's vision, mission and values. Through innovation and by implementing the values in our "Open Power" positioning, ENDESA is continuing to contribute to achieving the United Nations Sustainable Development Goals, promoting solutions to reduce environmental impact and meet the needs of its customers and the local communities where it operates, while always ensuring the safety of its employees and contractors.

1.2.4. Main Activities as part of ENDESA's Business

2-1/2-6/2-1

ENDESA, S.A. (hereinafter, "the Parent" or the "Company") and its subsidiaries make up the ENDESA Group (hereinafter, "ENDESA"). The Company's registered, tax and head offices are at calle Ribera del Loira, 60, Madrid.

The Company was incorporated as a public limited company under Spanish law in 1944 under the name Empresa Nacional de Electricidad, S.A. and changed its name to ENDESA, S.A. pursuant to a resolution passed by the shareholders at the General Meeting of shareholders on 25 June 1997. Since that date there has been no subsequent change in its corporate name.

Its corporate purpose is the electricity business in all industrial and commercial areas, the exploitation of all types of primary energy resources, the provision of industrial services or services relating to its main area of business, particularly the gas business, and those preliminary or supplementary to the corporate purpose, and management of the corporate Group, comprising investments in other companies. Both domestically and internationally, the Company carries out those activities that integrate its purpose directly or through its shareholdings in other companies.

ENDESA, S.A.'s corporate purpose is mainly categorised in section D, division 35 of the Spanish Business Classification Index (CNAE).

ENDESA, S.A. and its subsidiaries (ENDESA or the "Company") operate in the electricity and gas business, mainly in the markets of Spain and Portugal. To a lesser extent, ENDESA also supplies electricity and gas in other European markets, and other products and services related to its main business.

The organisation is divided into generation, supply and distribution activities, each of which includes electricity and, in certain cases, gas activities and other products and services.

In view of the areas of business carried on by the subsidiaries of ENDESA, S.A., transactions are not highly cyclical or seasonal.

1.2.5. Main markets

2-1/2-6

ENDESA's business model is organised into various business lines to effectively handle the risks and exploit the opportunities of the constantly changing energy sector. This enables it to respond flexibly in the markets where it operates, considering the needs of its customers and the territories and businesses where it is active.

These business lines reflect the activities ENDESA performs: generation, distribution and marketing of electricity and gas, mainly, in Spain and Portugal, and, to a lesser extent, marketing of electricity and gas in other European markets, particularly Germany, France and the Netherlands, from its platform in Spain, and marketing of other products and services related to its main business.

The markets in which ENDESA carries out its activities are as follows:

1.2.5.1. Market in Spain.

- **Electricity generation:** ENDESA carries out its electricity generation activities in the mainland and in Non-mainland territories (TNP), which include the Balearic and Canary Islands and the self-governing cities of Ceuta and Melilla.
 - In the mainland territory, conventional and renewable generation is a deregulated activity, although there is specific remuneration for generation from renewable energies.
 - Conventional generation in Non-Mainland Territories (TNP) is subject to specific regulations which address the particular nature of their geographical location, with regulated remuneration. There are incentives for investment in generation from renewable sources in the Non-mainland Territories (TNP) to reduce costs.

- **Supply of electricity, gas and other products and services:** This activity consists of supplying energy in the market and the sale of other products and services to customers. The supply of energy is a deregulated activity.
- **Electricity distribution:** The purpose of the electricity distribution activity is to distribute electricity to the consumption points. Electricity distribution is a regulated activity.

1.2.5.2. Portuguese market

2-1

- **Electricity generation:** Electricity generation in Portugal is carried out in a competitive environment.
- **Supply of electricity, gas and other products and services:** This activity is deregulated in Portugal.

1.2.6. Organisational structure

2-1/2-2/2-6

ENDESA, S.A.'s activity is structured by business lines, giving the Company flexibility and the ability to respond to the needs of its customers in the territories and businesses in which it operates.

ENDESA, S.A. works primarily through the following companies to organise its business lines:

1.2.6.1. Electricity generation: ENDESA Generación, S.A.U.

This company was set up on 22 September 1999 to hold the generation and mining assets of ENDESA, S.A.

ENDESA Generación, S.A.U. comprises holdings in Gas y Electricidad Generación, S.A.U. (100%) and Unión Eléctrica de Canarias Generación, S.A.U. (100%), which manage the conventional generation assets in the Non-mainland Territories (TNP), and ENEL Green Power España, S.L.U. (EGPE) (100%), which manages renewable-energy generation assets.

At 31 December 2021, ENDESA's potential total net installed capacity in Spain amounted to 21,140 MW, of which 16,800 MW are found in the Mainland Electricity System and 4,340 MW in Non-mainland Territories (TNP) in the Balearic Islands, Canary Islands, Ceuta and Melilla. The net installed capacity for renewables at that date stood at 8,389 MW, of which 8,312 MW relate to the mainland electricity system, which represents 49% of its net installed capacity.

During 2021, ENDESA's generation in Spain had a total net output of 57,592 GWh.

EU1

NET INSTALLED CAPACITY

	MW		%	
	2020	2021	2020	2021
Oil	2,334	2,334	11%	11%
Coal	2,764	1,644	13%	8%
Natural gas	5,445	5,445	25%	26%
Renewable	7,781	8,389	36%	40%
Nuclear	3,328	3,328	15%	16%
Total	21,652	21,140	100%	100%

EU2

NET ELECTRICITY PRODUCED

	GWh		%	
	2020	2021	2020	2021
Oil	4,217	4,077	7%	7%
Coal	1,433	776	3%	1%
Natural gas	11,365	14,441	20%	25%
Renewable	13,415	12,794	24%	22%
Nuclear	25,839	25,504	46%	44%
Total	56,269	57,592	100%	100%

1.2.6.2. Energy distribution: ENDESA Red, S.A.U.

This company was set up on 22 September 1999 and marked the culmination of the integration of ENDESA, S.A.'s regional distribution companies in Spain.

Among other interests, this company holds 100% interests in Edistribución Redes Digitales, S.L.U., which engages in regulated electricity distribution activities, and ENDESA Ingeniería, S.L.U. (100%).

At 31 December 2021, ENDESA distributed electricity in 24 Spanish provinces (La Coruña, Almería, Badajoz, Barcelona, Cadiz, Córdoba, Girona, Granada, Huelva, Huesca, the Balearic Islands, Jaen, Las Palmas, Leon, Lleida, Málaga, Ourense, Santa Cruz de Tenerife, Seville, Soria, Tarragona, Teruel, Zamora and Zaragoza) in 8 Autonomous Communities (Andalusia, Aragon, the Canary Islands, Castilla y Leon, Catalonia, Extremadura, Galicia and the Balearic Islands) and the self-governing city of Ceuta, covering a total of 195,794 km² and a population of over 21 million people.

At that date ENDESA had over 12 million customers with access contracts for its distribution grids, and in 2021 its network supplied total power amounting to 107,727 GWh. For further information, see section 9.1. *Operating performance* of this *Consolidated Management Report*.

Annex I to the Consolidated Financial Statements for the year ended 31 December 2021 lists ENDESA's companies and material shareholdings.

1.2.6.3. Marketing of energy and other products and services: ENDESA Energía, S.A.U. and ENDESA X Servicios, S.L.U.

ENDESA Energía, S.A.U. was set up on 3 February 1998 to carry out supply activities and meet the demands of Spanish electricity market deregulation. Its activity involves supply of energy to customers who opt to exercise their right to choose their supplier and receive the service in the deregulated market, in addition to other products and services relating to the development of energy efficient infrastructure and maintenance services.

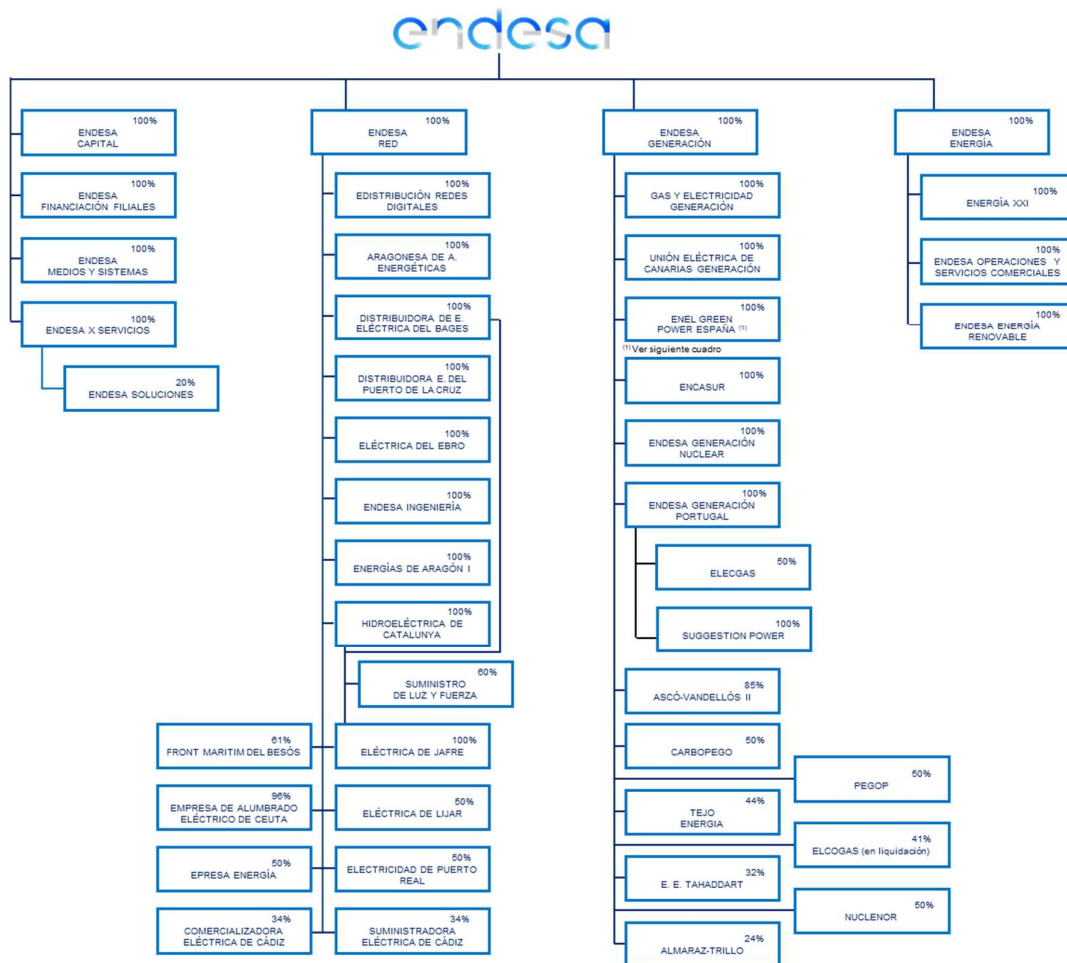
ENDESA Energía, S.A.U. owns 100% of the companies: Energía XXI Comercializadora de Referencia, S.L.U., which supplies electricity in the regulated market; ENDESA Operaciones y Servicios Comerciales, S.L.U., which provides commercial services related to energy supply; and ENDESA Energía Renovable, S.L.U., which is involved in supplying electricity and natural gas specifically from renewable sources.

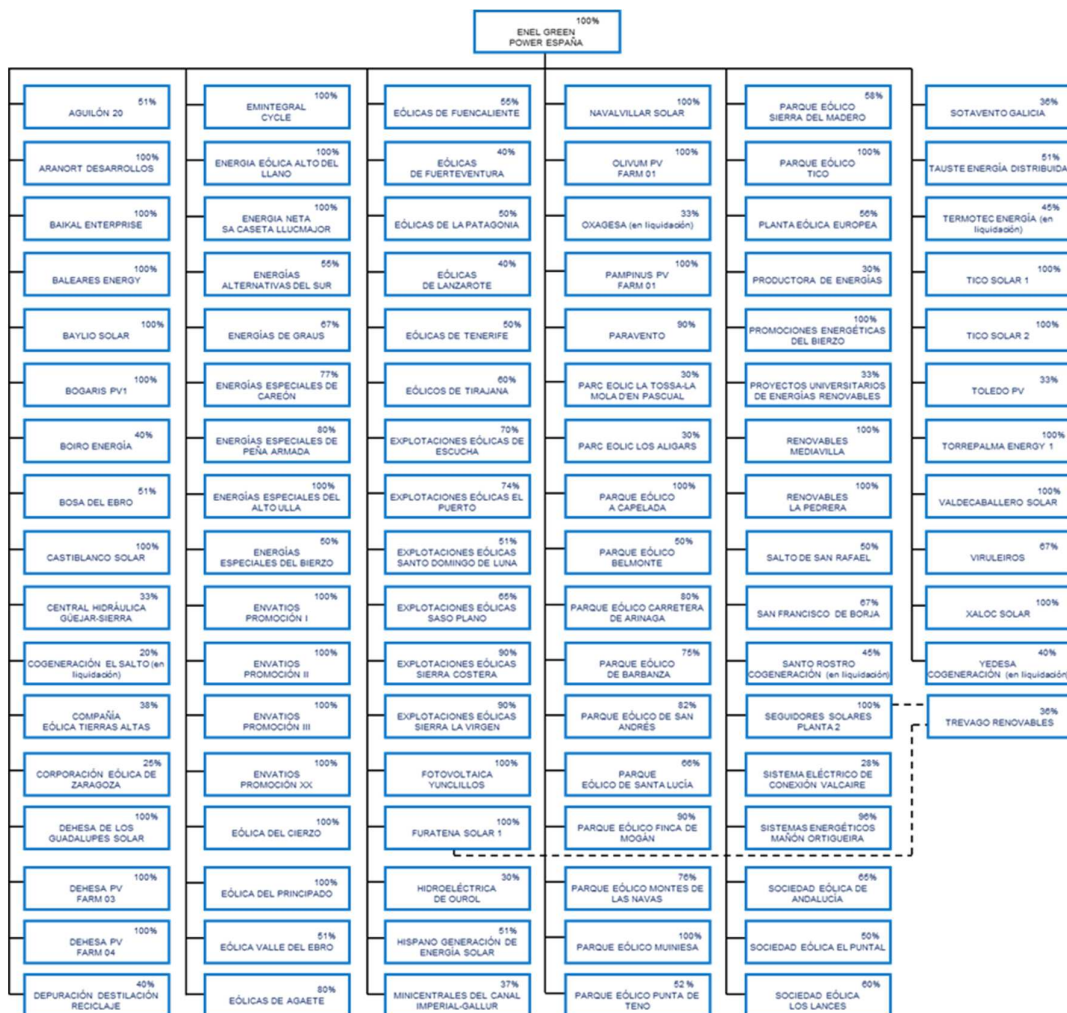
ENDESA Energía, S.A.U. also supplies the deregulated markets in Germany, France, the Netherlands and Portugal.

Net electricity sales amounted to 79,458 GWh in 2021, with the portfolio of customers in the electricity market including 10.3 million points of supply at 31 December 2021. ENDESA supplied gas amounting to 76,991 GWh in 2021. Its customer portfolio in the conventional natural gas market at 31 December 2021 comprised 1.7 million supply points.

ENDESA X Servicios, S.L.U. was set up on 1 September 2020 through partial spin off of ENDESA Energía, S.A.U. and ENDESA Ingeniería, S.L.U. It develops and markets new services for the changing energy market, with four main lines of action: e-Home, e-Industries, e-City and e-Mobility.

The following corporate map shows ENDESA's main investees at 31 December 2021:





The additions, removals and changes to ENDESA's company map in 2021 are described in *Note 7 to the Consolidated Financial Statements* for the year ended 31 December 2021.

1.2.6.3.1. Energy business in Portugal

ENDESA's presence in the Portuguese electricity system is mainly concentrated in the electricity generation and supply activities in the deregulated market.

The assets invested in by ENDESA in 2021 equated to installed capacity in the ordinary regime of 1,483 MW distributed through its interests in Tejo Energia 628 MW and Elecgas 855 MW.

ENDESA has a 43.75% stake in Tejo Energía, the company that owns the coal-fired power plant, whose activity ended on 30 November 2021, and a 50% stake in Elecgas, the company that owns the gas plant, both established in Pego. In turn, ENDESA owns 100% of the energy produced by Elecgas, through the Tolling agreement in force between the parties.

The Pego coal-fired and gas plants generated 731 GWh and 3,291 GWh respectively (3,611 GWh corresponding to ENDESA), equating to a 7.7% share of Portugal's total electricity consumption.

Pegop, a company in which ENDESA holds a 50% stake is in charge of the operation and maintenance of the Pego combined cycle plant, as was the case in 2021 for the coal plant. ENDESA also had a 50% stake in Carbopego, a company responsible for the management of the supply of coal to the Tejo Energía plant, which was wound up at the end of 2021.

ENDESA continues to be one of the main operators in the Portuguese deregulated electricity market. At the end of the year, ENDESA had supplied 8.2 TWh to more than 458,000 supply points, distributed as follows: more than 45,000 points in medium voltage and more than 413,000 points in low voltage. As for gas, more than 5.9 TWh were supplied and there were more than 124,000 active supply points at year-end.

1.2.6.3.2. Business in other countries

ENDESA is present in Morocco through a 32% stake in Energie Electrique de Tahaddart, which owns a 392 MW combined cycle power plant located to the north of Asilah, near the River Tahaddart. In 2021, the plant generated 1,906 GWh (610 GWh of which corresponded to Endesa's 32% stake).

In France, ENDESA supplied more than 10.7 TWh of gas in 2021 to more than 5,600 active supply points.

In Germany, ENDESA supplied nearly 2.0 TWh of electricity and 0.2 TWh of gas, to almost 250 active supply points in total.

In the Netherlands, the company supplied nearly 0.6 TWh of electricity and nearly 0.9 GWh of gas, to more than 100 active supply points each in electricity and gas at the end of the year.

2. VALUE CREATION

The scope of the information provided in this chapter covers both ENDESA, S.A. and its investee companies in Spain and Portugal, the same as in the Legal Documentation reports. For further information, see section 1.2.6. *Organisational structure* in Chapter 1. *About ENDESA*. Variations, if any, to the scope described here are presented throughout the chapter.

2.1. Creating value for shareholders

2.1.1. ENDESA's stock market performance

2-6

After a very positive first half of 2021, characterised by optimism about the vaccination process and signs of economic recovery after the 2020 pandemic, the major world stock markets slowed their rises in the second half of the year in the face of the threat of growing inflation and the rebound of COVID-19 through the rapid expansion of new variants, which caused some governments to reapply restrictions to economic activity and mobility.

Despite the setbacks of the last quarter, the key markets managed to close the year with significant gains. The North American stock exchanges occupied the top positions thanks to their greater technological and industrial component; worth particular mention were the S&P 500, up by 26.9%, the *Nasdaq*, up by 26.6% and the *Dow Jones*, up by 18.7%.

In Europe, the French stock index, CAC 40, headed up the rebound, up by 28.9%, followed by the Italian FTSE Mib, up by 23%, the German DAX, up by 15.5% and the FTSE 100 up by 14.3%. The selective Eurozone Eurostoxx 50 rose by 21%.

The Spanish IBEX-35 stood at 8,713.8 points at year-end, up by a more modest 7.9%, well off the maximum annual level of 9,281 points reached in mid-June. Hence the Spanish stock market failed to recover all the ground it lost in 2020, 15.45%, in a year especially affected by the pandemic.

Most of the stocks within the index, 26 in total (74%), closed positive. A highlight were the companies in the financial and industrial sectors, which are most exposed to the economic cycle and benefited this year from the reopening of the economies.

At the opposite extreme were stocks related to tourism, which were penalised by the possibility of new lockdown restrictions due to the advance of the Omicron variant of COVID-19, and stocks related to the electricity sector, a more defensive sector that was especially affected this year by the rebound in commodity prices, problems in the supply chain and the regulatory insecurity caused by the measures approved and proposed by the government to try to contain the rise in electricity prices in the country.

In this context, ENDESA shares, which had reached their maximum annual level on 28 May 2021 at 23.65 euros, 5.8% above the closing price of the previous year, on 30 September 2021 hit an annual closing low of 17.42 euros per share, 22% below the reference level.

This sharp decrease occurred following the approval of Royal Decree Law 17/2021, of 14 September, which entered into force on 16 September. In addition to other measures, the Royal Decree Law established a payment obligation was established for the non-emitting generation facilities in a proportional amount to the supposed increased earnings obtained as a result of internalisation in wholesale electricity prices of the value of natural gas prices.

The high economic impact of this measure, together with the bill, which acts on the remuneration of carbon dioxide (CO₂) not emitted, which established a similar reduction in income justified by the inclusion of the price in the electricity price of emission rights, caused a sharp correction in all the stocks in the sector.

The publication on 27 October 2021 of Royal Decree Law 23/2021, of 26 October, on urgent measures in the field of energy for the protection of consumers and the introduction of transparency in the wholesale and retail electricity and natural gas markets, in which the cases in which the deduction of income would occur due to the inclusion of international natural gas prices in the electricity price were clarified, favoured recovery of the stocks in the sector in the closing stretch of the year.

ENDESA's shares, also shored up by the positive reaction to the Strategic Plan 2022-2024 presented by the company on 25 November, ended the year above 20 euros, at 20.2 euros per share, reducing the year-on-year contraction in the share to 9.62%.

With this result, ENDESA's shares ranked fifth in the IBEX-35 Energy sector index, made up of 7 stocks, and twenty-ninth within the IBEX-35.

On the Eurozone's EURO STOXX Utilities index, which ended the year up by 3.6%, ENDESA, S.A. shares ended fourth from bottom, closing in eighteenth position.

The high volatility of the market in 2021, characterised by sudden movements in share price, occurred with a cumulative trading volume that was somewhat lower than in the previous year. For ENDESA, a total of 406.4 million shares were traded, corresponding to accumulated cash of Euro 8,501.5 million. The figures were 5.7% and 12.3% lower than those of 2020, respectively. The average volume of shares traded during each session was 1.59 million, 5.3% down year on year.

During 2021, total returns to ENDESA shareholders, calculated as the sum of the stock market return and the dividend return, decreased by 0.61%. The cumulative negative stock market return of 9.62% must be added to the Euro 2.0136 per share that the Company distributed in the form of the 2020 dividend, providing an additional dividend return of 9.01%.

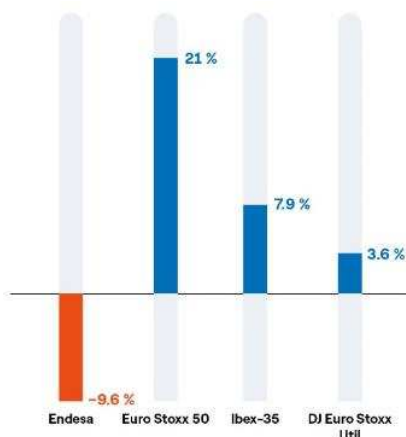
KEY SHARE PRICE DATA FOR ENDESA IN 2021

Madrid Stock Exchange	High	Low	Average	Closing price	% Annual gain/loss	Total returns	Volume of shares traded
ENDESA (€/share)	23,650	17,420	20,936	20,200	-9.62%	-0.61%	406,350,969

Source: Madrid Stock Exchange

ENDESA's performance on the Madrid Stock Exchange versus the main benchmark indices.

At year-end 2021, ENDESA's market cap was 21,387 million euros, placing the security with the tenth highest capitalisation on the IBEX-35, three positions down on last year.



2.1.2. Dividend

3-3 Management Approach: Economic Performance

In line with the Dividend Policy announced for the 2020-2023 period at ENDESA's Capital Market Day on 25 November 2020, ENDESA's General Shareholders' Meeting held on 30 April 2021 approved the distribution of a total dividend charged to 2020 results for the gross sum of 2.0136 euros per share to its shareholders, coming to a total of 2,132 million euros.

This dividend was paid out to shareholders in two cash payments made on 4 January 2021 for 0.7 euros gross per share (741 million euros in total), and 1 July 2021, 1.3136 euros gross per share (1,391 million euros in total).

Looking to the future, the Dividend Policy for the 2021-2024 period, approved by the Company's Board of Directors and published on 24 November 2021, stipulates that the Board of Directors shall ensure that by 2021, the regular dividend per share to be distributed charged to that year is equal to 80% of the net ordinary profit attributed to the parent company in the Group's consolidated financial statements.

For the 2022, 2023 and 2024 financial years, the Board of Directors will attempt to ensure that the ordinary dividend per share that is agreed to be distributed for the years is equivalent to 70% of the ordinary net profit attributable to the Parent as per the Group's Consolidated Financial Statements.

In terms of regular dividends charged to 2021 results, the Board of Directors at ENDESA, S.A. agreed to distribute an interim dividend for the gross sum of Euro 0.5 per share to its shareholders.

The payment of this dividend, equivalent to an approximate total pay out of Euro 529 million, was made on 3 January 2022.

2.1.3. Return

3-3 Management Approach: Economic Performance

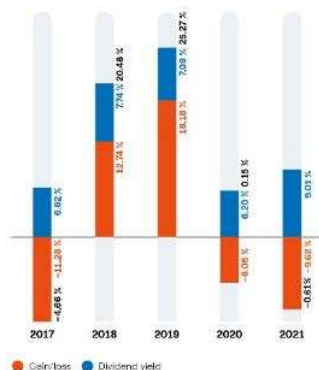
Total returns to ENDESA shareholders, calculated as the sum of the stock market return and the dividend return, came to -0.61% in 2021.

The cumulative negative stock market return of 9.62% was largely offset by the 2.0136 euros per share that the Company distributed in the form of the 2020 dividend, providing an additional dividend return of 9.01%.

In the last five years, the average total return to ENDESA shareholders has been 8.13%.

Development of total returns to ENDESA shareholders 2017-2021

The total return on the ENDESA share in 2021 was -0.61%



2.2. Shareholder participation

2.2.1. Transparency and closeness with shareholders and investors

2-29

ENDESA is in constant contact with its shareholders, private and institutional investors and the leading stock market analysts, providing them with a steady stream of detailed information through the Investor Relations Department and Shareholders' Office in Madrid.

In this regard, on 11 November 2015, the ENDESA's Board of Directors, pursuant to the Code of Good Governance for Listed Companies, approved its "[Policy for communication and contact with shareholders, institutional investors and voting advisors](#)", which was revised on 21 December 2020. The objective of this Policy is to define and establish the principles and criteria that govern the actions of communication and contacts with shareholders, institutional investors, proxy advisors, and in general with the markets and public opinion, regarding financial, non-financial and corporate information (regulated or voluntary), as well as maximising its dissemination and ensuring the quality of the information transmitted through the media, social networks and other channels.

The general principles by which this policy is governed are transparency, immediacy, continuous information, equal treatment, affinity with the social interest and regulatory compliance.

The Audit and Compliance Committee, the Sustainability and Corporate Governance Committee, and the Appointments and Remuneration Committee shall be the bodies responsible for supervising, within their respective remits and in line with the company's internal regulations, the Company's communications with shareholders and investors, voting advisors and other stakeholders, and reporting on these factors to the Board of Directors.

Additionally, the Sustainability and Corporate Governance Committee receives information on the Company's communication strategies with different stakeholders, such as employees, customers, suppliers and society in general.

The Board of Directors shall be regularly informed of any changes in shareholdings and of the opinion of significant shareholders, investors and credit rating agencies as regards the Company and its Group.

In compliance with this policy, in their meetings on 21 December 2021, the Committees supervised the Strategy for Communication and Relations with Shareholders, Investors and other Stakeholders for 2021.

The conclusions indicated that ENDESA's information dissemination channels function properly and are carried out in accordance with the general principles of ENDESA's Policy and in accordance with best corporate governance practices.

2.2.2. Investor Relations Management

2-29

The activities carried out by the Investor Relations Management in 2021 include making public presentations to analysts and investors on the company's quarterly results and updating its Strategic Plan for the 2022-2024 period, which took place on 25 November 2021.

During 2021, ENDESA performed two Non Deal Roadshows. The first was organised in Europe, the United States and Canada in February and March, following the presentation of results for 2020. The second, organised in the same locations, was held in November and December, following the presentation of the update to the 2022-2024 Strategic Plan, with a view to providing in-depth information about the Plan to the Company's major investors. At these two roadshows, ENDESA met with a total of 100 investors.

ENDESA also participated at 5 Reverse Roadshows in Madrid, at which meetings were held with 152 investors.

Furthermore, ENDESA's Investor Relations Department attended a total of 18 international conferences on the industry, at which it had the opportunity to meet with 358 investors.

It should be noted that, due to the COVID-19 health alert, all meetings with investors have taken place virtually.

Also as part of its daily undertakings, the Investor Relations Department responded, over the phone, by email and face-to-face or virtual meetings, a total of 1,367 queries filed by analysts, investors and ratings companies.

Lastly, ENDESA held its Ordinary General Shareholders' Meeting on 30 April 2021 online. All the points on the agenda were approved at the meeting, with a quorum of 85.59% of the share capital.

2.2.3. ENDESA's Shareholder Office

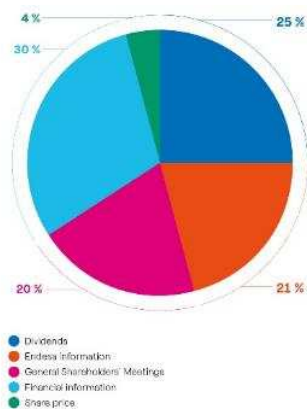
2-29

One of the main information channels for private shareholders is the "Investors" section of the corporate website www.endesa.com.

In 2021, 1,240 phone calls were answered by ENDESA's Shareholder Office and 1,067 documents were posted. As a result of health crisis caused by COVID-19, no shareholder visits were received this year.

2,307 requests from shareholders handled by Shareholders' Office.

Information requested from the Shareholder's Office in 2021



3. MATERIALITY

The scope of the information provided in this chapter covers both ENDESA, S.A. and its investee companies in Spain and Portugal, the same as in the Legal Documentation reports. For further information, see section 1.2.6. *Organisational structure* in Chapter 1. *About ENDESA*. Variations, if any, to the scope described here are presented throughout the chapter.

3.1. Materiality analysis

3.1.1. Methodology for the materiality analysis

2-4/3-1/3-2

Throughout 2021, the concept of double materiality has become particularly relevant. Based on EFRAG information, this is defined (in mathematical terms) as the combination of the impact materiality (impacts derived from the company's activity on people, economy and the environment, including human rights) and financial materiality (environmental matters, social and corporate governance with an impact on the company's value). Specifically, two directions are identified in which to frame ESG issues: what are the impacts that the company has on society and the surrounding environment (impacts generated – impact materiality) and what is the impact that these matters have on a company's financial performance and its long-term value (impacts suffered – financial materiality).

In response to this way in which the regulatory context develops, in 2021, ENDESA included the perspective of double materiality in its materiality analysis, assessing how ESG issues affect its business and how its activity can affect the economy, the environment and people, including potential impacts on human rights.

In line with the most recent publications in relation to international reference standards (Global Reporting Initiative (GRI), Sustainability Accounting Standards Board (SASB), AccountAbility AA1000APS (2018) and the SDG Compass), ENDESA performs a materiality analysis in line with:

- **A dynamic materiality approach:** Continuous monitoring of stakeholder expectations in order to respond to priorities and detect trends that make it possible to anticipate risks, transforming them into opportunities.
- **Single materiality:** Analysis of the relevance of issues for stakeholders and their perception of the company's performance, as well as the relevance of the issue in the company's strategy.
- **Double materiality:** Assessment of the real and/or potential impacts of the company on the economy, society or environment, including human rights, in addition to the impact of ESG aspects on the long-term creation of value by the company.



ENDESA uses single materiality to ensure the participation of its stakeholders in the materiality process, considering them key to establishing the company's strategy. Furthermore, it allows the company to understand the context, using it to identify the elements of the context that are most relevant for all its stakeholders and their perception of the company's performance in relation to them. As part of its use of classical single, ENDESA includes the perspective of double materiality, in line with the public information currently available in relation to the main reference standards (GRI, EFRAG), developing a starting point on which to continue working in the coming years in line with new updates of the methodology.

The coming pages provide details of the process employed and the results obtained as part of this process.

3.1.2. Single materiality

3.1.2.1. Process

The single materiality analysis entails a combined assessment of the relevance of the topics for the company's different stakeholders and the relevance of these topics for the company's strategy. This methodology consists of the following phases:

Process for identifying priority issues



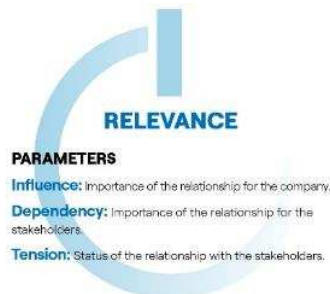
3.1.2.2. Identification, prioritisation and consultation of stakeholders

Continuous dialogue with Stakeholders makes it possible to identify and evaluate expectations correlated with the economic, ethical, environmental and social priorities for the company and the business strategy in the annual materiality study.

As part of the 2021 materiality analysis, the topic and stakeholder trees have been reviewed to align surveys with the latest trends in both global sustainability and the company's undertakings; these trees will be reviewed every two years.

2-29

Each year, ENDESA identifies and prioritises the company's stakeholders, with the involvement of all units at the company. The following table describes the company's stakeholders, the main communication channels, the priority topics for each stakeholder and the relevance of each of them. It should be noted that the relevance value is taken from the parameters of influence, dependence and tension of each stakeholder.



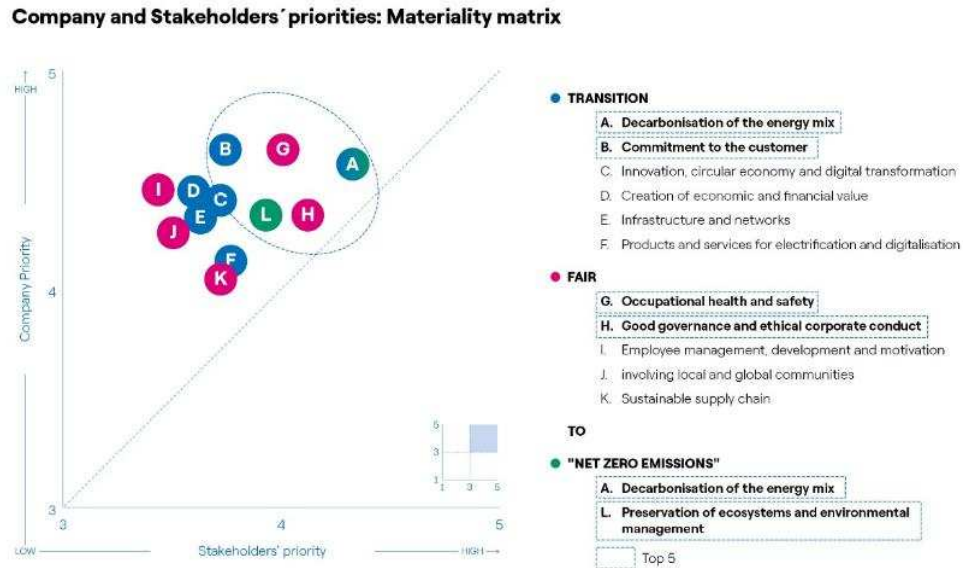
Endesa stakeholders

Stakeholder	Main communication channels	Priority themes for the stakeholder	Relevance
Business community	<ul style="list-style-type: none"> • Direct contacts • Meetings and working groups • Forums and conferences 	<ul style="list-style-type: none"> • Decarbonisation of the energy mix • Occupational health and safety • Employee management, motivation and development 	<p>2.6</p>
Civil society and local communities	<ul style="list-style-type: none"> • Direct contacts • Working groups • Forums and conferences • Website channel • Web and Twenergy • Social networks • Ethics channel • Sustainability mailbox 	<ul style="list-style-type: none"> • Decarbonisation of the energy mix • Preservation of ecosystems and environmental management • Innovation, circular economy and digital transformation 	<p>2.5</p>
Customers	<ul style="list-style-type: none"> • Sales offices • Sales managers • Website channel • Customer service centres • Forums and working groups • Mobile App • Social networks 	<ul style="list-style-type: none"> • Decarbonisation of the energy mix • Good governance and ethical conduct • Commitment to the customer 	<p>3.3</p>
Financial community	<ul style="list-style-type: none"> • CNMV • Corporate website • Investor relations department; roadshows, quarterly results presentations and strategic plan • Shareholders' office • General shareholders' meeting • Communications with proxy advisors 	<ul style="list-style-type: none"> • Decarbonisation of the energy mix • Creation of economic and financial value • Employee management, motivation and development 	<p>3.3</p>
Institutions	<ul style="list-style-type: none"> • Direct contacts • Forums and conferences • Working groups 	<ul style="list-style-type: none"> • Decarbonisation of the energy mix • Preservation of ecosystems and environmental management • Infrastructure and networks 	<p>3.5</p>
The media	<ul style="list-style-type: none"> • Direct contacts • Press conferences • Forums and conferences • Social networks 	<ul style="list-style-type: none"> • Decarbonisation of the energy mix • Good governance and ethical conduct • Creation of economic and financial value 	<p>3.0</p>
Our people	<ul style="list-style-type: none"> • Intranet and internal social network • Forums and working groups • Knowledge interviews • Breakfasts with the CEO • Contact mailboxes • Corporate magazine and newsletters 	<ul style="list-style-type: none"> • Commitment to the customer • Preservation of ecosystems and environmental management • Infrastructure and networks 	<p>4.2</p>
Suppliers and contractors	<ul style="list-style-type: none"> • Direct contacts • Web • Committees • Forums and conferences • Working groups 	<ul style="list-style-type: none"> • Commitment to the customer • Good governance and ethical corporate conduct • Management, Employee motivation and development 	<p>3.2</p>

3.1.2.3 Materiality matrix

2-12/3-2

The combined analysis of the priority for stakeholders and the relevance to the company's industrial strategy of each of the topics helps to forge the materiality matrix, which facilitates the identification of the most relevant matters for guiding the company's strategy. The results for the year 2021 are shown in the chart below:



In 2021, the results of the analysis have been influenced by the global context of the pandemic and, although the decarbonisation of the energy mix features once again as the issue with the highest priority, it is followed by occupational health and safety, rising to second position, on account of its significant relevance both internally and externally.

The Decarbonisation of the energy mix is the main matter for external stakeholders and one of the priority issues for the company. Increasing the weight of renewables and the conversion of old plants and plants to new activities are both considered essential.

As regards the issues of Good Governance and Ethical Conduct, anti-corruption is considered the most relevant issue. In this regard, continuing to promote internal policies and periodically assessing them remains necessary and decisive.

The Preservation of ecosystems and environmental management gains greater importance due to the pressure of citizens; it poses new challenges for companies in the sector, making it increasingly necessary to acknowledge the natural capital that requires protection or the creation of monitoring systems. Given the increase in environmental regulations, the issue is expected to take on even further relevance in the future.

None of the material issues analysed have been rated as having a low priority by stakeholders. Those allocated a lower priority include Sustainable Supply Chain, Infrastructure and Networks, and Engaging Local Communities.

3.1.2.4. Stakeholders' satisfaction

2-12/2-29

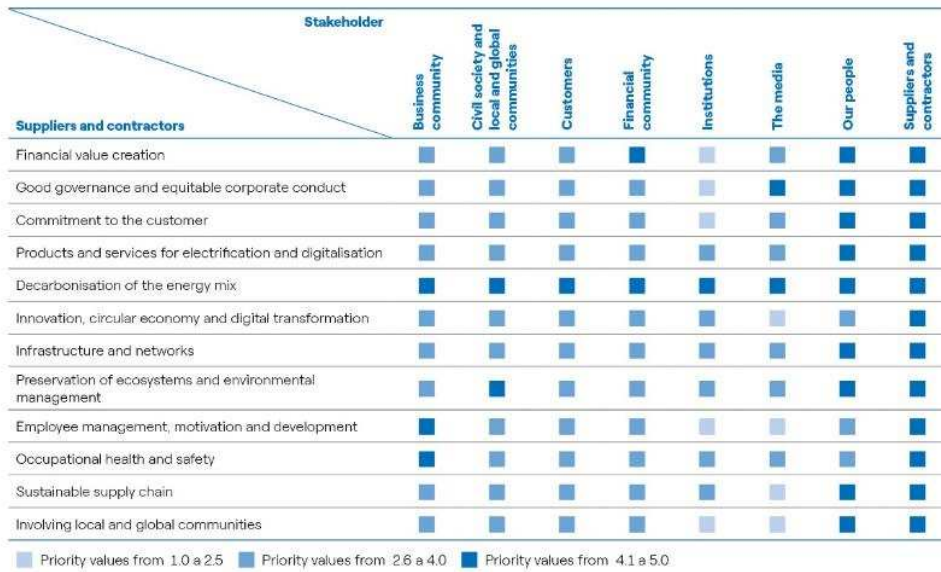
In its 2021 materiality study, ENDESA also analysed the level of satisfaction of stakeholders with respect to the various sustainability issues. The results are shown in the graph hereunder: This information is also relevant as it can be used to identify areas that require more active management by the company as, because they are more important to stakeholders, they do not have a positive perception of the company's performance.

Satisfaction matrix

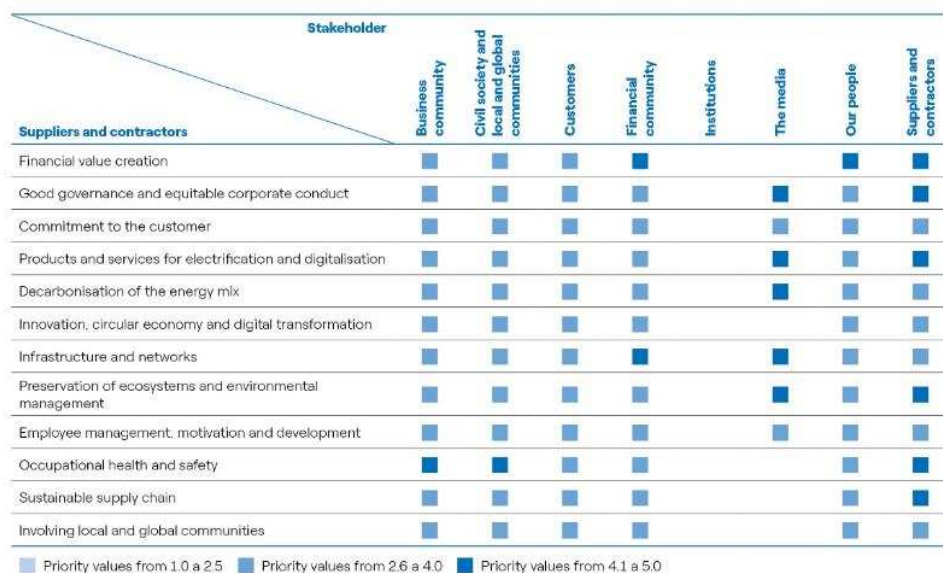


The consultation performed with the company's stakeholders shows that the difference in priority allocated by stakeholders to different topics and their perception of the company's performance in relation to these matters is minimal, meaning that no relevant criticalities have been identified. In any case, the aspects that ENDESA should actively manage include but are not limited to, commitment to customers, in particular, as most stakeholders identify the quality and promptness in sales assistance, as well as quality communication as areas for improvement. The decarbonisation of the energy mix, Good Governance and ethical conduct or occupational health and safety are issues that the company must continue to maintain and promote.

The level of priority that each stakeholder group grants to each of the sustainability issues analysed during the consultation process carried out in the framework of the materiality study is detailed below:



Likewise, the degree of satisfaction of each stakeholder group with ENDESA for each of the sustainability issues evaluated is detailed below:



Depending on the degree of importance and satisfaction indicated by each stakeholder group, ENDESA incorporates these results into its planning process and sets objectives and actions aimed at continuing to improve its performance on the various sustainability issues analysed, in order to successfully respond to the expectations of its stakeholders.

3.1.3. Double materiality

3.1.3.1. Impact materiality

Impact materiality refers to the impacts generated (whether potential and/or actual) by the company's own operations and their chain of value on the economy, environment and people, including human rights impacts in all activities and business relationships at the organisation. These impacts are assessed in terms of relevance (severity in case of negative impacts and magnitude in case of positive impacts) and probability of occurrence, taking both positive and negative impacts into account. Actual impacts are understood as impacts that have already occurred and as potential those that could occur.

To identify impacts, ENDESA has used information from a variety of sources. Based on a pilot test completed in 2020, the company performed a direct consultation with its stakeholders in 2021, asking them to identify the impacts. In addition, ENDESA has used information from its own assessments involving up to 25 areas of the company which, in turn, are based on information from the management systems used by each activity.

For ENDESA to take action and identify risks and opportunities as regards the list of identified impacts, the company has assessed their importance with a view to prioritising them from a materiality perspective. To assess the importance of these impacts, a quantitative and qualitative analysis has been performed based on three factors: type of impact, impact severity/magnitude and impact management, the quantitative final result of which is a value on a scale of 1 to 100%.

As regards potential impacts, the value has been normalised taking into account the impact's probability of occurrence.

The impact values are divided into low, medium and high: the first consisting of impacts with a value of less than 50% and the last consisting of those with an impact of more than 80%.

3.1.3.2. Financial Materiality

Financial materiality is based on the probability that sustainability issues will affect a company's value.

Based on this, ENDESA has assessed the relationship with the financial aspects of the different topics prioritised by its stakeholders and the company's activities based on:

- The analysis of the SASB standard, which identifies financially relevant sustainability issues.
- The study of the company's financial statements.
- The analysis of the priority allocated by the financial communication stakeholders.
- The company's global risk assessment.

The financial materiality values are divided, applying the same criteria applicable to the impact materiality, into low, medium and high.




3.1.3.3. Double Materiality

This concept is considered as the combination, in mathematical terms, of the impact materiality and the financial materiality; the following table provides a summary of the results based on the activities indicated above.

This table shows the most relevant actual and potential impacts, whether positive or negative, of the company in relation to the materiality of impact, the financial materiality value, and the combination of both, generating the double materiality value. With regards to each topic, ENDESA adopts specific strategies and management activities, as explained in the reference chapters indicated in the following table, to prevent potential negative impacts from materialising, to reduce the severity of actual negative impacts and to increase the magnitude of positive impacts.

Theme	Impact materiality			Financial materiality (impact suffered)	Double materiality	Main shares
	Impacts generated (potential and/or real)	SDG	Severity/magnitude			
Good governance and corporate ethics	Contribution to the reduction of corruption phenomena at the local level through the adoption of measures and standards		Medium	Medium	Medium	<ul style="list-style-type: none"> • Endesa has a sustainability management and governance system that involves all areas of the company, highlighting Corporate. • Endesa has defined a Gender Diversity Action Plan. Whose follow-up is submitted to the Sustainability and Corporate Governance Committee of the Board of Directors. Aligned with the Diversity and Inclusion Policy, oriented, as well as its presence in terms of responsibility and guarantee equality in serial matters. In addition, the company respects and promotes its Human Rights Policy, its Code of Ethics, its Zero Tolerance Plan for Corruption, and its compliance and antitrust programmes. • Additionally, the Sustainability Plan incorporates objectives at the beginning of the Good Governance chapter, among others to reach 40% of women on the Board of Directors by 2022.
	Incomplete satisfaction of external stakeholders due to the completion of the diversity process initiated on the Board of Directors	—	Low			
Sustainable supply chain	Improvement in the implementation of sustainability criteria in the sustainable supply chain		Medium	Medium	Medium	<ul style="list-style-type: none"> • In the 2022-2024 Sustainability Plan, Endesa maintains its commitment to a sustainable supply chain by incorporating a further two new objectives aimed at including mandatory sustainability criteria in its tenders, as well as measurements for the certification of the carbon footprint of its suppliers. • Endesa has general contracting conditions through which its suppliers are informed of the company's payment methods, always complying with the deadlines required by law, which establishes measures to combat late payment in commercial operations. • For more details about the actions carried out, see the Supply Chain chapter.
	Difficulties in Alcanar expected supplier financial targets due to difficulties in managing payment processes	—	Low			
Commitment to the customer	Contribution to the reduction of energy poverty through the implementation of different initiatives		Low	Medium	Medium	<ul style="list-style-type: none"> • Endesa maintains a strong commitment to the fight against poverty and to help the people who are in the most vulnerable situations due to unfavourable economic actions, carrying out various actions and initiatives aimed at groups and families affected by energy poverty, in collaboration with associations and social services, regardless of whether or not they are customers of the company. These include maintaining the social bonus and the agreements signed to avoid supply cuts to customers in this situation. • In order to improve the perception of its customer stakeholders, the company focuses its efforts on excellence in commercial attention as the main indicators of customer satisfaction and guarantee the right of its customers to be. • More information in the electrification chapter.
	Insufficiently satisfactory perception of the customer stakeholders regarding the commercial information provided in terms of transparency and inclusiveness	—	Low			
Creation of economic and financial value	Contribution to the growth of the country's GDP by boosting the economy		Medium	High	Medium	<ul style="list-style-type: none"> • Endesa's activity, as a producer and supplier of electricity, contributes to the economic and social development of 2021. Endesa's gross investments amounted to €2,432 million in order to continue improving and developing solutions in its different areas of action. • These investments, as well as the timeframe for their execution, were announced at Endesa's Capital Market Day held last November 2021. • You can find more information about this matter in the About Endesa chapter.
	Insufficient agility in the implementation of certain infrastructures with indirect effects on business activity	—	Low			

Theme	Impact materiality			Financial materiality (impact suffered)	Double materiality	Main shares
	Impacts generated (potential and/or real)	SDG	Severity/magnitude			
Decarbonisation of the energy mix	Reduction of emissions by improving the national energy mix through the increase of installed renewable capacity		High	High	High	<ul style="list-style-type: none"> • Endesa is strongly committed to the fight against climate change and, aligned with the main international agreements, has guided its strategy every year by establishing ambitious objectives through its successive Strategic Plans, as reflected in the Decarbonisation chapter. • The most outstanding actions are the advance to 2040 of total decarbonisation, reaching 100% of emission-free generation, the end of generation with coal in 2027 and the end of the commercialisation of natural gas in 2040.
	Insufficient reduction of emissions derived from thermal generation in the closure process still in activity	—	Low			
Employee management, motivation and development	Job opportunities, stability and working dignity of our people		Low	High	Medium	<ul style="list-style-type: none"> • Within the objective of leading the energy transition without leaving anyone behind, Endesa has worked with the aim of relocating 100% of employees affected by this transition, including specific training on retraining and skills improvement that ends in 2022 with a total of 50 hours per employee/year. In addition, in order to guarantee the well-being of all its employees, in 2021 Endesa continued to offer measures that allow the work/family balance of its employees, as described at the beginning of the chapter on Commitment to our employees. • In terms of disability, and in line with its diversity and inclusion policy and the public commitment expressed in the adhesion to the Valuable 500 initiative, Endesa has drawn up an action plan with a three-year timeframe in order to improve the inclusion of people with disabilities in the company through actions developed both internally and externally. For more details, see section 4.5 Valuable500 in the chapter on Sustainable Strategy.
	Possibilities for improvements in the processes of inclusion of people with disabilities in the company	—	Medium			
Infrastructure and networks	Guarantee of electrical access to improve the quality of service		Medium	High	Medium	<ul style="list-style-type: none"> • To ensure the correct supply of energy to its customers, the infrastructures in Endesa's distribution network are planned and operated to adapt to the capacity demanded by existing customers, network expansions requested by new customers, and correct attention to regulatory and legal actions and those subject to agreements. • Investments to improve the existing distribution network as well as the realisation of new network developments are associated with a series of interventions in the field, which are always carried out in compliance with current environmental legislation, which establishes noise parameters, and always within the Biodiversity Conservation Plan, which expands the mandatory environmental requirements. For more details, see the Environment chapter.
	Insufficient palliative measures in the face of an increase in noise and environmental pollution due to the realisation of new developments in the network	—	Low			
Innovation, circular economy and digital transformation	Promotion of innovation through the support of startups		Medium	High	Medium	<ul style="list-style-type: none"> • Endesa is committed to innovation as a fundamental vector to address the present and future challenges that may arise in all areas of the company. • Similarly, it considers the development of the circular economy, as reflected in the specific chapter of this report, to complement the decarbonisation process and more effectively combat the current environmental situation. Considered as an accelerator of growth, the new 2022-2024 sustainability plan includes up to six objectives to continue promoting and offering circular solutions both internally and externally.
	Consumption of available raw materials due to the non-application of eco-design criteria in the value chain	—	Medium			

Theme	Impact materiality			Financial materiality (impact suffered)	Double materiality	Main shares
	Impacts generated (potential and/or real)	SDG	Severity/magnitude			
Involving local and global communities	Social and economic development of the community through active listening	 	Medium	Medium	Medium	<ul style="list-style-type: none"> The company is committed to a continuous dialogue with its stakeholders and has a Creating Shared Value approach through which it tries to combine the objectives of the company with the priorities of the local community. This makes it possible to build a business model integrated with society, creating profitable solutions, solving social needs and generating relationships that leave no one behind. Endesa also has future plans that accompany the request for closure of the facilities affected by the decarbonisation process, which contribute to mitigating the negative impacts derived from the closure in the affected areas. For information, see the chapter on Responsible relations with communities.
	Insufficiency of alternative measures in the face of the decrease in socioeconomic activity in areas where the company ceases to operate	—	Low			
Preservation of ecosystems and environmental management	Reduction of energy consumption by promoting energy efficiency	 	Medium	High	Medium	<ul style="list-style-type: none"> The energy efficiency of customers is considered a key value for Endesa throughout the value chain with the aim of favouring less energy consumption that benefits customer savings, sustainability and applied innovation. All these energy-oriented programmes can be found in section 3.5.2 Raising customer awareness of energy efficiency in this report. Endesa complies with all the legal requirements regarding environmental preservation in the deployment of its activity, incorporating the corresponding environmental studies in all its projects with a potential impact in order to mitigate the possible impact on biodiversity. Besides the mandatory requirements, these include specific studies on the environmental effects of renewable installations and the development actions of the distribution network, as well as the corresponding preventive and complementary measures of application. Endesa has a Biodiversity Conservation Plan, which is a voluntary instrument that implements all biodiversity projects and actions developed by the company. The most outstanding actions are reflected in chapter 1.3 Conservation of biodiversity, which also describes environmental restoration actions led by the company.
	Impact that the company's business activity has on biodiversity	—	Medium			
Products and services for electrification and digitalisation	Electrification of cities through electric mobility, energy equipment and electrification of industrial processes		Medium	Medium	Medium	<ul style="list-style-type: none"> Endesa is committed to the creation of social, environmental and economic value for all through a model based on platforms and the development of innovative products in the areas where energy enables greater transformations: city, housing, industry and electric mobility. Always supported by digital solutions that allow consumers to actively participate and maximise the impacts of innovation. Since it is the customer that leads the way for Endesa, in 2021, ENDESA continues developing new customer service channels, new IT tools that favour customer digitisation, as well as products and services that are essentially digital by their very nature. More information in the electrification chapter.
	Reduction of positive environmental impacts due to insufficient implementation of improvements in digital services in customer service	—	Low			
Occupational health and safety	Greater health and safety within the company thanks to preventive actions		Medium	High	Medium	<ul style="list-style-type: none"> Endesa considers occupational health and safety to be both a priority objective and an essential value to be preserved at all times for all those working at the Company, without distinguishing between its own personnel and those employed by its partner companies. The integration of Occupational Health and Safety into Endesa's strategy is reflected in the implementation of occupational health and safety policies in all the companies that make up the company, as well as in the implementation of specific work plans. The Sustainability Plan demonstrates this commitment through 10 objectives that encompass both own and external personnel and that are included at the beginning of the occupational Health and Safety chapter of this document.
	Possibility of improvement in accident prevention measures involving employees and collaborators in line with the increase in business activity	—	Low			

The description of the potential or actual negative impacts set out in this section has been taken from the sources indicated above, which are subject to subjective assessments by third parties; certain aspects of these may not be shared by ENDESA. In any case, ENDESA always undertakes its activities under the strictest compliance with current legal obligations and in line with the most advanced management standards, implementing measures to avoid any potential negative impact and maximise the positive impact. Therefore, under no circumstances should this description of impacts be taken as a declaration of recognition of responsibility by ENDESA for the assessments, facts or situations reflected therein.

Based on the main actions included in the table above and the information contained in the reference chapters, ENDESA has drawn up strategic actions with a view to mitigating any possible potential risk that may arise from the aforementioned negative impacts. As a result, and as part of the management of the company's ESG matters, ENDESA is able to anticipate these potential risks, converting them into opportunities.

Once the most significant impacts have been prioritised, ENDESA classifies the ESG issues based on the double materiality result for each of the issues with a view to determining the material issues, as reflected in the following table:

List of material topics
Decarbonisation of the energy mix
Preservation of ecosystems and environmental management
Innovation, circular economy and digital transformation
Infrastructure and networks
Employee management, development and motivation
Commitment to local and global communities
Creation of economic and financial value
Products and services for electrification and digitalisation
Occupational health and safety
Commitment to the customer
Sustainable supply chain
Good governance and ethical conduct

4. SUSTAINABLE STRATEGY

The scope of the information provided in this chapter covers both ENDESA, S.A. and its investee companies in Spain and Portugal, the same as in the Legal Documentation reports. For further information, see section 1.2.6. *Organisational structure* in Chapter 1. *About ENDESA*. Variations, if any, to the scope described here are presented throughout the chapter.

4.1. Understanding ESG risks

4.1.1. Main ESG risks

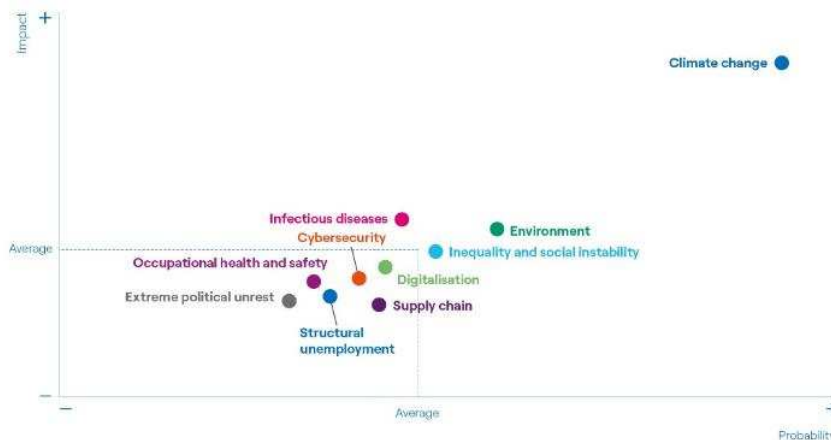
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In the context of sustainability and the nature of the business, ENDESA is exposed to different types of ESG risks as regards its financial and non-financial work in relation to its impact on strategy, finances, governance and culture, operations, digital technology and compliance.



The **methodology** applied by ENDESA is based on the annual identification of emerging risks with a medium and long-term impact with a view to analysing, controlling and preventing any possible impact that the business may suffer. To this end, ENDESA has taken as a reference the identification of global risks developed by the World Economic Forum following a consultation process involving 1,000 experts from the business, university, civil society and public sector worlds in terms of the perception of global risks over a 10-year time horizon. Combined with the company's materiality study and Human Rights Due Diligence, the company generates an adjusted risk map emphasising the most relevant sustainability risks and identifying risks in the context of ENDESA's operation.

This analysis is rounded off with the analysis of the company's exposure to each of the risks, performed taking into consideration the MSCI and Sustainabilitycs analyses, in addition to incorporating the analysis of information from public sources and stakeholders performed by REPRISK.



IDENTIFICATION AND DESCRIPTION OF THE MAIN RISKS FOR ENDESA

Risk	Description	Potential Impact on ENDESA	Main Management and Mitigation Measures
STRATEGIC			
Climate change	<p>Generally speaking, the measures being taken in the fight against climate change by States and the business sector may be insufficient for mitigation and adaptation. Spain has established an ambitious roadmap as part of its PNIEC to achieve carbon neutrality by 2050 pursuant to the Paris Agreement.</p> <p>The most significant risks that may arise are as follows:</p> <ul style="list-style-type: none"> ➤ Physical risks: consequences in the operation of assets due to the increase in temperature, the availability of renewable resources (water, wind and solar) and the frequency and intensity of extreme events. ➤ Transition risks: impact caused by legislative and market changes associated with the energy transition process and changes in generation technology. 	<p>Increased regulatory pressure to accelerate the transition to an energy mix free from greenhouse gas emissions (CO₂ regulation, lack of a price signal between different energy alternatives).</p> <p>Increase in the demands by investors regarding the management of the impact of the different climate change scenarios.</p> <p>Incidents affecting distribution networks and generation plants caused by adverse weather phenomena, as well as chronic changes in weather conditions.</p>	<p>ENDESA is committed fighting climate change, as demonstrated by the ambitious update of its Strategic Plan 2022-2024, in which the company brought forward its total decarbonisation goal to 2040 with an 80% reduction in specific Scope 1 emissions by 2030. All of this while speeding up the dismantling of the thermal fleet to achieve total decarbonisation. This same Plan calls for an increase in the period 2022-2024 of approximately 26% in installed mainland renewable capacity, thus reinforcing the portfolio of projects for growth and value creation. The company's strategic actions mitigate potential risks and take advantage of the opportunities provided by the variables of the energy transition. In fact, ENDESA has allocated almost 90% of its investments between 2022 and 2024 to SDG 13.</p> <p>ENDESA also has environmental management systems for all its generation and distribution assets, certified by ISO 14001 and aimed at promoting excellence in environmental management and going beyond the requirements established in environmental legislation.</p> <p>The company also participates actively and continuously over time both in national and international initiatives and in the development of studies and projects in order to deepen the evaluation of the impacts of climate change on the infrastructure elements that allow it to establish adaptation measures to minimise risks. Vulnerability studies are carried out, through which the exposure of its assets to the effects of climate change is evaluated, allowing the adoption of mitigation measures.</p> <p>By gradually integrating climate and transition scenarios, combined with the development of energy system models at a country level, it is possible to intercept the effects on variables such as demand for electricity, the system's energy mix and the electrification of consumption. These activities help to identify and assess the related risks and opportunities.</p> <p>As part of the management of meteorological and climatic phenomena, the best strategies are adopted for the purposes of prevention, protection and enhancement of resilience, with weather forecasting activities also carried out. What's more, best practices in physical events are implemented to ensure operations are restored quickly in case of adverse circumstances.</p> <p>ENDESA monitors its carbon footprint and maintains strict compliance with the emission limit values.</p> <p>For further details on the risks associated with Climate Change, consult section 1.4.1. <i>Chronic and acute physical risks and opportunities</i> in the chapter on <i>Decarbonisation</i>.</p>
GOVERNMENT AND CULTURE			
Inequality and social instability	<p>There is a worldwide increase in inequality that, in the case of Spain and Portugal, is accentuated by high levels of unemployment.</p> <p>Likewise, the social instability caused by the lack of leadership and the weakness of representative democracy, together with people's increasing ability to organise themselves and make increased demands of governments and companies, are contributing to a strengthening of civil society.</p>	<p>Social instability and the strengthening of civil society are causing further questioning of the activities of companies, which need to increase the intensity of their communication with society and develop more participatory relationship models with society based on the creation of shared value.</p>	<p>Through its methodology of creating shared value in the surrounding area of its local operations, ENDESA includes environmental and social factors in corporate processes and throughout the entire chain of value. As part of this model, the company proactively engages with local communities to identify their main needs, which are then included in action plans, the implementation of which is constantly monitored.</p> <p>Furthermore, ENDESA promotes the inclusive energy transition through both global (including public commitments and awareness) and local improvement actions, such as the Futur-e programme, with a view to finding sustainable solutions (mainly focused on employment and the development of economic activities) for the areas affected by the closure of coal-fired plants.</p>

IDENTIFICATION AND DESCRIPTION OF THE MAIN RISKS FOR ENDESA

Risk	Description	Potential Impact on ENDESA	Main Management and Mitigation Measures
	This is increasingly evident amongst young people, who report a loss of confidence in global economic, political and social structures; this, in turn, has a negative impact on social stability, individual well-being and economic productivity.		Additionally, the company is developing various actions to facilitate access to energy for vulnerable groups.

OPERATIONAL

Environment	<p>Due to the increased demographic pressure and human activity, characterised by high consumption of natural resources, a loss of the biodiversity of ecosystems is being produced.</p> <p>The demographic explosion and the consumption patterns of today's society entails a greater pressure on those natural resources that have to supply the needs of the population, causing the planet's resources to be drained more quickly.</p> <p>In general, awareness amongst society for the environmental impact of activities is increasing.</p>	<p>Increased environmental requirements for the development of new generation and distribution projects.</p> <p>Restrictions on the use or availability of water for electricity generation.</p> <p>Introduction of new conditioning factors as part of the operation of facilities (adaptation of the generation facilities to the Best Available Techniques with a comprehensive review of the authorisations in force and the establishment of environmental limits that are stricter than those currently in place, the establishment of requirements to promote the transition towards a circular economy).</p> <p>Impact of operations on biodiversity, with particular attention paid to the impact of distribution networks and renewable facilities on birdlife.</p> <p>Environmental sanctions deriving from possible environmental disasters brought about by the operation of power plants or the distribution network (fires, radioactive emissions).</p>	<p>ENDESA is committed to implementing structured policies and procedures to identify and manage the environmental risks and opportunities associated with the company's business activity. A plan of actions and improvement goals, reflected in the Sustainability Plan, mitigate the risk of environmental impacts.</p> <p>The risk of water scarcity is directly mitigated as part of ENDESA's business strategy, the growth of which is structured around its commitment to generation using renewable sources.</p> <p>ENDESA within its Biodiversity Conservation Plan, develops projects for the protection, conservation and enhancement of Biodiversity, promotes the increase of its scientific knowledge, seeks synergies that help its conservation and develops tools that help to understand the interaction of biodiversity with the activity it develops.</p> <p>For further information, consult the Environment chapter.</p>
Occupational health and safety	<p>The type of industrial activity carried out has an impact on the level of exposure to this type of risk, for both own staff and contractors.</p> <p>Furthermore, there has been an increase in mental health issues globally that have a negative impact on well-being and productivity, creating anxiety, depression, stress, loneliness, etc.</p>	<p>The greater the frequency and severity of accidents, the greater economic losses and reputational impact.</p> <p>The higher the number of mental health issues amongst employees, the lower the level of productivity.</p> <p>This risk may be exacerbated in the short term by exposure to health risks related to potential emerging infectious diseases.</p>	<p>Occupational Health and Safety is a critical priority for ENDESA, as reflected in the management policy and associated procedures, including the Occupational Health and Safety Management System for ENDESA and its Businesses and the corresponding Operating Standards in Technical Instructions.</p> <p>Extending the priority from its own personnel to those of subcontractors, this issue is closely followed by Senior Management, which meets at least monthly to analyse trends in the indicators and take appropriate measures in the event of any deviations. Performance in this area is one of the indicators that determines the variable remuneration of Senior Management.</p> <p>In addition, Strategic Health and Safety Plans have been established in the medium term with annual renewals or as a result of an abnormal concentration of accident rate.</p> <p>At ENDESA, as stipulated by Law 31/1995 on Occupational Risk Prevention and regulations that develops it, the prevention and protection service has been organised with the "JOINT PREVENTION SERVICE" figure with a series of tasks to be developed.</p> <p>The company has a structured health management system, based on prevention and protective measures, which also plays a role in developing a corporate culture aimed at promoting the psychophysical health and organisational well-being of workers, in addition to helping to balance personal and professional life.</p> <p>For further details, consult chapter 3. <i>Occupational Health and Safety</i>.</p>

IDENTIFICATION AND DESCRIPTION OF THE MAIN RISKS FOR ENDESA

Risk	Description	Potential Impact on ENDESA	Main Management and Mitigation Measures
Supply chain	<p>Concentration by country or supplier of goods and services or technology critical to business development with a view to gaining an advantage or in geographical areas with a fragile rule of law.</p> <p>Inability to control the prices of goods and services in the face of high demand or need for them on the market.</p>	<p>Economic or reputational losses resulting from breaches of social, environmental or human rights standards in the supply chain or on account of the supplier occupying a dominant position as a result of geographical or market concentration or ineffective contracting or procurement management activities.</p>	<p>The company's procurement processes consist of a system of standards and control points that make it possible to combine the achievement of economic business objectives while fully complying with the main principles established in the Code of Ethics, in the Zero Tolerance Plan, and in the Human Rights Policy, at the same time as promoting initiatives aimed at sustainability in relation to economic development.</p> <p>The procedures governing the contracting processes are all aimed at guaranteeing conduct that respects the core values of loyalty, professionalism, collaboration, transparency and traceability of the decision-making processes to the maximum.</p> <p>ENDESA defines stable and constructive relationships with its stakeholders with a view to guaranteeing their opposition to child labour, ensuring environmental responsibility and promoting health and safety in the workplace.</p> <p>Through the supplier rating system, ENDESA verifies the aspects indicated above and makes sure that they are in line with its strategic vision and share the same values. Furthermore, this system makes it possible to accurately assess suppliers in a way that monitors their performance in relation to the integrity of conduct in tender processes, quality, punctuality and sustainability.</p>
Extreme political conflicts – Business disruption	<p>The geopolitical situation in certain countries, political polarisation and extremist religious movements are causing an increase in terrorist attacks in developed countries.</p>	<p>Increase of the risk on the security of infrastructures in general and with greater intensity in the critical infrastructures that can potentially be the object of terrorist attacks and reduction of income due to the economic slowdown derived from the uncertainty generated by political polarisation.</p>	<p>ENDESA has security policies that guarantee the implementation of the physical, technical and organisational measures necessary for the protection of people, infrastructure and information systems, in line with the identified risks and the threat assessment; all in accordance with private security regulations and in compliance with the legal and regulatory provisions related to the protection of critical infrastructure and essential services, and in permanent cooperation with the competent authorities in matters of public safety.</p>
Structural unemployment	<p>Different factors such as population growth, the impact of automation, cyclical economic crises, the seasonality of employment, emerging situations or the lack of adaptation of the industrial fabric to the new competitive conditions determine that high levels of unemployment are continuously maintained.</p>	<p>A decrease in economic activity leads to lower demand for energy and value-added products and services and a greater volume of customers in vulnerable economic situations, with difficulties in paying the electricity bill.</p> <p>This risk may be exacerbated in the short term by exposure to health risks related to potential emerging infectious diseases.</p>	<p>ENDESA has a fair transition plan that applies a methodology for creating shared value in the area surrounding its local operations, guaranteeing employment for its workers, promoting and planning programmes to improve the skills of employees affected by the energy transition and retraining them.</p> <p>The company develops sustainability projects with communities focused on promoting quality education, affordable and clean energy and decent, inclusive work that facilitates sustainable economic growth. These projects are measured and monitored by number of beneficiaries. For further details, consult the chapter on Responsible Relations with Communities.</p> <p>Furthermore, ENDESA requires sustainability from its supply chain, linking advance invoicing operations through financial institutions (reverse factoring) with sustainability criteria, offering discounts to suppliers who are able to demonstrate that they apply best environmental practices.</p> <p>ENDESA establishes agreements with the Public Administration to avoid cutting off the supply of vulnerable customers and thus reduce the risks of non-payment and also has a series of rates according to the economic situation of the different groups (PVPC, Sale Price for Small Consumer) as well as the "social bonus" (subsidised rate) for vulnerable households.</p>
Infectious diseases	<p>Bacteria, viruses, parasites, or fungi that cause the uncontrolled spread of infectious diseases (for example, as a result of resistance to antibiotics, antivirals, and other treatments) leading to widespread deaths and economic disruption.</p>	<p>Risk of incurring economic or financial losses and damage to reputation due to a partial or total interruption of operations, deriving from technical failures, malfunction of assets and plants, human error, the lack of availability of raw materials or any other factor resulting from any emerging infectious disease that has epidemic or pandemic potential.</p>	<p>ENDESA, as a company committed to the health and safety of both its employees and its stakeholders, is ready to address any possible scenario arising from the emergence of infectious diseases. An example of this can be seen in the design of a global action plan against COVID-19 in 2020 that included measures to help fight the spread of the virus, ensure electricity supply, provide facilities to its customers and take care of its employees.</p>

IDENTIFICATION AND DESCRIPTION OF THE MAIN RISKS FOR ENDESA

Risk	Description	Potential Impact on ENDESA	Main Management and Mitigation Measures
		Furthermore, as a consequence of the Company's global presence, employees and contractors could be exposed to risks related to emerging infectious diseases of an epidemic and potentially pandemic nature, which could have an impact on their health and well-being.	Specifically, with a view to continue to take care of its employees, ENDESA continues to implement new sanitary measures in response to the appearance of new variants of the virus. For further information, see section 4.6. <i>Our response to COVID-19</i> in the chapter on 4. <i>Sustainable Strategy</i> .

DIGITAL TECHNOLOGY

Digitalisation	<p>The complete digital transformation of the way in which the entire energy value chain is managed has resulted in the development of new business models, digitising the corresponding processes, integrating systems and adopting new technologies.</p> <p>Access to digital technologies and networks or the lack of necessary skills can result in inequalities and lack of process efficiency.</p>	<p>Exposure to risks related to the use of IT systems used throughout the company, with the corresponding impacts on operational processes and activities, potentially leading to the disruption of information technology systems and operation or loss of data.</p> <p>The intense process of digital transformation could impact employees' ability to perform their work if they are not adequately trained to acquire the necessary digital skills.</p>	<p>ENDESA has an organisational unit responsible for guiding the Digital Transformation at the company, to ensure that these risks are managed through a series of measures developed by Digital Solutions.</p> <p>An internal control system is available that introduces control points across the entire IT value chain, making it possible to prevent the appearance of risks related to issues such as the creation of services that do not meet the needs of the business, the failure to implement adequate security or possible service disruptions. The internal control system monitors both the activities performed internally and those outsourced to third parties and service providers.</p> <p>Furthermore, ENDESA promotes the dissemination of digital culture and skills among its employees to support the digital transformation and minimise the associated risks.</p>
Cybersecurity	<p>The speed of technological development and digitalisation has resulted in an increase in exposure to potential cyber attacks, which are increasing in frequency, intensity and focus in strategic industrial sectors. These attacks can compromise the security of computer systems and databases containing sensitive information.</p>	<p>Economic losses and reputational impacts (loss of trust on the part of society) that arise in the event that ENDESA's information systems are affected by a cyberattack. The Company's critical infrastructures may also be exposed to this type of attack, which could have a serious impact on the essential services provided. Increase in the danger of the fraudulent implantation of commercial activity and it is necessary to adopt security measures and protect customer data.</p>	<p>ENDESA has a structured cybersecurity system in place that adheres to international standards and government initiatives applicable to all sectors of IT (Information Technology), OT (Operational Technology) and IoT (Internet of Things).</p> <p>Driven by a "risk-based" approach, which considers business risk analysis as the basic step of all strategic decisions, and a principle of "cybersecurity by design", which makes it possible to focus on cybersecurity issues from the initial phases of system design and implementation.</p> <p>Furthermore, it has a dedicated Cyber Emergency Readiness Team (CERT) to proactively respond to any threat, in addition to a cybersecurity risk insurance policy.</p>

4.1.2. Top ESG opportunities

The changes in the ESG environment not only presents risks, but also offers opportunities to ENDESA. In this regard, orienting ENDESA's strategy and actions to respond to the main social and environmental concerns of all the company's stakeholders makes it possible to harness these opportunities.

The main opportunities detected relate to the most important topic for all its stakeholders: fighting climate change. The changing regulatory context, technological development, changes in customer behaviour and electrification linked to the energy transition towards a low-emission energy model generates commercial opportunities for companies that, like ENDESA, want to lead this energy transition. In this regard, opportunities linked to the development of renewable power, the commercialisation of services and products that promote the electrification of domestic and industrial consumption and that make it possible to decarbonise other sectors such as transport and promote energy efficiency are identified. For further details on the opportunities associated with the fight against climate change, consult section 1.4.1. *Chronic and acute physical risks and opportunities* in the chapter on *Decarbonisation*.

4.1.3. General Risk Control and Management Policy

The General Risk Control and Management Policy lays down the basic principles and the general framework to control and manage risks of any kind that could affect the attainment of targets, ensuring that they are systematically identified, analysed, assessed, managed and controlled within the risk levels set. The General Risk Control and Management Policy identifies the different types of risk, financial and non-financial (including operational, technological, legal, social, environmental, political and reputational, including those related to corruption) faced by the Company, including among financial or economic risks any contingent liabilities and other risks not included in the statement of financial position.

The aim of the General Risk Control and Management Policy is to guide and direct the series of strategic, organisational and operational actions that allow the Board of Directors at ENDESA, S.A. to accurately define the acceptable level of risk, permitting managers in the different lines of business, staff and service functions to maximise the Company's profitability, preserve or increase its net worth and guarantee that this is achieved above certain levels, preventing uncertain and future events from adversely affecting the achievement of the profitability targets defined, or the corresponding operations, sustainability, resilience or reputation in a sustained way over time, providing shareholders with adequate guarantees and safeguarding their interests, in addition to the interests of customers and other stakeholders.

The General Risk Control and Management Policy is prepared and approved with other risk policies specific to the lines of business, staff and service functions, as well as with the limits established for the optimal risk management of each of them.

The General Risk Control and Management Policy is implemented through an Internal Risk Control and Management System (SCIGR), that consists of an organisation process, principles, a regulatory system and a risk control and management process.

The Internal Risk Control and Management System follows a model that is based, firstly, on the ongoing study of the risk profile, applying current best practices in the energy or reference sector in relation to risk management, based on the criteria of the uniformity of measurements for the same type of risk, on the separation of risk controllers and managers, and, secondly, ensuring the connection between risks assumed and the resources required to operate the business while ensuring respect for an adequate balance between the risk assumed and the targets defined by the Board of Directors at ENDESA.

The risk control and management model implemented in the Company is aligned with international standards based on the three lines of defence model, as described in the General Risk Management and Control Policy published on the Company website: <https://www.ENDESA.com/es/accionistas-e-inversores/gobierno-corporativo/politicas-corporativas.html>.

The organisation of the Internal Risk Control and Management System is carried out through the risk control and risk management functions, which are independent of each other, thereby showing an adequate separation of functions.

The General Risk Control and Management Policy defines the Internal Risk Control and Management System as an interwoven system of rules, processes, controls and information systems, as part of which global risk is defined as the risk resulting from the full view of all the risks to which ENDESA is exposed, having regard to the effects of mitigating the various exposures to and categories of risk, which makes it possible to consolidate and evaluate the risk exposure of the different units at the company, as well as prepare the corresponding management information for making decisions on risk and the adequate use of capital.

ENDESA's Risk Control and Management Policy, which is set and approved by its Board of Directors, is the core element of the system, from which other specific documents and policies derive, such as the Tax Risk Control and Management Policy and the Criminal and Anti-Bribery

Risk Prevention Policy, which are also approved by ENDESA's Board of Directors and which define the risk and control catalogues.

Furthermore, in light of the increased interest in the management and control of risks to which companies are exposed and given the complex nature of identifying them from a comprehensive perspective, it is important that employees are involved at all levels of this process. A risk mailbox has now been created for employees to help identify market risks and suggest measures to mitigate them, complementing the existing top-down risk management and control systems and mailboxes and specific procedures for sending communications in connection with breaches of ethical conduct and criminal, tax and employment risks.

4.1.4. ENDESA's Criminal and Anti-Bribery Risk Prevention Model and Programme for Compliance with regard to the Defence of Competition

As described in section 2.2.3. *ENDESA's Criminal and Anti-Bribery Risk Prevention Model and Competition Compliance Programme* in the chapter on *Corporate Governance and Ethical Conduct* of this Report, ENDESA has a Criminal Risk Prevention and Anti-Bribery Model in place that provides the company with a control system with a view to preventing or significantly reducing the risk of committing criminal offences as part of its business activity, in compliance with the provisions of the Criminal Code in terms of the criminal responsibility of legal entities, a system introduced into Spanish law in 2010.

The Criminal Compliance and Anti-Bribery Policy, which is separate from the General Risk Control and Management Policy, was approved by the Board of Directors on 6 November 2017; it establishes the general principles of the Compliance System, which inform the content and application of all corporate internal standards, as well as the Organisation's actions.

The Audit and Compliance Committee is the body responsible for overseeing the operation and compliance of the Model and the functions performed by the Supervisory Committee, which is responsible, among other tasks, for monitoring and updating the Model. The Supervisory Committee is made up of the Secretary General and Secretary to the Board of Directors (who in turn acts as Chairman of the Supervision Committee), the General Director of Audit, the Director of Corporate Legal Advice and Compliance, the Director of Business Legal Advisory and the General Director of People and Organisation.

During 2021, the Supervisory Committee met on three occasions, following up on issues related to the Model, including the intervention of those responsible for different areas of the Company to inform to the Committee on relevant aspects within its purview. As part of these actions, the Supervision Committee has reviewed ENDESA's Criminal and Anti-Bribery Risk Prevention Model, maintaining the certifications obtained in 2017 for its Criminal and Anti-Bribery Risk Prevention Model pursuant to the UNE 19601:2017 Criminal Compliance Management and UNE-ISO 37001 standards relating to the Anti-Bribery Management System.

At the beginning of each financial year, the Supervisory Committee prepares an Activities Programme in which priorities are established based on qualitative criteria using a risk approach.

The activities carried out in 2021 include:

- The review, update and evaluation of the events of risk of commission of the penal infractions and of adaptation and update of its mitigating controls included in the matrix of the Model.
- Verification of the adequate effectiveness and operation of the Criminal and Anti-Bribery Risk Prevention Model by reviewing the appropriate design and operability of certain control activities.

- The carrying out of various training and dissemination initiatives to the company's staff on the ethical reference and criminal prevention compliance framework in force at ENDESA.
- Review and update of the Criminal and Anti-Bribery Risk Prevention Model in order to maintain the certificates that accredit the Criminal Compliance Management System in accordance with UNE 19601:2017 and an anti-bribery Management System in accordance with UNE-ISO 37001, as well as supervising the Compliance System at non-controlled entities.
- Maintenance of the scorecard with compliance indicators that make it possible to measure the main aspects of ENDESA's Criminal compliance and Anti-bribery system.
- Implementation of the Criminal and Anti-Bribery Risk Prevention Model at newly created ENDESA Group companies, as well as the adaptation of the Model to the specific nature of the structures, processes and projects at ENDESA Group companies.
- Monitoring and analysis of complaints in relation to ethical matters and disciplinary sanctions related to ethical breaches.
- Promotion of communication and dissemination activities in relation to ethics and compliance as regards Internal Policies, Protocols and Procedures.

Furthermore, in March 2021 the Audit and Compliance Committee set up the Competition Committee, which, under the direct and exclusive supervision of the Audit and Compliance Committee, performs the control and proposal functions with a view to updating the Programme for Compliance with regard to the Defence of Competition, inter alia, with a view to adapting it to the needs of the Organisation and to legal changes.

The Competition Committee consists of: (a) the General Secretary and Secretary to the Board (b) the General Manager - Institutional Relations and Regulation (c) the Director of Regulation (d) the Manager General - Audit (e) the General Manager for Personnel and Organisation (f) the General Manager - Administration, Finance and Control (g) the Director of Business Legal Advisory (h) the Director of Corporate Legal Advice and Compliance and (i) the head of Legal Advice in relation to Competition at ENDESA.

Since the Competition Committee was constituted in March 2021, the following activities have been worth particular mention:

- The presentation of the Competition Programme to the Board of Directors at ENDESA, S.A. and the approval of the Competition Policy by the Audit and Compliance Committee.
- The review of ENDESA's position in relation to competition affairs, in addition to the review of the risk matrix in relation to breaches in the field of Competition and of the adaptation and update of the associated mitigating controls.
- Promotion of training activities aimed at Senior Management, specific training activities by areas or lines of business and general information and training and dissemination activities targeting all ENDESA employees.
- Follow-up on complaints received in relation to competition, as well as the management of the necessary actions related to non-compliance.

Based on the activities performed during 2021, it has been concluded that both the ENDESA's Criminal and Anti-Bribery Risk Prevention Model and Programme for Compliance with regard to the Defence of Competition are in place at all the relevant Group companies and are being

effectively executed; it has been established that they are generally adequate in mitigating the criminal and competition risks identified in the applicable regulations.

4.1.5. The System of Management and Control of Tax Risks

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The Audit and Compliance Committee is entrusted with the function of supervising the operation and effectiveness of the Group's risk management and control system, including tax risks. In accordance with the provisions of the Audit and Compliance Committee Regulations, it will directly supervise the Risk Committee, which is the internal body responsible for ensuring the proper functioning of the company's risk management and control systems, ensuring the participation of Senior Management in strategic risk control and management decisions and fostering a culture in which risk is a factor to be taken into account in all decisions and at all levels in the entity.

For its part, the Risk Committee also acts as the Tax Compliance Body, in charge of the functions of supervising the operation and effectiveness of the Group's Tax Risk Management and Control System, reporting for this purpose to the Audit and Compliance Committee, all in accordance with the provisions of the UNE 19602 Standard.

The scope of the Risk Committee covers all risks, specifically including tax risks, and excluding those already included in the Criminal Risk Prevention Model and those related to the Internal Control of Financial and Non-Financial Reporting which are reported to the Audit and Compliance Committee through other channels (Oversight Committee and Transparency Committee).

The Tax Risk Management and Control model is made up of five elements that, combined, guarantee an adequate control system for risk prevention:

- **Control Environment:** set of standards, processes and structures that constitute the basis on which the internal control of the organisation is developed.
- **Risk assessment and control activities:** carried out jointly by the Risk Committee and those responsible for the processes. Each identified tax risk scenario has at least one control activity whose objective is to prevent the risk from materialising and to prevent the risks analysed from occurring.
- **Supervisory activities:** it is continuously supervised to check whether its design and operation are adequate with respect to the requirements of the applicable regulations, analysing and resolving the identified incidents.
- **Information and communication:** the necessary initiatives are promoted for the adequate dissemination and training of personnel, so that the members of the company can adequately comply with the provisions of the regulations.
- **Disciplinary system:** non-compliance with the measures provided in the model and with the company's rules of conduct are sanctioned by applying ENDESA's sanctioning regime contained in the company's Collective Agreement.

Risks are managed and supervised by different Units that are coordinated through the quarterly meetings of the Risk Coordination Work Group, where the Tax Affairs Area is represented by its manager.

ENDESA's Tax Risk Management and Control Policy is intended to be the base document of ENDESA's Tax Control Framework. It seeks to regulate the principles that must guide ENDESA's Tax Function in order to carry out proper management and control of tax risks, constructing:

- The principles that must guide **the management of tax risks**, establishing the obligations and responsibilities within the organisation in this regard and including a description of the measures that must exist to mitigate any tax risks that might be identified.
- The principles that must guide **the correct control of tax risks**, which include, on the one hand, the performance of a series of *ex ante* preventive controls and, on the other, the performance of a number of ex-post checks entailing the identification, measurement, analysis, monitoring and reporting of these risks in line with the provisions of ENDESA's Risk Management and Control Policy and the ENDESA Risk Map Operating Instructions.

For ENDESA, due diligence is a significant factor in the development of its business, both in relation to the control of the selection of the organisation's members (internal due diligence) and of the third parties with which it deals (external due diligence).

Since 2020, the Tax Compliance Management System has been certified by AENOR pursuant to the provisions of the UNE 19602 Standard. This Certification accredits:

- The existence of a tax control system to identify, prevent and detect tax risks in order to avoid additional tax demands, fines from and even criminal liability vis-à-vis the Tax Authority.
- The existence of control and mitigation procedures for use in the event of a tax risk.

This Certification serves as additional proof that our organisation is determined to comply with all its tax obligations to the tax authorities or the courts. Furthermore, the Certification is compatible with ENDESA's tax responsibility policy and with its Fiscal Transparency and Ethical Compliance Policy as regards its relationship with state, regional and local government agencies.

A key element of the System is that ENDESA promotes the culture of compliance through the training of employees in this area; to this end, in 2021 the company launched an online course on the Tax Risk Management and Control System, the content of which addresses the different aspects of the System.

ENDESA has an Whistleblowing Channel so that all stakeholders can report, securely and anonymously, thus ensuring that no retaliatory action is taken, any irregular, unethical or illegal conduct which has, in their opinion, occurring in the course of the company's activities. ENDESA's Whistleblowing Channel provides all its stakeholders with a secure and anonymous way of communicating any irregular or inappropriate conduct in relation to the Tax Compliance System.

4.1.6. The Internal Control System for Reporting

The quality and reliability of the financial information that listed companies publish for the market is a core element for the Company's credibility, which significantly affects the value that the market assigns to it. Any dissemination of incorrect or low-quality financial information could provoke a significant decrease in the Company's value, with the consequential detriment for shareholders.

The Internal Control Over Financial Reporting System (ICFR) is a part of the Company's internal control and comprises a series of thorough processes to provide reasonable assurance with respect to the reliability of internal and external financial information. ENDESA's Internal Control Unit is responsible for identifying the most significant processes, activities, risks and controls in relation to the Internal Control Over Financial Reporting System (ICFR) that are considered material in reasonably ensuring that the information disclosed externally is reliable and appropriate.

The documentation of the processes that form part of ENDESA's Internal Control Over Financial Reporting System includes detailed descriptions of the activities relating to the financial reporting process from the initial recognition to the ultimate accounting entries and their subsequent

disclosure, passing by their authorisation and process, and which were prepared in line with the following basic objectives:

- Identification of the critical processes related directly and indirectly to the generation of financial information.
- Identification of the risks intrinsic to these processes which could give rise to material financial reporting errors (typically related to completeness, validity, recognition, cut-off, measurement and presentation).
- Identification and categorisation of the controls in place to mitigate these risks.

Every six months, ENDESA assesses the Internal Control Over Financial Reporting System (ICFR), in which each of the control heads of the Internal Control Over Financial Reporting System (ICFR) evaluates both its design and its effectiveness. Within the model, an on-going verification process is additionally performed of the Internal Control Over Financial Reporting System (ICFR) by an independent expert. The findings of both processes are reported to:

- The Board of Directors, which, in accordance with the Corporate Enterprises Act, has the indelegable power to supervise the internal information and control systems.
- The Audit and Compliance Committee, the functions of which, in accordance with the Corporate Enterprises Act, include supervision of the effectiveness of the Company's internal control.

In June 2020, the Code of Good Governance of Listed Companies, approved by the Spanish Securities Market Commission, established that supervision and assessment of the preparation and integrity of non-financial information is a competence of the Audit Committee. Non-financial information must be prepared applying the same veracity and integrity requirements as financial information. It must, therefore, be subject to an adequate internal control system. In 2020, ENDESA opted to apply its Internal Control Over Financial Reporting System to non-financial information, with specific additional controls to guarantee the integrity and veracity of the non-financial information. Since 2021, ENDESA, has been extending the methodology of the Internal Control Over Financial Reporting System with an end-to-end scope for legally-required non-financial and sustainability information, to guarantee supervision of the processes and systems, identification of risks, and the design and implementation of adequate controls.

4.1.7. Tax Risk Control and Management Governance

ENDESA has established a Risk Control and Management Process that enables it to obtain a complete vision of all the risks to which it is exposed, taking into account the mitigating effects between the various risk exposures and risk categories, and the corresponding management information to be drawn up for decision-making on risk and appropriate use of capital.

The Risk Committee supervises the management and monitoring of all risks, specifically including tax risks and excluding those of a criminal nature and those related to internal control of financial and non-financial reporting, referring the results of its deliberations and conclusions to the Audit and Compliance Committee of the ENDESA's Board of Directors.

Risk Control is the area delegated by the Risk Committee to define the procedures and norms of the internal control and risk management system, to ensure that all the risks are homogeneously and periodically identified, characterised, quantified and properly managed in the area of responsibility that affects the entity, including off-balance sheet, monitoring risk exposure and the control activities implemented. In the performance of its duties, Risk Control receives support from other areas and committees with specific and complementary risk management and control models and policies.

In accordance with the regulations of ENDESA's Audit and Compliance Committee, which state that an assessment of the performance of the internal control and risk management function will be undertaken periodically by an independent external entity that will be selected by the Audit and Compliance Committee, the Committee requested PwC to issue a Report showing the conclusions of the integrated assessment of ENDESA's risk control and management system (specifically Risk System, Criminal Risk Prevention and Anti-Bribery System and Tax Risk System) and they were informed of the conclusions reached with regard to the supervision of the risk control function: ENDESA is one of the companies that most closely adheres to applicable best practices among all listed companies and companies in the electricity sector.

4.1.8. Stakeholder risk management

The involvement of stakeholders, not only at a strategic level at the company but also at a project level, is a core part of ENDESA's approach to shared value creation. This makes it possible to obtain a deep understanding of the local context, helping to identify key priorities, risks and impacts related to the project/business asset, with a view to bringing them in line with the company's objectives and identifying actions that can build long-term relationships.

During this process, potential risks may arise as a result of stakeholder involvement, including but not limited to participation fatigue, conflicts of interest, disruptive stakeholders and unwillingness to participate.

These risks are handled in different ways, including:

- Ensuring that all stakeholders are properly involved and that their complaints are heard and understood. ENDESA seeks to foster an environment in which a proactive dialogue can be constructed with any type of stakeholder as reflected in its Open Power vision, both when defining the strategy and when rolling it out locally as part of its operations. To this end, ENDESA has created the CSV stakeholder management tool, which is used to follow up on contacts and participation actions, in addition to the key problems raised, throughout the project's life time.
- Analysing the possible relationship between stakeholders and the company before developing the project to avoid any potential conflicts of interest, as well as providing common approaches to the company's representatives in the local community.
- Sharing all information about the project that is relevant to the affected stakeholders as a precondition for promoting transparent dialogue and relationships, ensuring at all times that the consultation processes satisfy specific quality conditions.
- Ensuring community involvement through communication and grievance mechanisms that make it possible for stakeholders to easily get in contact with the company using locally available tools and means.
- Facilitating and supporting the involvement of communities in the monitoring of projects through local training, transparent information on the different phases of the project, transparency in the provision of information on the methodology for defining the affected areas and involvement of community representatives in the follow-up phase. Furthermore, involving independent third parties in negotiation processes as "bona fide witnesses", where applicable.

4.2. ENDESA's Sustainability Plan 2022-2024

Endesa's Sustainability Plan 2022-2024



ENDESA uses the results of the materiality analysis, combined with the company's business model, to define its Sustainability Plan for a three-year period. These objectives are reviewed every year to ensure continuity and alignment with the strategy, in order to integrate sustainability ever more completely throughout the value chain. Furthermore, this plan is approved by the Board of Directors, which delegates responsibility for the supervision of compliance to the Sustainability and Corporate Governance Committee.

This Plan responds to the Company's sustainable business model, aimed at leading the energy transition, with an inclusive approach, leaving nobody behind and creating value for all stakeholders. Furthermore, aware of its role in environmental, social and governance aspects as key factors in emphasising its position as a responsible company, ENDESA continues to invest in areas related to human rights, human capital, occupational safety and health, environmental management, cybersecurity and sustainability throughout its supply chain.

The ENDESA's Sustainability Plan 2022-2024 pursues the long-term value creation, based on the following strategic priorities that serve as the foundation of its objectives:

Energy transition

- **Future of generation:** With a view to achieving complete decarbonisation by 2040, as reflected in the most recent update to the Strategic Plan, ENDESA has increased the ambitiousness of its actions related to climate action with a view to meeting the ultimate goals of being a 100% renewable company in 2040 and reducing 80% of specific Scope 1 emissions by 2030 compared to 2017. This will all be possible thanks to the 48% increase in mainland renewable capacity during the 2022-2024 period.
- **Electrification, digitisation and platforms:** ENDESA remains committed to the electrification of demand with a view to increasing its range of products and services, guaranteeing quality and customer satisfaction at all times. This is reflected in the Company's goal of installing 46,000 public and private charging stations by 2024 or multiplying the installation of e-bus charging stations by five by the end of 2021. Furthermore, ENDESA remains committed to guaranteeing a reliable and safe supply with the goals of an interruption time of 45 mins or losses of 6.9%, inter alia, by 2024. All the above considering the importance of digitalisation and focussed on new business

models structured around the creation of platforms and through investments to improve the quality of service and efficiency.

People focus

- **Our people:** ENDESA dedicates significant efforts to serving those who work for the company, promoting their level of satisfaction, diversity and inclusion, talent development and work-life balance. ENDESA considers its employees as key factors in the company's sustainable strategy, and as part of its role as a leader in the energy transition, it promotes the development of training and retraining programmes for employees, committed to diversity at all times right from the selection processes, where its goal is to ensure the 50% participation of women.
- **Global and local communities:** ENDESA is committed to social and economic growth in the towns and cities where it operates, as part of a model of creating shared value where sustainability is focussed on promoting energy access, socio-economic development and education as the central axes of its commitment.

ESG Pillars:

- **Sustainable Supply Chain:** ENDESA's current approach is based on promoting sustainability with its suppliers and continuing to manage the supply chain control and supervision systems in line with the best environmental, safety and human rights criteria.
- **Occupational health and safety:** The company spares no efforts in relation to its main aim of reducing accidents involving employees and contractors.
- **Environmental sustainability:** ENDESA continues to work on reducing its emissions and environmental footprint through the main environmental indicators, in addition to continuing to strive for the conservation and protection of biodiversity.
- **Good Governance:** The new ENDESA's Sustainability Plan 2022-2024 ensures compliance with the company's ethical commitments and responsibilities, the implementation of good practices in corporate governance and the promotion of transparency in relations and communications with all stakeholders.

Growth accelerators:

The growth accelerators that support and promote the implementation of the objectives under the 2022-2024 Sustainability Plan are: innovation, cybersecurity, digital media, the circular economy and sustainable finance.

The breakdown of the objectives defined in the new Sustainability Plan for the 2022-2024 period can be consulted at the start of each chapter of this report.

4.3. Our respect for human rights

4.3.1. ENDESA's Human Rights Policy

3-3 Management approach human rights assessment

ENDESA's Human Rights Policy was first approved in 2013. It has since been updated and was approved once again by the Board of Directors on 21 December 2021. This Human Rights Policy follows the recommendations of the United Nations Guiding Principles on Business and Human Rights and includes ENDESA's commitment to and responsibilities in relation to all human rights.

This policy focuses on creating sustainable value throughout the value chain, in both its business activity and the operations carried out by both ENDESA's management staff and employees. The commitments to the Sustainable Development Goals are included as a guarantee that avoids the risks of human rights violations, paying special attention to the most vulnerable stakeholders. The Company encourages its contractors, suppliers and trade partners to adhere to the same principles, focusing particularly on situations involving conflict and high risks.

The policy consists of twelve principles covering two major areas: employment practices, and communities and society. These principles are inspired by the Universal Declaration of Human Rights and the conventions of the International Labour Organization (ILO) in relation to human and social rights.

ENDESA's Human Rights Policy



The policy is available at www.endesa.com.

ENDESA started implementing pioneering due diligence exercises in 2017 to ensure implementation and monitoring of the commitments in its Human Rights Policy, following the recommendations of the guiding principles. These due diligence exercises have resulted in action plans to address the opportunities for improvement identified.

4.3.2. Whistleblowing and complaint mechanisms

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ENDESA's Human Rights Policy establishes that when any person related to ENDESA, whether an employee or a third party, considers that there are circumstances that breach the provisions of the policy itself, they may report this situation using any of the following mechanisms:

- Through the ethics channel that the company makes available to all stakeholders on its website (<https://www.endesa.com/es/accionistas-e-inversores/gobierno-corporativo/conducta-etica>). And in the case of ENDESA employees, the company's intranet may also be used.
- By e-mail: ENDESA code of ethics mailbox eticaycumplimiento@enel.com.
- By writing to the following address: ENDESA, S.A. General Audit Manager, Ribera del Loira, 60 - 28042 Madrid.

In the treatment of these communications, the Audit Function will act to protect the informants from any form of retaliation, being understood as such any act that may give rise to the mere suspicion that the person in question may be subject to any form of discrimination or penalty. In addition, the confidentiality of the identity of the informants is guaranteed, unless otherwise stipulated in the applicable legislation.

For issues relating to the workplace, ENDESA has the necessary mechanisms to establish a continuous dialogue with the various trade union organisations through which they can transmit complaints or claims to the company. Likewise, through the Open Power strategic positioning, ENDESA seeks to establish an increasingly continuous and close dialogue with civil society organisations, which are facilitated through the channels mentioned above, and through which complaints or suggestions on issues relating to human rights can also be received.

In any case, these notifications will be assessed to determine whether there has been a breach of the principles included in the Policy, applying the corresponding procedure set forth in the Code of Ethics and in the scheme of penalties established in the Company's Collective Bargaining Agreement. Likewise, ENDESA is committed to developing the appropriate remediation mechanisms, without prejudice to allowing access to other judicial and non-judicial mechanisms that may exist.

Additionally, within the former Due Diligence Action Plan, a specific channel (sostenibilidad_csv@enel.com) was created to facilitate the reception of queries, complaints or requests for clarification on any projects that might be developed. Information on the existence of this channel will be available, as well as in the usual ENDESA communication channels, on the panel sites located in all the renewable park works.

4.3.3. Cases of violation of human rights

During 2021, ENDESA has received, either through the Whistleblowing Channel or by other means, 1 complaint related to human rights ("psychological harassment" or corporate climate and people and organisation management), which was closed without having identified any signs of noncompliance. In 2020, there were no complaints in relation to human rights.

4.4. Sustainable Development Goals.

3-3 Management Approach non-discrimination

As a key player in establishing a new, global and sustainable energy model, ENDESA subscribes to the main international agreements promoted by the United Nations for sustainable management. Thus, it is staunchly committed to the Ten Principles of the Global Compact, the Guiding Principles on Business and Human Rights and the Seventeen Sustainable Development Goals.

Commitment to the United Nations Agenda



4.4.1. Sustainable Development Goals.

On 25 September 2015, the UN approved the 2030 Agenda for Sustainable Development so that countries and their societies could make progress towards the construction of a more sustainable world that leaves no one behind.

If this is to be achieved everyone must play their part. ENDESA wants to be an active agent in this transformative vision towards sustainability so, since announcing its specific contribution to Agenda 2030 in 2016, the Company has continued to progress with regard to our commitment to goal 13 of climate action to which it also contributes with specific actions in relation to SDGs 7, 9 and 11:

- **SDG 13** (Climate Action): Bringing forward of decarbonisation of the energy mix to 2040, setting ambitious targets to reduce specific Scope 1 Greenhouse Gas (CO₂eq) emissions compared to 2017 by around 80% by 2030 and 100% by 2040.
- **SDG 9** (Industry, Innovation and Infrastructure) and **SDG 11** (Sustainable Communities and Cities): Investment of approximately 1.5 billion euros in Digitalisation to transform the energy of the future and a Plan to roll out 46,000 charging stations in 2024.
- **SDG 7** (Affordable and clean energy): More than 4.0 GW of growth in renewable energy in the 2022-2024 period. Furthermore, ENDESA indirectly contributes to training and education programmes focusing on energy, accessibility and the promotion of energy efficiency, reaching 4.1 million beneficiaries between 2015 and 2030.

Furthermore, ENDESA indirectly contributes to **SDG 4** (Quality Education), having established a public commitment to reach 0.8 million beneficiaries between 2015 and 2030 and **SDG 8** (Decent Work and Economic Growth) where the company has established a public commitment to reach 1.9 million beneficiaries by 2030 during the same period as part of the social initiatives organised by the company.

SDG 12 (Responsible Production and Consumption) is another key concept in the strategy, especially when it is combined with innovation and is introduced into the value chain from the design stage. Under our strategy, ENDESA expects 90% of the generation fleet to be circular by 2030 (measured as reduction in materials and fuel consumption over the life cycle vs. 2015 excluding nuclear technology).

Partnerships, which ENDESA has fostered traditionally, are becoming more important than ever nowadays. This means the Company is contributing to the achievement of **SDG 17** (Partnerships for the goals). These alliances not only help to rise to the challenge of decarbonisation in the sector, but have also played a key role in coping with the exceptional circumstances experienced as a result of the pandemic, where public-private partnership has become even more crucial.

These SDGs are considered a priority for ENDESA; therefore, it places greater emphasis on achieving them, although it also takes decisive action in relation to all SDGs, setting targets and reporting on them since they were introduced. To this end, ENDESA's 2022-2024 Sustainability Plan sets out the roadmap for the coming 3 years for contributing to the 2030 Agenda, thus bringing its sustainability strategy in line with this universal framework.

4.4.2. The ten principles of the Global Compact

3-3 Management Approach non-discrimination

In 2002, ENDESA was one of the first Spanish companies to adopt the Global Compact, incorporating its principles into its Corporate Integrity standards, sustainability policy and strategy, and extending this approach to all regions in which it is present.

The Global Compact requires participating companies to prepare an Annual Progress Report detailing the work done to integrate the ten principles into business strategies and operations, which must be public and available to stakeholders.

In 2021, ENDESA maintained this commitment and once again reached the advanced level of the Global Compact in 2021, the highest category with which progress reports can be classified, due to its high level of performance in Sustainability and to its reporting on a set of good corporate sustainability governance and management practices. Furthermore, ENDESA played an active part in the Spanish Global Compact Network, as a member of its Executive Committee, especially in relation to the promotion of the Sustainable Development Goals and the Guiding Principles on Business and Human Rights.

Signing up to the Global Compact has been viewed positively by its stakeholders, as well as sustainable investment funds and sustainability rating agencies. This helps encourage dialogue and collaboration between all the social agents, for which the Global Compact is a highly useful tool.

4.4.3. The Guiding Principles on Business and Human Rights

3-3 Management approach Human rights assessment

ENDESA has a permanent commitment to respecting and promoting human rights. This commitment is reflected in its corporate policies and is manifested through its adherence to the United Nations Global Compact, which incorporates support and respect for the protection of human rights and non-complicity in its violation within its first two principles. Likewise, ENDESA has historically developed pioneering activities to ensure respect for human rights in its activities and those of its supply chain, continuously developing processes to identify risks and potential human rights impacts.

Following the approval of the Guiding Principles of Business and Human Rights by the United Nations, ENDESA decided to formally adapt its historical commitment to respect and promote human rights to this new framework, integrating it into the management of business activity.

4.5. Valuable 500

ENDESA, having becoming the first energy company in Spain to join the Valuable 500 initiative in 2020, has committed to preparing an Action Plan on disability, which has been allocated an implementation period of three years, revolving around four axes:

- **Awareness-raising and training on disability:** Awareness-raising actions to raise awareness, both internally and externally, amongst all staff and specific groups.
- **Improving employability:** Development of new internal initiatives in addition to technological solutions to improve the employability of people with disabilities at the company.
- **Reduction of barriers and improved accessibility:** Analysis of all situations that may occur involving both internal and external parties to the company's facilities, with a view to eliminating any possible accessibility barriers.
- **Improvement of products and services:** Study and analysis of existing solutions to improve the inclusion of our customers.

This Action Plan, developed employing a multidisciplinary and collaborative approach, which places a focus on the participation of employees with disabilities as the main pillar of the search for solutions, with the commitment to the Plan having been assumed by the CEO, is supervised each year by the Sustainability and Corporate Governance Committee.

ENDESA's huge commitment to diversity and inclusion is reflected in the company having executed more than 50% of the Action Plan in 2021, with the firm intention of creating an inclusive environment for both its employees and its stakeholders. This translates into more than 30 actions that encourage solutions such as the awareness of the entire workforce as part of a training course, the commitment to offering scholarships to people with disabilities, in addition to implementing physical solutions in our facilities, improving procedures and internal protocols or studying solutions and services for our customers.

In addition to the initiatives initially included in the Action Plan, the search for solutions as part of its development and implementation has seen it become a dynamic Plan. To this end, additional actions have been incorporated during its first year, which enrich the Plan and guarantee its continuity.

4.6. Our response to COVID-19

During 2021, ENDESA has continued to work on its global action plan for coping with COVID-19 with a view to contributing to the fight against the spread of the virus, ensure energy supply, provide facilities to its customers and help mitigate the health, economic and social impacts of the pandemic.

Supporting our customers

Since the onset of COVID-19, a priority action for ENDESA was to provide its customers with the necessary help, to maintain the supply at all times, establishing and adapting the communication channels in place to the ongoing situation.

To this end, personal contact channels have continued to adapt their response to COVID-19, maintaining the measures that were implemented with a view to maximising security in customer service, such as:

- Installation of methacrylate screens at all customer service points.
- Distribution of masks, gels and gloves.
- Installation of different informational posters with the main message of stopping the spread of the disease.

Furthermore, appointment and video call services have been promoted, as a new service that adds value for the customer.

During 2021, a specific COVID-19 Social Bonus was maintained as was the ban on suspending the supply of energy to vulnerable customers. The Social Bonus consists of a discount on electricity bills with the main aim of protecting households considered vulnerable.

A progressive return to face-to-face activities in safe conditions for people who can work remotely

In pursuit of ENDESA's priority to protect the health of those working for the company, the option of continuing to work remotely has been maintained until the figures as regards the unfolding of COVID-19 and progress with the vaccination campaign make it possible to progressively and safely return to face-to-face activities.

In mid-September, the transitional plan for the progressive return of employees to the workplace was launched, proposing an open and shared approach, which would make it possible to trial solutions to improve the efficiency of the organisation and resume social contacts with colleagues, respecting everybody's safety and well-being.

This plan demonstrated the exemplary conduct of employees over the past year and a half, with a huge commitment to the company's values (trust, responsibility, proactiveness and innovation),

which is why each team has been left responsible for deciding how to distribute weeks of face-to-face and remote activities, making it possible to perform activities in the most efficient way and promoting effective collaboration between colleagues and harmony amongst teams.

A technological solution has been implemented to facilitate the planning of presence in the workplace by teams, in addition to reserving workstations, the number of which has been reduced as part of the distancing measures enforced.

As regards health measures, those implemented since the onset of the health crisis have been maintained: taking immunological tests, temperature control, the division of buildings and workplaces, the delimitation and definition of new uses of common spaces, the provision of protection kits with the mandatory use of masks, the reinforcement of cleaning and sanitisation tasks, constant communication with employees providing them with updated information on prevention and health procedures or recommendations.

On account of the health situation in the final weeks of December 2021, the remote approach to work was restored until the figures for COVID-19 allow for a safe return to face-to-face work.

Furthermore, ENDESA has communicated these measures to our contractors and suppliers. Furthermore, Health and Safety Coordinators have been issued with instructions for implementing COVID-19 action plans at construction sites, and COVID-19 instructions and signage were developed for ENDESA service points.

ENDESA Public Responsibility Plan in response to COVID-19

ENDESA, in its commitment to the society and given the health, economic and social emergency situation in which the society was immersed in 2020 due to the pandemic, initiated a Public Responsibility Plan, setting aside provisions of 25 million euros, with a view to alleviating different aspects of the crisis. In this regard, the Company turned over its financial, technical and human capabilities to society in the implementation of the Public Responsibility Plan, which features two separate phases:

Phase I: Immediate response to urgent needs: Launched in March 2020, when the unprecedented health emergency required immediate aid. It consisted of three lines of action:

- Purchase and donation of sanitary equipment and material: aimed at supplying both protective equipment for healthcare or public service staff and the medical instruments required to care for inpatients.
- Special conditions for the supply of energy to field hospitals and hotels converted into medical facilities: ENDESA made its capacity as a supplier of energy available to the public service.
- Monetary donations to public institutions, NGOs and Foundations: the objective of which was to help respond to the basic needs detected during the health crisis.

In total, 57 projects managed with more than 575 institutions and about 1.4 million beneficiaries.

Phase II: Social and economic reactivation: Launched in June 2020 and under management during 2021, this phase aimed at supporting people and companies especially affected by the pandemic. The objectives of this phase were:

- Coverage of basic needs: focussed on families considered vulnerable, with a view to responding to food, hygiene, health and protection needs, minimising the risk of exclusion.
- Minimisation of the digital gap for students and teachers: minimising the impact on children and young people from different economic backgrounds, when education is imparted in a virtual environment.

- Employment and employability training: Actions to enhance the employability of vulnerable groups.
- Advice, digitalisation and support for SMEs, micro-SMEs and the self employed as a cornerstone of the Spanish business fabric.

In total, 93 projects (63 of which managed in 2021) were managed with more than 200 institutions and about 144,000 beneficiaries (139,000 in 2021).

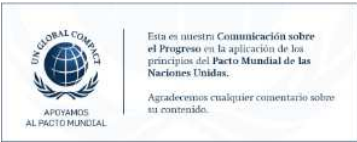


4.7. Participation in forums and associations

ENDESA proactively participates in various forums and associations aimed at promoting sustainable development. Participation in these types of organisations allows ENDESA to show its commitment to sustainability, interact with the main agents of change generating shared value between the company and its environment, learn and share good practices, as well as strengthening relationships with stakeholders.

4.7.1. Participation in sustainability forums and associations

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Details of the main sustainability forums and associations in which ENDESA participated in 2021:




Organisation	Type of association	ENDESA's position	ENDESA's participation in 2021
	Multi-stakeholder association which acts as the focal point for the United Nations Global Compact in Spain.	Member of the Executive Committee. Cash in hand and at banks.	<ul style="list-style-type: none"> ➤ Promotion of the Ten Principles of the UN Global Compact. ➤ UN Sustainable Development Goals. ➤ Human Rights work group.
	Association of large companies and national partner of CSR Europe.	Founding Partner.	<ul style="list-style-type: none"> ➤ Energy efficiency. ➤ Sustainable mobility. ➤ Socially responsible investment. ➤ Responsible procurement. ➤ Responsible communication. ➤ Circular economy. ➤ Corporate governance. ➤ Human resources. ➤ Business management of biodiversity. ➤ Integration of CR in the company.
	Multi-stakeholder association and national partner of WBCSD and CSR Europe.	Promoter Partner and member of the Board of Directors. Deputy Secretary General.	<ul style="list-style-type: none"> ➤ Climate change. ➤ Integrity, good governance and transparency. ➤ Circular economy. ➤ Social impact.

Organisation	Type of association	ENDESA's position	ENDESA's participation in 2021
	Public-private meeting space for a more sustainable and innovative city.	Associate company.	<ul style="list-style-type: none"> ➤ Electric mobility.
	Private foundation aimed at bringing about a more significant role for business in the improvement of society.	Patron of the Foundation.	<ul style="list-style-type: none"> ➤ Participation in different work groups.
	Corporate network. volunteer	Managing partner.	<ul style="list-style-type: none"> ➤ Contribution to local development. ➤ Corporate Volunteer Programme.

It should be noted that ENDESA also participates in other forums and associations whose mission is to advance the management of a specific sustainability issue, such as the fight against climate change or social action.

Similarly, ENDESA participates in forums and associations aimed at promoting the interests of the business sector in general or the energy sector in particular, among which the following stand out:

Organisation	Function	Country	ENDESA's position	ENDESA's participation in 2021
	National business association.	Spain	Member of the Industry, International Relations, Health and Consumption, Economic and Financial Committees.	<ul style="list-style-type: none"> ➤ Participation in the various committees.
	Association of the electrical sector.	Spain	Executive partners.	<ul style="list-style-type: none"> ➤ Participation in working documents, committees on the various energy areas, forums and meetings.
	Association of the gas sector.	Spain	Executive partners, presence on the Permanent Committee.	<ul style="list-style-type: none"> ➤ Participation on committees in different areas: marketing, communication, legal, tax. ➤ Presence in forums and meetings. ➤ Collaboration in working groups to prepare working documents.

Organisation	Function	Country	ENDESA's position	ENDESA's participation in 2021
 CEA Confederación de Empresarios de Andalucía	Andalusia Confederation of Businessmen (CEA).	Spain	Executive partners.	<ul style="list-style-type: none"> ➤ Representation, promotion and defence of the general interests of the electricity sector in Andalusia. Consultation and collaboration with the Administrations.
 AIP <small>ASSOCIAÇÃO INDUSTRIAL PORTUGUESA CCI - CÂMARA DE COMÉRCIO E INDÚSTRIA</small>	Portuguese Business Association with the state of the chamber of commerce.	Portugal	Vice Presidency of the Executive Directorate.	<ul style="list-style-type: none"> ➤ Strengthening the development of Institutional and Commercial relations, in Portugal, with AIP associates. ➤ Participation on committees.
 afieg <small>ASSOCIATION FRANÇAISE INDÉPENDANTE DE L'ÉLECTRICITÉ ET DU GAZ</small>	AFIEG brings together French companies and subsidiaries of European operators in the electricity and gas sectors.	France	Vice presidency and members of the Board of Directors.	<ul style="list-style-type: none"> ➤ Dialogue with the General Directorate of Energy and Climate to present initiatives. ➤ Response to public consultations of the Energy Regulation Commission (CRE). ➤ Presentation of suggestions to the Ministry of Ecological and Solidarity Transition. ➤ Participation in forums on access to consumer data in France. ➤ Participation in work groups on biogas and CEE.

4.7.2. Participation in forums and initiatives for the promotion of human rights

2-28

ENDESA considers the management of respect for human rights to be a strategic issue that is a key part of its strategy for sustainability and relations with stakeholders. To this end, the company actively participates in the different debates and discussion forums that take place in Spain on this matter. Thus, for example, it is worth highlighting ENDESA's participation in the Human Rights Working Group of the Spanish Network of the Global Compact, which aims to share good practices among the business sector on this matter and design methodologies that help companies, especially SMEs, to integrate human rights into their business strategies.

Furthermore ENDESA actively participated in the consultation process developed by the Government of Spain for the preparation of the National Business and Human Rights Plan approved by the Council of Ministers on 28 July 2017. This plan, which reflects Spain's commitment to protecting human rights against any impact that business activity may have on them, responds to the recommendations made within the framework of the European Union through the renewed EU Strategy for 2011-2014 on corporate social responsibility and its Action Plan on Human Rights and democracy 2020-2024.

Additionally, ENDESA regularly participates in forums aimed at promoting Human Rights and especially to disseminate the approach of the United Nations Guiding Principles in the academic field.

4.7.3. Participation in environmental forums and associations

2-28

Organisation	Type of association/initiative	ENDESA's position	ENDESA's participation in 2021
	<p>Association created to promote public-private collaboration and jointly advance in the environmental challenges we are currently facing.</p>	<p>Founding Partner</p>	<ul style="list-style-type: none"> > Circular economy. > Climate change. > Natural Capital and Biodiversity. <p>As part of a project on Good Practices in setting corporate objectives of achieving net zero emissions.</p>
	<p>Spanish Platform for Climate Action.</p>	<p>Participant</p>	<p>Constitution of the platform, which was created with the purpose of promoting public-private collaboration against climate change and contributing to a green and decarbonised economy. Participation in forums and surveys.</p>
	<p>#PorElClima Community.</p>	<p>Participant/Award winner</p>	<p>Network for action against climate change.</p> <p>For the third year in a row, ENDESA has been included in the compilation of the 101 best climate initiatives organised by the community thanks to its initiative to increase climate ambition in relation to decarbonisation: https://empresasporclima.es/empresas-comprometidas/historias/4787-incremento-de-la-ambicion-climatica.</p>
	<p>Biodiversity Foundation.</p>	<p>Signatory</p>	<ul style="list-style-type: none"> > ENDESA is a signatory to the Pact for Biodiversity led by the Biodiversity Foundation. > ENDESA regularly participates in the European Business Awards for the Environment through its innovative projects in the area of Biodiversity.
	<p>Spanish Business and Biodiversity Initiative.</p>	<p>Participant</p>	<ul style="list-style-type: none"> > ENDESA has been a member since June 2013 of this public-private platform promoted by the Biodiversity Foundation of the Ministry for the Ecological Transition and the Demographic Challenge.

Organisation	Type of association/initiative	ENDESA's position	ENDESA's participation in 2021
	Spanish Association for Standardisation.	Committee Participant	<ul style="list-style-type: none"> ➤ Participation in committees on renewables, climate change, environmental management and energy efficiency.
	Spanish Association for Standardisation (UNE).	Committee Participant	<ul style="list-style-type: none"> ➤ Involvement in the creation of the technical standardisation committee CTN 328 on Biodiversity, the first technical standardisation body in this field in Spain. Set up to represent the vision and interests of Spanish institutions in international and European standardisation and to accommodate international initiatives that may arise.
	Voluntary agreements to reduce greenhouse gas emissions.	Participant	<ul style="list-style-type: none"> ➤ Verification of ENDESA Distribución's activities in Catalonia.
	Membership of the Excellence in Sustainability Club.	Participant	<ul style="list-style-type: none"> ➤ Participation at different events and presentations of corporate examples of excellence in sustainability.
	Carbon Disclosure Project.	Participant	<ul style="list-style-type: none"> ➤ Participation in the climate change and water initiative.

Organisation	Type of association/initiative	ENDESA's position	ENDESA's participation in 2021
	Non-State Actor Zone for Climate Action (NAZCA).	Participant	Launched at the UN Climate Change Conference in Lima in December 2014 (COP20), this initiative records the commitments for action by companies, cities, regions, sub-national governments and investors to tackle climate change.
	Natural Capital Factory.	Participant	Platform that brings the Spanish community together around approaches to natural capital, with the aim of ensuring that nature is included in organisations' decision making.
	<p>CONAMA: Continuous working groups to prepare documents through the technical committees of experts:</p> <ul style="list-style-type: none"> ➤ Adaptation to Climate Change. ➤ Business and Biodiversity ➤ 2021-2030 emission rights trading. ➤ Directive on Industrial Emissions in the taxonomy of sustainable investments. ➤ Disclosure of non-financial information. ➤ Energy and City. 	Participant	Make progress with knowledge on mitigating/adapting to climate change, biodiversity and the environment in general in line with a sustainable energy transition through the sharing of participants' experience and ideas.
	Climate Change Cluster.	Participant	Corporate meeting space that seeks to encourage the leadership of the private sector in relation to climate matters, demonstrate best practices, facilitate dialogue and exchange between expert companies and key opinion leaders, while at the same time serving as a reference point of contact in the business sector with the corresponding Public Administrations.

4.7.4. Transparency in institutional relations

ENDESA manages relations with the institutions according to the principles established in the regulatory provisions and its Code of Ethics, providing its vision or positioning and offering comprehensive, transparent information for making the most appropriate decisions.

In this regard, particularly and as established in its Code of Ethics: "ENDESA does not finance parties, their representatives or candidates in Spain or abroad, nor does it sponsor congresses or parties whose sole purpose is political propaganda. ENDESA refrains from lobbying politicians directly or indirectly (e.g., by lobbying for the award of public concessions, accepting tendering suggestions, consultancy contracts, etc.)".

ENDESA participates in business and employers' associations which, among other things, represent their members in public regulatory processes and, in general, within the framework of the consultation processes of energy and business policy initiatives developed by public institutions. In 2021, annual contributions paid to the organisations referred to in the form of membership fees totalled 3.49 million euros. In particular, the three most important contributions corresponded to "Association of Electric Power Companies - AELEC" (1.45 million euros), "Nuclear Forum" (0.28 million euros) and "Spanish Confederation of Business Organisations - CEOE" (0.21 million euros).

The institutional dialogue with the business and employer associations in which ENDESA participated in 2021 focused on supporting the consultation and regulatory development processes in the following areas:

- **Policy development:** aimed at promoting a sustainable energy model, including, among other topics, energy efficiency, the growth of renewable energy, the development of smart grids and digitisation. The contribution in 2021 was 2.16 million euros.
- **Business regulation:** related to increasing business competitiveness, including, among other topics, industrial legislation, tax regulation and labour law issues. The contribution in 2021 was 1.32 million euros.

The following table shows the amounts by type of contribution made between 2018 and 2021.

CONTRIBUTIONS AND OTHER EXPENSES (MILLIONS OF EUROS)

	2018	2019	2020	2021
Lobbying, interest representation or similar	0	0	0	0
Local, regional or national political parties / representatives or candidates / political campaigns	0	0	0	0
Business and employers associations	3.44	3.09	3.34	3.49
Other	0	0	0	0
Total Contributions and Other Expenses	3.44	3.09	3.34	3.49

In Europe, the supervision of this type of activities is carried out through voluntary registration on the platform created for this purpose by the European Commission - (<http://ec.europa.eu/transparencyregister>), with which ENDESA has been registered since 2011. The register aims to provide citizens with a single, direct point of access to information about who carries out activities aimed at influencing the EU decision-making process, the interests pursued and the resources invested in these activities.

5. SUSTAINABLE FINANCE AND TAXONOMY

The scope of the information provided in this chapter covers both ENDESA, S.A. and its investee companies in Spain and Portugal, the same as in the Legal Documentation reports. For further information, see section 1.2.6. *Organisational structure* in Chapter 1. *About ENDESA*. Variations, if any, to the scope described here are presented throughout the chapter.

5.1. Sustainable finance

The COVID-19 pandemic has made a decisive contribution to unprecedented global awareness of the importance of sustainability in both the private and public sectors. It has become evident that companies, investors and financial institutions are rethinking their strategies to include sustainability as a central pillar of them. In this regard, the rapid growth of ESG investment poses challenges, such as the need for commonly accepted metrics and standards and transparent, truthful and accessible information that makes it possible to compare the sustainability performance of companies.

2021 has been a monumental year in relation to sustainable finance events, in which the European Union has stepped up its global leadership, not only in the fight against climate change, but also as regards the establishment of international sustainable finance standards to guide informed investment decision-making in environmentally sustainable activities and to prevent so-called greenwashing.

The adoption of the Sustainable Finance Package by the European Commission in April 2021 marked a turning point in the promotion of standardisation and the transparency of information, combined with the adoption of the delegated acts of the EU's Climate Taxonomy. Furthermore, the Commission published the proposed Directive on corporate reporting in relation to sustainability and the amendment to the delegated acts regarding investment and insurance, fiduciary obligations and supervision and product governance.

In July 2021, the European Commission took a step further by presenting its strategy for making the financial system more sustainable, defining the sustainable finance roadmap for the coming years including a package of measures aimed at promoting sustainable flows of financing. Furthermore, the proposed regulation on a voluntary EU green bond standard will set a benchmark comparable to other market standards and will help contribute to the harmonisation of these standards.

Globally, the COP26 in Glasgow in November 2021 represented an important step forward in sustainable finance, having acknowledged the importance of mobilising financial resources to achieve the aims of the Paris Agreement in December 2015. In this regard, and despite the disappointment expressed at not having achieved the goal 100,000 million dollars in 2020, discussions on the new financial goal to be established by 2025 have now begun, which must achieve this threshold come what may.

Furthermore, at the COP26, the European Banking Authority (EBA) declared its commitment to supporting the banking and financial sector in the fight against climate change and emphasised the need to introduce improvements in the management of ESG risks by financial institutions, in addition to promoting transparency in the disclosure of their exposure to these risks and their own sustainability strategy.

In turn, the European Central Bank has joined the commitment to contributing, within its sphere of reference, to strengthening the role of the financial sector in promoting the transition to a more sustainable economy, endorsing its desire to implementing the Action Plan released by its Governing Body in July 2021 to incorporate climate change considerations into its monetary policy strategy.

ENDESA has taken this context into account and the commitment to sustainability undertaken in its Strategic Plan 2022-2024 when defining its financial strategy. As a result, sustainable finance is at the heart of ENDESA's financial strategy and plays a key role in its achievement of the objectives aimed at accomplishing the SDGs.

ENDESA is a significant benchmark in this area with three main areas of action: leadership in the development of innovative financial instruments, diversification of the portfolio of sustainable financial products and active work in the dissemination of sustainable finance among the different stakeholders.

In 2021, ENDESA made significant efforts to make progress in sustainable finance, setting a new record of 15,445 million euros in relation to operations formally arranged in relation to sustainability. This has made it possible for ENDESA to consolidate its position of leadership in sustainable finance and define new milestones in this area, including the following:

- The inclusion of a new sustainability KPI for sustainable financing transaction (direct, scope 1 greenhouse gas emissions measured in gCO₂eq/kWh as at 31/12/2023), having taken out a long-term bank loan amounting to 150 million euros in April 2021.
- The formalisation of the first financing operation linked to sustainability arranged by the European Investment Bank (EIB) in Spain worth 250 million euros to finance investments in renewable energy generation facilities.
- The formal arrangement of the largest green financing operation linked to sustainability signed to date by the Official Credit Institute (ICO) worth 300 million euros to finance investments in renewable energy generation facilities.
- The linking of all credit facilities and bank guarantee to sustainability criteria.
- The inclusion of new types of instruments to the wide range of financial products with the formal arrangement of interest rate derivatives linked to sustainability for the amount of 650 million euros.

The integration of economic incentives in financial instruments on sustainability parameters enables ENDESA to create value by positioning corporate strategy at the centre of its relationship with financial markets. The current challenge is focussed on defining finance conditions that effectively recognise and encourage ENDESA's efforts. So far, the inclusion of these incentives/penalties in certain operations is based on the standards established by Sustainability-Linked Loan Principles and Sustainability-Linked Bond Principles, while for more innovative financial instruments ENDESA offers the markets other incentives in accordance with their nature.

The growing demand from the markets for specific actions with regard to energy transition and the other ESG parameters enables ENDESA to access the best conditions available at all times, thus securing a discount on conventional terms (the "greenium"). ENDESA currently has the lowest average cost for debt among the leading integrated energy companies, which contributes to strengthening its competitive position.

Sustainable finance represented 60% of ENDESA's gross financial debt at the end of 2021, achieving the target of 60% in 2023 as reported to the market as part of the previous Strategic Plan for 2021-2023. The new Strategic Plan for 2022-2024 strengthens this ambition by setting the target at 80% by the end of the period.

Furthermore, ENDESA fully believes in the boost that the Recovery, Transformation and Resilience Funds will provide to the incorporation of new technologies linked to decarbonisation, innovation and digitalisation, with the resulting impact this will have on the transformation of the Spanish economy in the medium and long term. To this end, projects have been presented worth 23,300 million euros regarding renewable energies, smart networks, sustainable transport,

refurbishing of buildings and efficiency, green hydrogen, storage and mechanisms for flexibility and conversion of coal-fired power plants.

The potential materialisation of these projects and the ambitious circular economy approach throughout the strategic value chain will provide ENDESA with new opportunities for linking finance with the sustainable agenda.

5.2. Taxonomy

Commitment and position of ENDESA

ENDESA welcomes the development of the EU taxonomy, as it provides a science-based, standardised classification system for identifying environmentally sustainable economic activities, acting as an important enabler for supporting sustainable investment and accelerating the decarbonisation of the European economy, while creating security and transparency for investors and helping companies to create a roadmap for achieving net-zero emissions.

ENDESA is fully committed to reporting on the application of the European Union Taxonomy Regulation (Article 8 of the Regulation and subsequent delegated acts that further develop on the content, methodology and presentation of the information to be disclosed by both non-financial and financial institutions). Although the Taxonomy Regulation establishes the requirement for companies to declare compliance with this taxonomy as of January 2022, ENDESA has been a pioneer in this field and began reporting on its implementation at the Capital Market Day held in 2021. This approach is in line with the approach taken by the ENEL Group, that ENDESA forms part of, which in turn provided information in its 2020 sustainability report and at its Capital Market Day in 2020 and 2021.

ENDESA also supports the different taxonomy thresholds defined on the basis of climate and environmental science, such as the general limit on the intensity of the life cycle at 100 g CO₂eq/kWh for measuring the substantial contribution to mitigating climate change established for most power generation technologies, as this has been generated as part of a robust and scientific process of analysis.

However, certain activities that may not qualify for the EU taxonomy are critical to promoting the well-being of European citizens, especially in the short and medium term, in addition to contributing to the long-term sustainable development of Europe. As for the energy sector, there are important sustainability issues that the European Commission failed to take into consideration when drawing up the technical selection criteria, as they fell outside the main scope of the EU Taxonomy Regulation, including energy security, grid reliability or the energy transition; these factors are critical to the well-being in Europe and are duly addressed by other EU and member State policies, funds and regulations.

The EU taxonomy regulation is still in the development stage and important delegated acts were still pending at the time that this document was published, including those providing details of the criteria for the remaining four objectives and those identifying the economic activities that do not have a significant impact on environmental sustainability and economic activities that have a significant adverse impact on environmental sustainability. **The completion of the entire regulatory process will make it possible to cover all available economic activities at a global level and thus reduce the current uncertainties surrounding their implementation.**

Implementation process at ENDESA



ENDESA has deployed a five-step process to analyse the applicability of the EU taxonomy across its entire value chain, as part of the process carried out globally by ENEL. This process has involved relevant functions at a corporate level and across lines of business. These five steps consist of:

- 1) **Identifying the eligible economic activities:** All the activities that form part of ENDESA's portfolio that have been included in the Delegated Act on Climate have been identified. The process has been performed considering the objective of mitigating climate change exclusively since this is the most important objective for ENDESA on account of its business model. Therefore, although ENDESA also performs activities that could potentially contribute to the climate adaptation objective, they have not been identified in the EU Taxonomy Declaration, thus avoiding them possibly being counted twice in the calculation of financial metrics.
- 2) **Analysing substantial contributions:** The eligible activities identified in the previous step were analysed in depth to ensure that they comply with the specific technical criteria established to measure the substantial contribution to mitigating climate change. The analysis was performed applying the logic of the Delegated Act on Climate, namely:
 - a. **Technological analysis for power generation activities.** The threshold of 100 gCO₂/kWh measured on a life cycle basis was observed pursuant to the following technology-based approach:
 - **Coal and liquid fossil fuels:** These technologies are not included in the EU taxonomy.
 - **Gas and nuclear:** In February 2022, pending formal adoption when published in the OJEU, the final version of the Complementary Delegated Act on gas-fired and nuclear electricity generation was published and will subsequently be approved or rejected by the European Parliament and the Council. Against this backdrop, for the purposes of this report, the Complementary Delegated Act is considered as pending and therefore the gas-fired and nuclear electricity generation activities are considered "ineligible".
 - **Wind, solar and battery storage:** These are exempt from the carbon intensity threshold check on account of their substantial contribution to climate change.
 - **Hydroelectric power:** The carbon intensity threshold has only been verified for power plants whose power density is less than 5W/m² or that were not run-of-the-river plants or hydro electricity generated by pumped

storage. All other power plants are exempt from the threshold verification.

b. Analysing electricity distribution activities.

- The Spanish electricity grid belongs to the interconnected European grid.
- The infrastructure dedicated to creating a direct connection or expanding an existing direct connection between a substation or grid and a power production plant that is more greenhouse gas intensive than 100 gCO₂eq/kWh measured on a life cycle basis has been identified and excluded from the eligible aligned DSO activities.

c. Analysing product clusters for ENDESA X. An exhaustive analysis has been performed on ENDESA X's portfolio, classifying the eligible activities in sectors identified in the Delegated Act on Climate, such as construction and real estate, transport or professional, scientific and technical activities.

d. Analysing supply for energy retail activities: The amount of energy sold by companies performing retail activities has been calculated using certificates of origin. This is believed to be in line with EU taxonomy on account of the correlation with the technical selection criteria established by the Delegated Act for Climate for power generation.

3) Assessing "do no significant harm" (DNSH): An analysis has been performed on the existing environmental procedures to verify compliance with the qualitative DNSH criteria for each technology (in relation to power generation activities), for distribution activities and at a product cluster level (for ENDESA X activities), adapted to the specific requirements defined for each environmental objective:

- **Adaptation to climate change:** Analysis of global procedures (including emerging and restoration procedures), physical climate risk assessments and adaptation solutions and plans implemented encompassing all applicable activities from energy generation, distribution and ENDESA X.
- **Sustainable use and protection of water and marine resources:** Analysis of water-related procedures, authorisations, environmental impact assessments, national regulations and water management plan. The analysis was limited to power generation activities, as does not apply to other lines of business.
- **Transition to a circular economy:** Analysis of waste management plans, procurement requirements and circular economy projects, plus plans that encompass all applicable generation, energy distribution and ENDESA X activities.
- **Preventing and controlling pollution:** Analysis of global procedures and national regulations encompassing all applicable energy generation and distribution activities. Furthermore, specific pollutants, including electromagnetic radiation and PCBs for distribution, in addition to air quality emissions for power generation activities, were subject to an additional analysis.
- **Protection and restoration of biodiversity and ecosystems:** Analysis of global procedures and national regulations encompassing all applicable energy generation and distribution activities.

- 4) **Due Diligence in relation to minimum social guarantees:** It has been ensured that ENDESA's Human Rights Due Diligence process encompasses the entire spectrum of ENDESA's activities, while remaining fully aligned with the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights. In the section on Good Governance in the chapter on Corporate Governance and Ethical Conduct, more information is provided on our approach to respect for human rights.
- 5) **Calculation of financial metrics:** The corresponding financial metrics have been associated with each economic activity based on the classification process performed in steps 1-4, by gathering the relevant financial information from the Company's accounting system. Furthermore, a number of proxies have been prepared for specific activities (a description of these is provided in the section on calculating the financial metrics).

As part of this process, ENDESA has classified all its economic activities throughout its value chain in line with the following three categories: eligible-aligned, eligible-non-aligned, ineligible.

Eligible-aligned: These are economic activities that simultaneously fulfil the following three conditions:

- They have been explicitly included in the EU Taxonomy Regulation on account of their substantial contribution to mitigating climate change.
- Meet the specific criteria developed by the EU taxonomy regulation for the specific environmental objective in question.
- They satisfy all the "do no significant harm" criteria and the minimum social guarantees.

Eligible-non-aligned: These are economic activities that meet the first condition indicated below, but fail to fulfil the second or third condition or either of them, in other words:

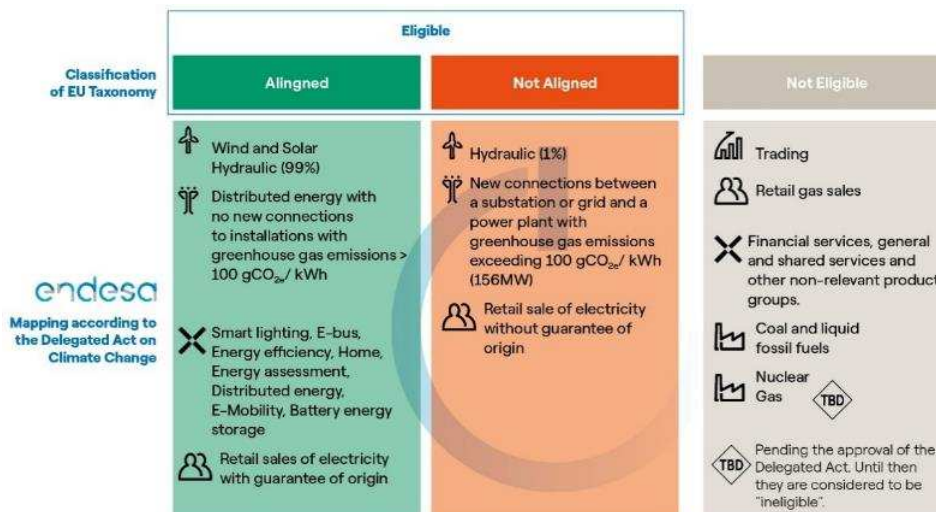
- They have been explicitly included in the EU Taxonomy Regulation on account of their substantial contribution to mitigating climate change; but
- they do not satisfy the specific criteria developed by the EU taxonomy regulation for the specific environmental objective in question; or
- they do not satisfy at least one of the "do no significant harm" criteria and/or the minimum social guarantees.

Ineligible: These are economic activities that have not been identified by the EU taxonomy as a substantial contributor to mitigating climate change and therefore no criteria have been developed to this end. The approach taken by the European Commission is that these activities might:

- Not have a significant impact on mitigating climate change, or they could be included in the EU Taxonomy regulation at a later stage.
- Cause a very significant negative impact on climate change, meaning they cannot be considered eligible under any circumstances.
- Are pending a final decision by the European Authorities regarding their classification.

As a result, the existence of this third category means it is impossible to achieve a business model that can be qualified as fully aligned with the criteria of the EU taxonomy, even though these ineligible activities might not cause any harm to the EU's environmental objectives.

Eligibility of ENDESA's activities



Bearing all the above in mind, in 2021, the eligibility analysis was carried out pursuant to the process and the new definition for the three categories described above in line with the final version of the Delegated Act on Climate published in the Official Journal of the European Union in December 2021. The following three tables provide a summary of the outcome of this analysis:

Eligible – aligned activities

Business Line	Activity	Description of the activity (as per the EU taxonomy)	Condition for being considered eligible-aligned
Electricity generation	Electricity generation using wind power	Electricity generation using wind power (4.3) - Construction and operation of electricity generation facilities that generate electricity using wind power.	<p>100% of the installed capacity is eligible-aligned on account of its:</p> <ul style="list-style-type: none"> Contribution to mitigating climate change, as no specific technical selection criteria are required. Overall compliance with DNSH criteria for the following applicable objectives: adaptation, water, circular economy, pollution and biodiversity. Overall compliance with minimum social guarantees.
	Electricity generation using photovoltaic solar energy	Electricity generation using solar photovoltaic technology (4.1) - Construction and operation of electricity generation facilities that generate electricity using solar photovoltaic power.	<p>100% of the installed capacity is eligible-aligned on account of its:</p> <ul style="list-style-type: none"> Contribution to mitigating climate change, as no specific technical selection criteria are required. Overall compliance with DNSH criteria for the following applicable objectives: adaptation, circular economy, pollution and biodiversity. Overall compliance with minimum social guarantees.
	Electricity generation using hydropower	Electricity generation at hydro plants (4.5) Construction and operation of electricity generation facilities that generate electricity using hydropower.	<p>99% of the installed capacity is aligned with the requirements on account of its:</p> <ul style="list-style-type: none"> Contribution to mitigating climate change as it includes all run-of-the-river water plants, all reservoir power plants with an energy density of more than 5W/m² and all reservoir power plants off less than 5W/m² with a life cycle GHG emissions intensity of less than 100gCO_{2e}/kWh, as certified by GRES.

Business Line	Activity	Description of the activity (as per the EU taxonomy)	Condition for being considered eligible-aligned
			<ul style="list-style-type: none"> ➤ Overall compliance with DNSH criteria for the following applicable objectives: adaptation, water and biodiversity. ➤ Overall compliance with minimum social guarantees.
	Electricity storage (batteries)	Electricity storage (4.10) Construction and operation of electricity storage using batteries.	<p>100% of the installed capacity is eligible-aligned on account of its:</p> <ul style="list-style-type: none"> ➤ Contribution to mitigating climate change, as no specific technical selection criteria are required. ➤ Overall compliance with DNSH criteria for the following applicable objectives: adaptation, circular economy and biodiversity. ➤ Overall compliance with minimum social guarantees.
Infrastructure networks	and Transmission and distribution of electricity	and of Transmission and distribution of electricity (4.9) Operation of distribution systems and the corresponding infrastructure.	<p>Distribution System Operators (DSOs) in Spain are eligible-aligned on account of their:</p> <ul style="list-style-type: none"> ➤ Contribution to mitigating climate change as Spain's distribution system belongs to the European interconnected system. ➤ Overall compliance with DNSH criteria for the following applicable objectives: adaptation, circular economy, pollution and biodiversity. <p>A number of infrastructures run by these DSOs have been excluded (consult eligible-non-aligned activities).</p>
	Smart (cities) lighting	Installation, maintenance and repair of energy-efficient equipment and installation and replacement of efficient light sources (7.3 d).	<p>All activities are aligned with the requirements on account of their:</p> <ul style="list-style-type: none"> ➤ Contribution to mitigating climate change, as no specific technical selection criteria are required. ➤ Overall compliance with the DNSH criteria in relation to the adaptation objective. ➤ Overall compliance with minimum social guarantees.
ENDESA X	E-bus (cities)	Urban and suburban transport, passenger transport by road (6.3 a).	<p>All activities are aligned with the requirements on account of their:</p> <ul style="list-style-type: none"> ➤ Contribution to mitigating climate change, as no specific technical selection criteria are required. ➤ Overall compliance with the DNSH criteria in relation to the adaptation objective. ➤ Overall compliance with minimum social guarantees.
	Energy Efficiency (cities)	Installation, maintenance and repair of energy-efficient equipment (7.3 a-e).	<p>All activities are aligned with the requirements on account of their:</p> <ul style="list-style-type: none"> ➤ Contribution to mitigating climate change, as no specific technical selection criteria are required. ➤ Overall compliance with the DNSH criteria in relation to the adaptation objective, which, given the type of business model in question, is not applicable. ➤ Overall compliance with minimum social guarantees.
	Household	Installation, maintenance and repair of energy-efficient equipment (7.3 a-e). Installation, maintenance and repair of instruments and equipment for measuring, regulating and controlling the	<p>All activities are aligned with the requirements on account of their:</p> <ul style="list-style-type: none"> ➤ Contribution to mitigating climate change, as no specific technical selection criteria are required.

Business Line	Activity	Description of the activity (as per the EU taxonomy)	Condition for being considered eligible-aligned
		energy functioning of buildings (a) installation, maintenance and repair of multi zone thermostats, smart thermostat systems and sensor equipment, including motion and daylight control (7.5); Installation, maintenance and repair of renewable energy technologies (a) installation, maintenance and repair of solar photovoltaic systems and auxiliary technical equipment (7.6).	<ul style="list-style-type: none"> ➤ Overall compliance with the DNSH criteria in relation to the adaptation objective, which, given the type of business model in question, is not applicable. ➤ Overall compliance with minimum social guarantees.
	Energy advice (companies)	Professional services related to the energy performance of buildings (9.3).	<p>All activities are aligned with the requirements on account of their:</p> <ul style="list-style-type: none"> ➤ Contribution to mitigating climate change, as no specific technical selection criteria are required. ➤ Overall compliance with the DNSH criteria in relation to the adaptation objective, which, given the type of business model in question, is not applicable. ➤ Overall compliance with minimum social guarantees.
	Energy distributed (companies)	Electricity generation using solar photovoltaic technology (4.1). Installation, maintenance and repair of energy-efficient equipment- (7.3 d). installation and replacement of energy-efficient light sources Installation, replacement, maintenance and repair of heating, ventilation and air conditioning (HVAC) and water heating systems, including equipment related to urban heating services using high-efficiency technologies. (7.3.e). Installation, maintenance and repair of renewable energy technologies Installation, maintenance and repair of solar photovoltaic systems and auxiliary technical equipment (7.6.a).	<p>All activities are aligned with the requirements on account of their:</p> <ul style="list-style-type: none"> ➤ Contribution to mitigating climate change, as no specific technical selection criteria are required. ➤ Overall compliance with the DNSH criteria in relation to the adaptation objective. ➤ Overall compliance with minimum social guarantees.
	Battery energy storage (companies)	Installation, maintenance and repair of renewable energy technologies Installation maintenance and repair of solar photovoltaic systems and auxiliary technical equipment (7.6.a) - (f) Installation, maintenance and repair of thermal or electrical storage units and auxiliary technical equipment.	<p>All activities are aligned with the requirements on account of their:</p> <ul style="list-style-type: none"> ➤ Contribution to mitigating climate change, as no specific technical selection criteria are required. ➤ Overall compliance with the DNSH criteria in relation to the adaptation objective. ➤ Overall compliance with minimum social guarantees.
	E-mobility	Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings) (7.4). Installation, maintenance and repair of infrastructure for personal mobility (6.13).	<p>All activities are aligned with the requirements on account of their:</p> <ul style="list-style-type: none"> ➤ Contribution to mitigating climate change, as no specific technical selection criteria are required. ➤ Overall compliance with the DNSH criteria in relation to the adaptation objective. ➤ Overall compliance with minimum social guarantees.
Supply	Electricity sales	Retail sales of electricity with certificate of origin.	All activity is eligible-aligned on account of its:

Business Line	Activity	Description of the activity (as per the EU taxonomy)	Condition for being considered eligible-aligned
			<ul style="list-style-type: none"> ➢ Contribution to mitigating climate change, as no specific technical selection criteria are required. ➢ Non-applicability of DNSH criteria. ➢ Overall compliance with minimum social guarantees.

Eligible – non-aligned activities

Business Line	Activity	Description of the activity (as per the EU taxonomy)	Condition for being considered eligible-non-aligned
Electricity generation	Electricity generation using hydropower	Electricity generation at hydro plants (4.5) Construction and operation of electricity generation facilities that generate electricity using hydropower.	1% of installed capacity is considered eligible non-aligned as the technical criteria regarding power density and GHG intensity over the life cycle could not be verified.
Infrastructure and networks	Transmission and distribution of electricity	Transmission and distribution of electricity (4.9) Operation of distribution systems and the corresponding infrastructure.	Infrastructure dedicated to creating a direct connection or expanding an existing direct connection between a substation or grid and an energy production plant that is more greenhouse gas intensive than 100 gCO ₂ e/kWh measured on a life cycle basis. (the new connections correspond to 156 MW in 2021 and 139 MW in 2020).
Supply	Electricity sales	Retail sales of electricity without a certificate of origin.	It is assumed that electricity supplied without a certificate of origin is associated with energy for which the source does not meet the technical criteria defined for each electricity production technology.

Non-eligible activities

Business Line	Activity	Description of the activity (as per the EU taxonomy)	Condition of non-eligibility
Electricity generation	Electricity generation using coal and liquid fossil fuels	Operation of electricity generation facilities that produce electricity from coal and liquid fossil fuels.	This activity has been excluded from the EU taxonomy regulation.
	Electricity generation using gas	Construction and operation of electricity generation facilities that generate electricity using natural gas.	The EU authorities are yet to approve the final version of the Complementary Delegated Act on gas-fired and nuclear electricity generation.
	Electricity generation using nuclear power	Operation of electricity generation facilities that generate electricity using nuclear power.	The EU authorities are yet to approve the final version of the Complementary Delegated Act on gas-fired and nuclear electricity generation.
Energy commodity and management	Energy wholesale	Activities related to energy wholesale and commodity management.	The activity has not been addressed in the Delegated Act on Climate.
Supply	Sale of gas	Retail gas sales.	The activity has not been addressed in the Delegated Act on Climate.

Process for calculating financial figures

The following considerations have been implemented as part of the process for calculating financial metrics:

- The three financial metrics required under the EU Taxonomy Regulation (revenue, investments and fixed operating costs) have been calculated in line with the eligibility analysis described above.
- Although not strictly necessary, ENDESA has also performed an assessment in terms of the EBITDA, as it believes that this metric reflects the effective financial performance of public utility companies like ENDESA. This metric is based exclusively on revenue, and in the case of ENDESA, is strongly influenced by commercial activities with a high volume of revenue (such as the wholesale market) that do not contribute proportionally to the growth of gross operating profit as is the case with other commercial activities.
- Financial information has been gathered from the digital accounting system in place or management system for business activities. However, a small number of proxies were also carried out to generate more detailed figures, to exclude a number of specific activities from the overall calculation of eligible-aligned activities (such as non-aligned hydropower generation or eligible-non-aligned infrastructure in the eligible-aligned distribution system).

For example, the following proxies have been used:

- Hydro: the figures corresponding to the revenue of eligible-non-aligned hydroelectric power plants have been calculated taking their production multiplied by the average unit revenue for 2020 and 2021. This approach has also been applied to investments, fixed operating expenses and EBITDA.
- Distribution: the figures corresponding to the revenue of the new connections between a substation or grid and a production point with greenhouse gas emissions of more than 100 g CO₂e/kWh, eligible non-aligned have been calculated taking their power (in MW) multiplied by the average unit revenue (k€/MW) for 2020 and 2021. This approach has only been applied to revenue, EBITDA and investments.
- The financial indicators subject to analysis include transactions with third parties and transactions between segments and activities.
- Revenue from energy retail activities has been calculated considering the amount of energy sold by the Group's retail companies using guarantees of origin (based on data from the Spanish Markets and Competition Commission), applying different unit revenue ratios. This revenue is considered eligible-aligned because it relates to electricity generated using energy production technologies that satisfy the technical selection criteria under the EU taxonomy. This approach has also been implemented for investments, fixed operating costs and EBITDA. To avoid the indicators being counted twice, eligible revenue by sector is net, eliminating intra-company exchanges (EGP, Distribution and Marketing).
- Total turnover corresponds to the turnover (measured in €) of each specific activity. The proportion of turnover corresponds to each individual economic activity divided by total turnover. The proportion of turnover of each individual economic activity contributes towards the mitigation of climate change. This is the sole objective of EU taxonomy reported in the table, as applying the company's business model, this objective is more material than the

climate adaptation objective. Furthermore, the criteria for the other environmental objectives are not yet available.

The Strategic Plan for 2022-2024 presented at Capital Market Day 2021 suggests that more than 80% of capital expenses will be dedicated to eligible activities under EU taxonomy in the 2022-2024 period.

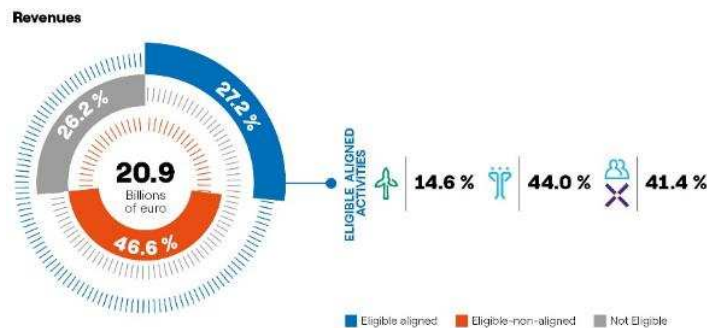
2021 EU taxonomy declaration

General results

In 2021, the alignment of ENDESA's economic activities to the EU taxonomy, as a result of its contribution to the goal of mitigating climate change without causing damage to other environmental objectives and respecting the minimum social guarantees, was as follows:

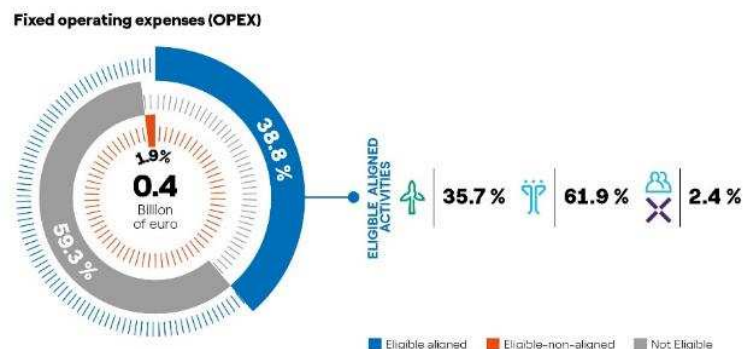
Revenue:

- 27.2% of revenue was generated by eligible business activities aligned with the EU taxonomy, compared to 30.8% in 2020.
- Excluding electricity sales with guarantees of origin, 16.6% of operating income was generated by eligible activities aligned with the EU taxonomy.



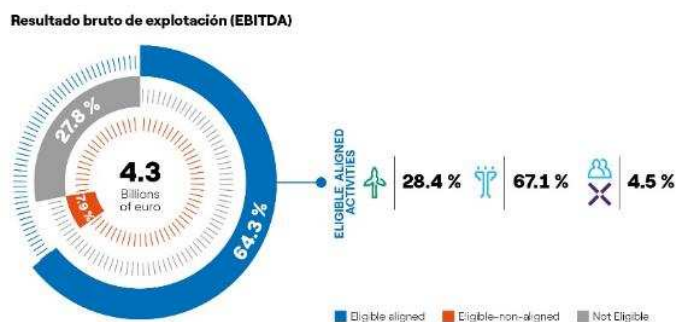
Fixed operating expenses (OPEX):

- 38.8% of operating expenses were generated by eligible business activities aligned with the EU taxonomy, compared to 40.6% in 2020.
- Excluding electricity sales with guarantees of origin, 38.4% of operating expenses was generated by eligible activities aligned with the EU taxonomy.



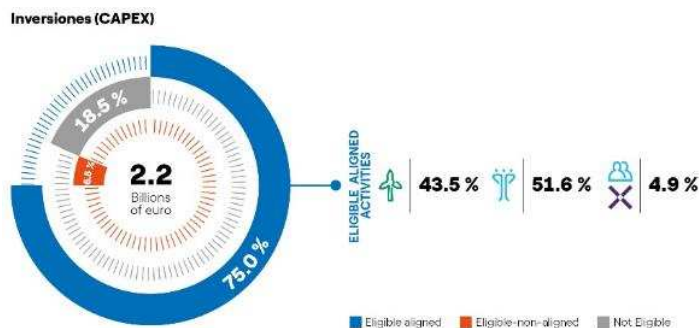
EBITDA:

- 64.3% of EBITDA was generated by eligible business activities aligned with the EU taxonomy, compared to 59.5% in 2020.
- Excluding electricity sales with guarantees of origin, 62.6% of gross operating expenses was generated by eligible activities aligned with the EU taxonomy.



Investments (CAPEX):

- 75.0% of capital expenses was generated by eligible business activities aligned with the EU taxonomy, compared to 70.1% in 2020.
- Excluding electricity sales with guarantees of origin, 73.6% of capital expenses was generated by eligible activities aligned with the EU taxonomy.



Note - Investments chart: As of 31 December 2021, it does not include registrations relating to rights of use for an amount of €213 million

Breakdown of revenue KPI

Proportion of turnover from products or services associated with Taxonomy-aligned economic activities – disclosure covering years 2020 and 2021

Economic Activities	Code(s)	2021		2020		DNSH Criteria ("Does Not Significantly Harm") (4)										Category (6)				
		Absolute turnover (€)	Proportion of turnover (%)	Absolute turnover (€)	Proportion of turnover (%)	Climate Change Mitigation (3)	Climate Change Adaptation (6)	Water and Marine resources (7)	Circular Economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation	Climate Change Adaptation	Water and marine resources	Circular Economy		Pollution	Biodiversity and ecosystems	Minimum Safeguards (5)	Category (enabling activity or Category "Transitional activity")
		€	%	€	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	F	T
A. TAXONOMY ELIGIBLE ACTIVITIES																				
A.1 Environmentally sustainable activities (Taxonomy-aligned)																				
Electricity generation from wind power	4.3	296.7	1%	297	2%	100%						Y	Y	Y	Y					
Electricity generation using solar photovoltaic technology	4.1	67	0%	28	0%	100%						Y	Y	Y	Y					
Electricity generation from hydropower	4.5	492	2%	262	2%	100%						Y	Y		Y	Y				
Storage of electricity	4.10	0	0%	0	0%	100%						Y	Y	Y		Y	Y			
Intercompany Renewable vs Retail activity		-156	-1%	-92	-1%	100%														
Transmission and distribution of electricity	4.9	2,575	12%	2,692	16%	100%						Y	Y	Y	Y	Y	Y	Y	E	
Intercompany Infrastructure & Network vs Retail activity		-22	0%	-23	0%	100%														
Installation, maintenance and repair of energy efficiency equipment - (d) Installation and replacement of energy efficient light sources (Endesa X - Smart Lighting)	73 d	78	0%	5.73	0%	100%						Y			Y		Y			
Urban and suburban transport, road passenger transport - (a) The activity provides urban or suburban passenger transport and its direct tailpipe CO ₂ emissions are zero (Endesa X - e-Bus)	6.3 a	1.2	0%	0.48	0%	100%						Y	Y	Y		Y				
Installation, maintenance and repair of energy efficiency equipment (a-e) (Endesa X - Energy Efficiency)	73 a-e	2.6	0%	3.51	0%	100%						Y			Y		Y			
73 Installation, maintenance and repair of energy efficiency equipment - (a-e); 75 Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings - (a) Installation, maintenance and repair of zoned thermostats, smart thermostat systems and sensing equipment, including motion and day light control; 76 Installation, maintenance and repair of renewable energy technologies - (a) Installation, maintenance and repair of solar photovoltaic systems and the ancillary technical equipment. (Endesa X - Home)	73 a-e; 75 a; 76 a	155	1%	123.61	1%	100%						Y			Y		Y			
Professional services related to energy performance of buildings (Endesa X - Customer Insight)	9.3	15	0%	19.23	0%	100%						Y						Y		
73 Installation, maintenance and repair of energy efficiency equipment - (d) Installation and replacement of energy efficient light sources - (e) Installation, replacement, maintenance and repair of heating, ventilation and air-conditioning (HVAC) and water heating systems, including equipment related to district heating services, with highly efficient technologies; 76 Installation, maintenance and repair of renewable energy technologies - (a) Installation, maintenance and repair of solar photovoltaic systems and the ancillary technical equipment. (Endesa X - Distributed Energy)	41; 73 d; e; 76 a	33	0%	23.31	0%	100%						Y			Y		Y			
Installation, maintenance and repair of renewable energy technologies - (f) Installation, maintenance and repair of thermal or electric energy storage units and the ancillary technical equipment. (Endesa X - Battery Energy Storage)	76 a, f	0	0%	0	0%	100%						Y						Y		
6.13 Infrastructure for personal mobility 6.13; 74 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings) (Endesa X - Mobility)	6.13; 74	5	0%	3.97	0%	100%						Y	Y	Y	Y	Y	Y			
Market (Power Sales - end customer with Origin Certificates)		2,205	11%	1,890	11%	100%														
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		5,677	27.2%	5,243	30.8%	100%														
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Electricity generation from hydropower	4.5	8	0%	5	0%															
Transmission and distribution of electricity (new connections)	4.9	0.1	0%	0.0	0%															
Market (Power Sales - end customer No Origin Certificates)		9,742	47%	8,303	49%															
Turnover of Taxonomy-eligible but not environmentally sustainable activities (Taxonomy-aligned activities) (A.2)		9,750	46.7%	8,308	48.7%															
Total (A.1 + A.2)		15,426	73.8%	13,551	79.5%															

Economic Activities	Code(s)	Absolute turnover (1) 2021		Proportion of turnover (2) 2021		Absolute turnover (1) 2020		Proportion of turnover (2) 2020		DNSH Criteria ("Does Not Significantly Harm") (4)										Category (6)							
		€	%	€	%	€	%	€	%	Substantial Contribution criteria to Climate Change Mitigation (3)	Climate change Adaptation (6)	Water and Marine resources (7)	Circular Economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation	Climate Change Adaptation	Water and marine resources	Circular Economy	Pollution	Biodiversity and ecosystems	Minimum Safeguards (5)	Category (enabling activity or Category "transitional activity")	F	T		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																											
Turnover of Taxonomy-non-eligible activities (B)																											
Electricity generation from coal		196	1%	233.61	1%																						
Electricity generation from gas		4,617	22%	1,941.52	11%																						
Electricity generation from nuclear		1,368	7%	933.67	5%																						
Endesa X (only activities non eligible)		51	0%	52.38	0%																						
Other & adjustments Endesa X		0.3	0%	1.77	0%																						
Trading activities (Energy sales - wholesale)		1,934	9%	1,381.23	8%																						
Market (Gas Sales - end customer)		3,599	17%	2,131.46	13%																						
Services, Holding & Others		465	2%	478.68	3%																						
Elisions and adjustments		-6,777	-32%	-3,655.50	-21%																						
Turnover of Taxonomy-non-eligible activities (B)		5,473	26.2%	3,498.82	20.5%																						
Total (A + B)		20,899	100%	17,050	100%																						

(1) **Absolute turnover:** The turnover (measured in €) of each specific activity. If an activity is reported both under A1 and A2 or B, the figure refers to the proportion of the activity that corresponds to A1, A2 or B.

(2) **Proportion of turnover:** The proportion of the turnover of each single economic activity out of total Group Turnover.

(3) **Climate Change Mitigation:** It refers to the proportion of turnover of each single economic activity (indicated in the column "absolute turnover") that contributes to climate mitigation. This is the only EU Taxonomy objective reported in the table as the alignment analysis has been performed only for this objective due to it is more material than climate adaptation objective and the criteria for the other environmental objectives are not available yet.

(4) **DNSH:** It details whether the DNSH criteria for each environmental objective is met in each single economic activity that has been reported.

(5) **Minimum safeguards:** It details whether the minimum safeguards are met in each single economic activity that has been reported.

(6) **Category:** It details whether the activity provides a direct contribution to climate mitigation or it is an enabling or transitional activity.

Background information on the revenue KPI

Despite the increase in absolute terms of revenue in 2021 compared to 2020, the percentage of "eligible-aligned" activities was slightly down due to the increase in gas prices and the decrease in revenue from distribution activities.

Breakdown of fixed operating expenditures (OPEX)

Proportion of Opex from products or services associated with Taxonomy-aligned economic activities – disclosure covering years 2020 and 2021

Economic Activities	Code(s)	2021		2020		Substantial Contribution criteria to Climate Change Mitigation (3)	Climate Change Adaptation (6)	Water and Marine resources (7)	Circular Economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	DNSH Criteria ("Does Not Significantly Harm") (4)					Category (6)
		Absolute Opex (€)	Proportion of Opex (%)	Absolute Opex (€)	Proportion of Opex (%)							Climate Change Mitigation (3)	Climate Change Adaptation (6)	Water and Marine resources (7)	Circular Economy (8)	Pollution (9)	
A. TAXONOMY ELIGIBLE ACTIVITIES																	
A.1 Environmentally sustainable activities (Taxonomy-aligned)																	
Electricity generation from wind power	4.3	16	4%	15	4%	100%						Y	Y	Y	Y		
Electricity generation using solar photovoltaic technology	4.1	7	2%	4	1%	100%						Y	Y	Y	Y		
Electricity generation from hydropower	4.5	29	8%	30	7%	100%						Y	Y	Y	Y		
Storage of electricity	4.10	0	0%	0	0%	100%						Y	Y	Y	Y		
Transmission and distribution of electricity	4.9	91	24%	109	27%	100%						Y	Y	Y	Y	E	
Installation, maintenance and repair of energy efficiency equipment - (d) Installation and replacement of energy efficient light sources (Endesa X - Smart Lighting)	7.3 d	0.1	0%	0	0%	100%						Y		Y	Y		
Urban and suburban transport, road passenger transport - (a) The activity provides urban or suburban passenger transport and its direct (tailpipe) CO ₂ emissions are zero (Endesa X - e-Bus)	6.3 a	0.0	0%	0.0	0%	100%						Y	Y	Y	Y		
Installation, maintenance and repair of energy efficiency equipment (a-e) (Endesa X - Energy Efficiency)	7.3 a-e	0.0	0%	0.0	0%	100%						Y		Y	Y		
7.3 Installation, maintenance and repair of energy efficiency equipment - (a-e); 7.5 Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings - (a) Installation, maintenance and repair of zoned thermostats, smart thermostat systems and sensing equipment, including motion and day light control; 7.6 Installation, maintenance and repair of renewable energy technologies - (a) Installation, maintenance and repair of solar photovoltaic systems and the ancillary technical equipment. (Endesa X - Home)	7.3 a-e; 7.5 a; 7.6 a	1	0%	1	0%	100%						Y		Y	Y		
Professional services related to energy performance of buildings (Endesa X - Customer Insight)	9.3	0	0%	0	0%	100%						Y			Y		
7.3 Installation, maintenance and repair of energy efficiency equipment - (d) Installation and replacement of energy efficient light sources; - (e) Installation, replacement, maintenance and repair of heating, ventilation and air-conditioning (HVAC) and water heating systems, including equipment related to district heating services, with highly efficient technologies. 7.6 Installation, maintenance and repair of renewable energy technologies - (a) Installation, maintenance and repair of solar photovoltaic systems and the ancillary technical equipment. (Endesa X - Distributed Energy)	4.1; 7.3 d; e; 7.6 a	0	0%	0	0%	100%						Y		Y	Y		
Installation, maintenance and repair of renewable energy technologies - (f) Installation, maintenance and repair of thermal or electric energy storage units and the ancillary technical equipment. (Endesa X - Battery Energy Storage)	7.6 a, f	0	0%	0	0%	100%						Y			Y		
6.13 Infrastructure for personal mobility 7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings) (Endesa X - Mobility)	6.13; 7.4	0	0%	0	0%	100%						Y	Y	Y	Y	Y	
Market (Power Sales - and customer with Origin Certificates)		2	0%	2	0%	100%						Y	Y	Y	Y		
Opex of environmentally sustainable activities (Taxonomy-aligned) (A.1)		146.6	38.8%	160.8	40.6%	100%											

Economic Activities	Code(s)	Absolute Opex (1) 2021		Proportion of Opex (2) 2021		Absolute Opex (1) 2020		Proportion of Opex (2) 2020		Substantial Contribution criteria to Climate Change Mitigation (3)	Climate change Adaptation (6)	Water and Marine resources (7)	Circular Economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	DNSH Criteria ("Does Not Significantly Harm") (4)					Category (6)
		€	%	€	%	€	%	%	%							%	%	%	%	%	
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																					
Electricity generation from hydropower	4.5	0	0%	0	0%																
Transmission and distribution of electricity	4.9	0	0%	0	0%																
Market (Power Sales - end customer' No Origin Certificates)		7	2%	7	2%																
Opex of Taxonomy-eligible but not environmentally sustainable activities (Taxonomy-aligned activities) (A.2)		7	1.9%	8	1.9%																
Total (A.1 + A.2)		153.8	41%	168.5	43%																
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																					
Opex of Taxonomy-non-eligible activities (B)																					
Electricity generation from coal		21	6%	33	8%																
Electricity generation from gas		98	26%	91	23%																
Electricity generation from nuclear		97	26%	95	24%																
Endesa X (only activities non eligible)		1	0%	1	0%																
Other & adjustments Endesa X		0.0	0%	0	0%																
Trading activities (Energy sales - wholesale)		6	1%	6	1%																
Market (Gas Sales - end customer)		2	1%	1	0%																
Services, Holding & Others		16	4%	14	3%																
Elisions and adjustments		-16	-4%	-12	-3%																
Opex of Taxonomy-non-eligible activities (B)		225	59.3%	228	57.5%																
Total (A + B)		378	100%	396	100%																

- (1) **Absolute Opex:** The opex (measured in €) of each specific activity. If an activity is reported both under A1 and A2 or B, the figure refers to the proportion of the activity that corresponds to A1, A2 or B.
- (2) **Proportion of Opex:** The proportion of the opex of each single economic activity out of total Group Opex.
- (3) **Climate Change Mitigation:** It refers to the proportion of opex of each single economic activity indicated in the column "absolute opex" that contributes to climate mitigation. This is the only EU Taxonomy objective reported in the table as the alignment analysis has been performed only for this objective due to it is more material than climate adaptation objective and the criteria for the other environmental objectives are not available yet.
- (4) **DNSH:** It details whether the DNSH criteria for each environmental objective is met in each single economic activity that has been reported.
- (5) **Minimum safeguards:** It details whether the minimum safeguards are met in each single economic activity that has been reported.
- (6) **Category:** It details whether the activity provides a direct contribution to climate mitigation or it is an enabling or transitional activity.

Background information on the OPEX KPI

There have been no significant changes subject to review.

Breakdown of the EBITDA KPIs

Proportion of EBITDA from products or services associated with Taxonomy-aligned economic activities – disclosure covering years 2020 and 2021

Economic Activities	Code(s)	2021		2020		Substantial Contribution criteria to Climate Change Mitigation (3)	DNSH Criteria ("Does Not Significantly Harm") (4)					Category (6)	
		Absolute EBITDA (1)	Proportion of EBITDA (2)	Absolute EBITDA (1)	Proportion of EBITDA (2)		Climate change mitigation	Climate Change Adaptation	Water and marine resources	Circular Economy	Pollution		Biodiversity and ecosystems Minimum Safeguards (5)
		€	%	€	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	E	T
A. TAXONOMY ELIGIBLE ACTIVITIES													
A.1 Environmentally sustainable activities (Taxonomy-aligned)													
Electricity generation from wind power	4.3	228	5%	213	6%	100%	Y	Y	Y	Y	Y		
Electricity generation using solar photovoltaic technology	4.1	51	1%	25	1%	100%	Y	Y		Y	Y		
Electricity generation from hydropower	4.5	553	13%	47	1%	100%	Y	Y		Y	Y		
Intercompany Renewable vs Retail activity	4.10	0	0%	0	0%	100%	Y	Y	Y	Y	Y		
Storage of electricity		-166	-4%	-92	-2%	100%							
Transmission and distribution of electricity	4.9	1,966	46%	1,982	52%	100%	Y	Y	Y	Y	Y	E	
Intercompany Infrastructure & Network vs Retail activity		-22	-1%	-23	-1%	100%							
Installation, maintenance and repair of energy efficiency equipment – (d) Installation and replacement of energy efficient light sources (Endesa X - Smart Lighting)	7.3 d	0.9	0%	0	0%	100%	Y			Y	Y		
Urban and suburban transport, road passenger transport – (a) The activity provides urban or suburban passenger transport and its direct (tailpipe) CO ₂ emissions are zero (Endesa X - e-Bus)	6.3 a	-0.2	0%	0.0	0%	100%	Y	Y	Y		Y		
Installation, maintenance and repair of energy efficiency equipment (a-e) (Endesa X - Energy Efficiency)	7.3 a-e	0.1	0%	0.0	0%	100%	Y			Y	Y		
7.3 Installation, maintenance and repair of energy efficiency equipment – (a-e) 7.5 Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings – (a) Installation, maintenance and repair of zoned thermostats, smart thermostat systems and sensing equipment, including, motion and day light control. 7.6 Installation, maintenance and repair of renewable energy technologies – (a) Installation, maintenance and repair of solar photovoltaic systems and the ancillary technical equipment. (Endesa X - Home)	7.3 e-a; 7.5 a; 7.6 a	58	1%	46	1%	100%	Y			Y	Y		
Professional services related to energy performance of buildings (Endesa X - Customer Insight)	9.3	3	0%	3	0%	100%	Y					Y	
7.3 Installation, maintenance and repair of energy efficiency equipment – (d) Installation and replacement of energy efficient light sources. – (e) Installation, replacement, maintenance and repair of heating, ventilation and air-conditioning (HVAC) and water heating systems, including equipment related to district heating services, with highly efficient technologies. 7.6 Installation, maintenance and repair of renewable energy technologies – (a) Installation, maintenance and repair of solar photovoltaic systems and the ancillary technical equipment. (Endesa X - Distributed Energy)	4.1; 7.3 d; e; 7.6 a	2	0%	0	0%	100%	Y			Y	Y		
Installation, maintenance and repair of renewable energy technologies – (f) Installation, maintenance and repair of thermal or electric energy storage units and the ancillary technical equipment. (Endesa X - Battery Energy Storage)	7.6 a-f	0	0%	0	0%	100%	Y					Y	
6.13 Infrastructure for personal mobility 6.13 7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings) (Endesa X - Mobility)	6.13; 7.4	-7	0%	-4	0%	100%	Y	Y	Y	Y	Y	Y	
Market (Power Sales - end customer with Origin Certificates)		74	2%	72	2%	100%							
EBITDA of environmentally sustainable activities (Taxonomy-aligned) (A.1)		2,751.0	64.3%	2,268.1	59.5%	100%							
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)													62.8%
Electricity generation from hydropower	4.5	9	0%	1	0%								
Transmission and distribution of electricity	4.9	0	0%	0.05	0%								
Market (Power Sales - end customer No Origin Certificates)		328	8%	316	8%								
EBITDA of Taxonomy-eligible but not environmentally sustainable activities (Taxonomy-aligned activities) (A.2)		337	79%	317	8%								
Total (A.1 + A.2)		3,088	72.2%	2,585	68%								

Economic Activities	Code(s)	Absolute EBITDA (1) 2021		Absolute EBITDA (1) 2020		Substantial Contribution criteria to Climate Change Mitigation (3)	DNSH Criteria ("Does Not Significantly Harm") (4)							Category (6)	
		€	%	€	%		%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	F	T
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES															
EBITDA of Taxonomy-non-eligible activities (B)															
Electricity generation from coal		112	3%	-142	-4%										
Electricity generation from gas		293	7%	211	6%										
Electricity generation from nuclear		415	10%	31	1%										
Endesa X (only activities non-eligible)		-8	0%	-7	0%										
Other & adjustments Endesa X		0.0	0%	0	0%										
Trading activities (Energy sales - wholesale)		37	1%	73	2%										
Market (Gas Sales - end customer)		122	3%	1,013	27%										
Services, Holding & Others		18	0%	-95	-2%										
Elisions and adjustments		200	5%	141	4%										
EBITDA of Taxonomy-non-eligible activities (B)		1,190.2	27.8%	1,225.3	32%										
Total (A + B)		4,278.3	100%	3,810.1	100%										

(1) **Absolute EBITDA:** The EBITDA (measured in €) of each specific activity. If an activity is reported both under A1 and A2 or B, the figure refers to the proportion of the activity that corresponds to A1, A2 or B.

(2) **Proportion of EBITDA:** The proportion of the EBITDA of each single economic activity out of total Group EBITDA.

(3) **Climate Change Mitigation:** It refers to the proportion of EBITDA of each single economic activity (indicated in the column "absolute EBITDA") that contributes to climate mitigation. This is the only EU Taxonomy objective reported in the table as the alignment analysis has been performed only for this objective due to it is more material than climate adaptation objective and the criteria for the other environmental objectives are not available yet.

(4) **DNSH:** It details whether the DNSH criteria for each environmental objective is met in each single economic activity that has been reported.

(5) **Minimum safeguards:** It details whether the minimum safeguards are met in each single economic activity that has been reported.

(6) **Category:** It details whether the activity provides a direct contribution to climate mitigation or it is an enabling or transitional activity.

Background information on the EBITDA KPI

The increase in the proportion of aligned eligible EBITDA can mainly be attributed to the improvement in margins as part of hydraulic generation principally on account of adjustments made to previous years in relation to the "State Water Tax" in 2021.

Breakdown of investment KPIs (CAPEX)

Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering years 2020 and 2021

Economic Activities	Codes)	Absolute CapEx (1) 2021		Proportion of CapEx (2) 2021		Absolute CapEx (1) 2020		Proportion of CapEx (2) 2020		Substantial Contribution criteria to Climate Change Mitigation (3)	Climate change Adaptation (6)	Water and Marine resources (7)	Circular Economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	DNSH Criteria ("Does Not Significantly Harm") (4)					Category (6)		
		€	%	€	%	%	%	%	%							%	%	%	%	%		%	%
A. TAXONOMY ELIGIBLE ACTIVITIES																							
A.1 Environmentally sustainable activities (Taxonomy-aligned)																							
Electricity generation from wind power	4.3	230.8	10.61%	132.2	8.07%	100%											Y	Y	Y	Y			
Electricity generation using solar photovoltaic technology	4.1	417.9	19.21%	269.2	16.43%	100%											Y	Y	Y	Y			
Electricity generation from hydropower	4.5	59.3	2.72%	50.8	3.10%	100%											Y	Y		Y	Y		
Storage of electricity	4.10	2.7	0.13%	1.3	0.08%	100%											Y	Y	Y	Y	Y		
Transmission and distribution of electricity	4.9	842.5	38.72%	629.1	38.40%	100%											Y	Y	Y	Y	Y	E	
Installation, maintenance and repair of energy efficiency equipment - (d) Installation and replacement of energy efficient light sources (Endesa X - Smart Lighting)	73 d	1.9	0.09%	1.8	0.11%	100%											Y			Y	Y		
Urban and suburban transport, road passenger transport - (a) The activity provides urban or suburban passenger transport and its direct (tailpipe) CO ₂ emissions are zero (Endesa X - e-Bus)	6.3 a	0.0	0.00%	0.0	0.00%	100%											Y	Y	Y	Y	Y		
Installation, maintenance and repair of energy efficiency equipment (a-e) (Endesa X - Energy Efficiency)	73 a-e	0.3	0.01%	1.0	0.06%	100%											Y		Y	Y	Y		
73 Installation, maintenance and repair of energy efficiency equipment - (a-e); 75 Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings - (a) Installation, maintenance and repair of zoned thermostats, smart thermostat systems and sensing equipment, including motion and day light control; 76 Installation, maintenance and repair of renewable energy technologies - (a) Installation, maintenance and repair of solar photovoltaic systems and the ancillary technical equipment, (Endesa X - Home)	73 a-e; 75 a; 76 a	32.7	1.50%	24.7	1.51%	100%											Y		Y	Y	Y		
Professional services related to energy performance of buildings (Endesa X - Customer Insight)	9.3	0.7	0.03%	0.2	0.01%	100%											Y				Y		
73 Installation, maintenance and repair of energy efficiency equipment - (d) Installation and replacement of energy efficient light sources - (e) Installation, replacement, maintenance and repair of heating, ventilation and air-conditioning (HVAC) and water heating systems, including equipment related to district heating services, with highly efficient technologies. 76 Installation, maintenance and repair of renewable energy technologies - (a) Installation, maintenance and repair of solar photovoltaic systems and the ancillary technical equipment, (Endesa X - Distributed Energy)	4.1; 73 d, e; 76 a	0.1	0.00%	3.5	0.21%	100%											Y		Y	Y	Y		
Installation, maintenance and repair of renewable energy technologies - (f) Installation, maintenance and repair of thermal or electric energy storage units and the ancillary technical equipment, (Endesa X - Battery Energy Storage)	76 a f	0.0	0.00%	0.0	0.00%	100%											Y				Y		
6.13 Infrastructure for personal mobility 6.13 74 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings) (Endesa X - Mobility)	6.13; 74	13.1	0.60%	11.7	0.71%	100%											Y	Y	Y	Y	Y	Y	
Market (Power Sales - end customer with Origin Certificates)		31.0	1.43%	22.1	1.35%	100%																	
Capex of environmentally sustainable activities (Taxonomy-aligned) (A.1)		1,633.0	75.0%	1,147.6	70.1%	100%																	
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																							
Electricity generation from hydropower	4.5	1.0	0.05%	1.1	0.06%																		
Transmission and distribution of electricity	4.9	2.1	0.10%	1.9	0.11%																		
Market (Power Sales - end customer No Origin Certificates)		137.1	6.30%	97.5	5.95%																		
Capex of Taxonomy-eligible but not environmentally sustainable activities (Taxonomy-aligned activities) (A.2)		140.2	6.5%	100.4	6.1%																		
Total (A.1 + A.2)		1,773.2	81.50%	1,248.0	76.18%																		

Economic Activities	Code(s)	Absolute CapEx (1) 2021		Absolute CapEx (1) 2020		Substantial Contribution criteria to Climate Change Mitigation (3)	Climate Change Adaptation (6)	Water and Marine resources (7)	Circular Economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	DNSH Criteria ("Does Not Significantly Harm") (4)				Category (6)
		€	%	€	%							Y	N	Y	N	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																
Capex of Taxonomy-non-eligible activities (B)																
Electricity generation from coal		-4.1	-0.19%	1.6	0.10%											
Electricity generation from gas		1,372	6.30%	153.8	9.39%											
Electricity generation from nuclear		1,64.8	75.7%	146.1	8.92%											
Endesa X (only activities non eligible)		-4.8	0.22%	10.4	0.63%											
Other & adjustments Endesa X		0.1	0.00%	0.0	0.00%											
Trading activities (Energy sales - wholesale)		23.1	1.06%	-175	-1.07%											
Market IGas Sales - end customer)		27.6	1.27%	19.2	1.17%											
Services, Holding & Others		31.2	1.43%	26.9	1.64%											
Elisions and adjustments		17.8	0.82%	14.5	0.89%											
Capex of Taxonomy-non-eligible activities (B)		402.6	18.5%	390.1	23.8%											
Total (A + B)		2,175.8	100%	1,638.1	100%											

No incluye atlas por derechos de uso por importe de 213 millones de euros a 31 de diciembre de 2021

- (1) **Absolute CapEx:** The capex (measured in €) of each specific activity. If an activity is reported both under A1 and A2 or B, the figure refers to the proportion of the activity that corresponds to A1, A2 or B.
- (2) **Proportion of CapEx:** The proportion of the capex of each single economic activity out of total Group Capex.
- (3) **Climate Change Mitigation:** It refers to the proportion of capex of each single economic activity (indicated in the column "absolute capex") that contributes to climate mitigation. This is the only EU Taxonomy objective reported in the table as the alignment analysis has been performed only for this objective due to it is more material than climate adaptation objective and the criteria for the other environmental objectives are not available yet.
- (4) **DNSH:** It details whether the DNSH criteria for each environmental objective is met in each single economic activity that has been reported.
- (5) **Minimum safeguards:** It details whether the minimum safeguards are met in each single economic activity that has been reported.
- (6) **Category:** It details whether the activity provides a direct contribution to climate mitigation or it is an enabling or transitional activity.

Background information on the CAPEX KPI

The increase in the percentage of "eligible-aligned" activities can be attributed to increases in the investment in renewables.

At the Capital Market Day held in November 2021, ENDESA announced a new Strategic Plan for 2022-2024, which dedicates more than 80% of capital expenses to aligned activities.

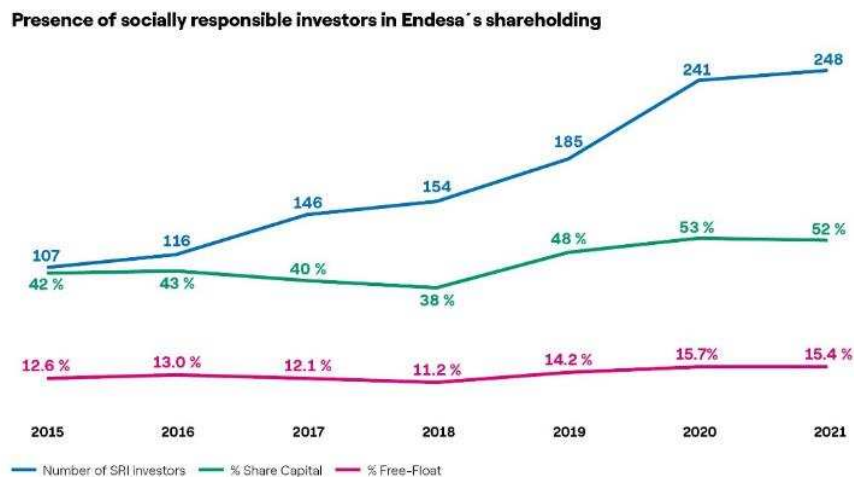
6. ESG PERFORMANCE ASSESSMENT

The scope of the information provided in this chapter covers both ENDESA, S.A. and its investee companies in Spain and Portugal, the same as in the Legal Documentation reports. For further information, see section 1.2.6. *Organisational structure* in Chapter 1. *About ENDESA*. Variations, if any, to the scope described here are presented throughout the chapter.

6.1. Sustainability indices and ratings

ENDESA works actively to be a reference company for investors who take account of social, environmental and ethical considerations in their investment policies, generating a long-term relationship with them.

For the sixth consecutive year, in 2021 ENDESA carried out a study to identify shareholders, with a special focus on those institutional investors who have a responsible investment policy and are active in non-financial matters. This study established that ENDESA has at least 248 socially responsible investors (of which 199 are located abroad and 49 are located in Spain), accounting for, on aggregate, 15.42% of share capital and 51.62% of floating capital. In compliance with Spanish legislation regarding identification of shareholders, the analysis was conducted at the level of investment advisor. It is not permitted to delve down to the level of the investment fund.



¹Since 2020, the study has encompassed foreign and domestic institutional investors. In the past, only foreign institutional investors were taken into consideration.

ENDESA is aware that a prominent presence in the main socially responsible investment indices tends to attract this type of investor and therefore the company pays great attention to this. Additionally, to obtain financing on favourable terms it is becoming increasingly important to be well rated by the various agencies and indices, as it is becoming generally accepted that genuine integration of sustainability into the management of the company reduces the risks associated with financing. Furthermore, presence on these indices serves as a way of recognising the sincere and rigorous commitment that ENDESA has assumed as regards the integration of social, environmental, ethical and good governance aspects in terms of business management and decision-making processes, achieving a high level of performance. Finally, and even more importantly, it allows ENDESA to step up its commitment by accurately identifying areas for

improvement in terms of including sustainability in the company's management, i.e. it serves as a tool for continuous improvement in its approach to sustainability management.

In 2021, ENDESA consolidated its leadership in the most important sustainability indices and ratings. The main accomplishments achieved include the following:

- Renewal of the Company's inclusion in the Dow Jones Sustainability Index (DJSI) World for the 21st consecutive year, equally the record-breaking score achieved last year (87 points). This means it remains in 7th position in the full DJSI Family and in 5th position in the electric utility firms listed in the DJSI World.
- It has confirmed its inclusion in the Euronext Vigeo-Eiris World 120, Europe 120 and Eurozone 120 indices. As part of this edition, the company achieved its record score of 76 points and came 1st in terms of companies in its sector for the first time.
- It has renewed its presence in the FTSE4Good indices, improving its score compared with the previous edition and coming in 1st among conventional electricity companies for the first time.
- For the first time ever, the Company has obtained the maximum AAA rating in the MSCI ESG rating.

Results in the main sustainability ratings

	Rating	Ranking	Scale (low/high)
S&P DJSI	87	7/104 DJSI Electric Utilities Family 5/63 DJSI World Electric Utilities	0 / 100
Vigeo Eiris ESG	76 (Advanced)	1/66 Electric utilities and gas 2/4921 All sectors	0 / 100
FTSE Russell ESG	4.9	1º Electric Utilities	0 / 5
MSCI ESG	AAA	Top 8% Utilities (n = 132)	CCC / AAA
Sustainalytics ESG Risk	19.8 (Low risk)	21/300 Electric Utilities	100 / 0
ISS ESG	B- (Prime)	–	D- / A+
CDP	Climate: A- (Leadership) Water: A- (Leadership)	–	D / A

Inclusion in sustainability indices



ENERGY TRANSITION

- 1. Decarbonisation.**
- 2. Electrification.**
- 3. Digitalisation And Cybersecurity.**
- 4. Innovation.**
- 5. Circular economy.**

1. DECARBONISATION



Line of action	2017 ¹	2019	2020	2021	2021-2023 target	SP 2022-2024		2030 target
						2022 target	2024 target	
Decarbonisation	Scope-specific GHG emissions 1 (gCO ₂ eq/kWh)	443	285	183	186	<150 by 2023	145 gCO ₂ eq/kWh in 2024	<95
	CO ₂ -free production (% production) ²	53%	59%	70%	82%	~75% by 2023	~ 92% by 2024	~95%

¹2017 is included in order to highlight ENDESA's significant efforts in decarbonisation.

²Mainland Spain. Estimate considering total production measured in plant bars.

Line of action	2019	2020	2021	2021-2023 target	SP 2022-2024		
					2022 target	2024 target	
Decarbonisation	Installed renewable capacity ¹ (MW)	7,452.0	7,825.0	8,433	11,592 MW by the end of the 2021-2023 period	12,317 MW by the end of the 2022-2024 period	
	Production from renewable sources ² (TWh)	10.1	13.4	12.8	13.9	15.2	20.2
	Mainland renewable capacity vs total mainland capacity ³ (%)	-	45%	49%	54%	56%	63%
	Decrease in installed fossil thermal capacity ⁴ (GW)	13.6	11.2	10.0	~3 GW in the 2021-2023 period vs 2020	~2 GW in the 2022-2024 period vs 2021	
	Investment in digitisation of power generation assets ⁵ (€M)	14.5	18.0	20.0	€34M in the 2021-2023 period	€44M in the 2022-2024 period	
	Installation of storage capacity (increase in capacity in MW) ⁶	0	-	-	277 MW in the 2021-2023 period	100MW in the 2022-2024 period	
	Maintain high efficiency in renewable power plants	W: 94.8% H: 97.8%	W: 94.2% H: 98.5%	Wind: 94.5% Hydro: 98.6% Solar: 94.5%	94.8% in wind power in 2021-2023 98.8% in hydropower in 2021-2023	94.2% in wind power in the 2022-2024 period 98.6% in hydropower in the 2022-2024 period 94.0% in solar power in the 2022-2024 period	
	ISO 9001 quality certification for thermal and renewable generation assets	100%	100%	100%	Maintain 100% in the 2021-2023 period	100%	100%
	Recovery of obsolete spare parts and equipment by promoting the adoption of circular business models in plants that are no longer operating (NEW)	-	-	-	-	~ €1.2M resale and recycling revenues by 2022	
	Sustainable building site - Promotion of the adoption of the sustainable building site model (No. of sustainable building sites/total number of building sites) ⁷ (NEW)	-	-	-	-	100% for renewable projects for engineering and construction and hydro and thermal projects for design and implementation in the 2022-2024 period.	
	Sustainable plant - Promotion of the adoption of the sustainable plant model (No. of sites adopting the model/total number of eligible sites) (NEW)	-	-	-	-	100% in the 2022-2024 period	

¹Cumulative gross installed capacity.

²Net production.

³Net capacity.

⁴Gross installed capacity.

⁵Including thermal + renewables.

⁶Hybridisation of batteries with renewables.

⁷All projects with additional capacity or commercial operation date in the reporting year.

Actions to be highlighted

1. 13 new parks connected to the grid (627 MW), to be added to the 7,781 MW of accumulated capacity until 2020.
2. In 2021, authorisation was obtained for the closure of the Litoral coal-fired thermal power plant (Almeria) and the scheduled end of production at the Pego coal-fired power plant (Portugal).
3. Commitment to 100% emission-free generation reaching full decarbonisation by 2040.
4. Commitment to end coal-fired generation by 2027.
5. Commitment to end natural gas trading by 2040.
6. Obtaining for the fourth consecutive year the triple seal of the Carbon Footprint Register awarded by the Spanish Office for Climate Change.
7. Renewal of the CDP (Disclosure Insight Action) Leadership rating for the third consecutive year.

The scope of the information provided in this chapter covers 100% of the facilities in which ENDESA has a majority shareholding and, therefore, operational responsibility (control). It also includes data relating to facilities in which ENDESA does not have control in proportion to its shareholding, as is the case of nuclear facilities. Variations, if any, to the scope described here are presented throughout the chapter.

For more information see the section 2. *Report Boundary* in *ANNEX I: Methodology for preparing the report*.

1.1 ENDESA's commitment to climate change.



The main objective of the Paris Agreement is to restrict the increase in global temperature to 2°C, with the aim of not exceeding 1.5°C compared to the pre-industrial period. The Agreement introduces the condition of carbon neutrality, which must be achieved by 2050.

COP26, held in November 2021, closed with the Glasgow Climate Pact which, based on the role of science and the inadequacy of the commitments presented, recognises the urgency of accelerating climate action. The Pact updates the objective to limit temperature, and all the countries recognise that they must limit global warming to 1.5°C, including the need to reduce emissions by 45% by 2030 with respect to 2010 and, in this regard, given the insufficiency of the commitments presented to date, all countries are asked to increase their emission reduction targets annually to 2030 to align them with the Paris targets, and the ambition mechanism is updated to provide explanations annually instead of every five years, as was envisaged in Paris.

In line with the climate emergency and the call to increase ambition, in recent years, ENDESA has focused its strategy, with the establishment of ambitious targets through the successive

Strategic Plans prepared since it adopted the Paris Agreement. The results obtained by the company and the decarbonisation path of recent years provides us with an indication of its ambition in the decarbonisation area and of its efforts year after year to exceed the committed targets. In 2021, through its Strategic Plan, ENDESA notified its road map to being a completely decarbonised generation company in 2040, bringing forward its previous objective by 10 years. In this way, ENDESA is contributing with the goal established at group level by the parent company, ENEL. The company accelerates the exit of its generation business based on fossil fuels, such as the sale of gas, to become a 100% renewable electricity company without being linked to emitting production technologies or fossil fuels.

ENDESA, through the update of its 2022-2024 Strategic Plan, reaffirms its energy transition strategy, based on growth of 48% in the installed capacity of renewable sources, until reaching a total of 12,300 MW in 2024. Accordingly, 92% of ENDESA's production in mainland Spain will be free from carbon dioxide (CO₂) emissions by the end of 2024. The new renewable power that will be added to ENDESA's energy mix in this period will amount to 4,000 GW. 90% of this will be solar and the rest will be wind energy. The renewable deployment will grow at an average of 1,300 MW per year.

Looking ahead to 2030, ENDESA's 2022-2024 Strategic Plan envisages reaching 24 operational GWs by the end of the decade, a 20% increase on the figure estimated a year ago, which will enable it to triple the power currently installed.

This new renewable capacity will far outstrip the reduction in thermal capacity due to the closure of coal-fired plants on the Iberian Peninsula, a process in which the company continues to make progress after obtaining authorisation in 2021 to close the Litoral plant (Almería) and the scheduled end of production at the Pego coal-fired plant (Portugal), in which ENDESA is a minority shareholder. This would leave only the As Pontes (A Coruña) permit pending. As a result, 63% of the company's generating capacity in the mainland will be of renewable origin by the end of 2024, from the current 54%.

In the six years since the Paris Agreement was adopted, ENDESA has reduced its emissions by 69% since 2015 (81% since 2005, when the Kyoto Protocol came into force).

ENDESA promotes transparency in its climate change disclosures and works to make visible to its stakeholders that it is addressing climate change with diligence and determination. Therefore, ENDESA drafts this report in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) of the Financial Stability Board, and in accordance with the "Guidelines on climate-related reporting" published by the European Commission in June 2019, which together with the TCFD recommendations and the GRI standard, constituted the main framework for the Group's reporting on climate change issues. Consequently, the structure of the Decarbonisation chapter is fully aligned with the TCFD recommendations, addressing successively the elements recommended by the TCFD: corporate governance, strategy, risks, metrics and targets, with specific climate change and carbon market initiatives added at the end.

ENDESA, as a signatory, through the ENEL Group, of the "Business Ambition for 1.5°C" campaign promoted by the United Nations has set an emissions reduction target aligned with a maximum temperature increase of 1.5°C above pre-industrial levels, in line with the criteria and recommendations of the Science Based Target Initiative (SBTi), committing that by 2030 specific Scope 1 emissions should not exceed 95 gCO₂/kWh. Therefore, ENDESA is once again playing a key role in the fight against climate change, demonstrating leadership and contributing significantly to the fulfilment of national and international commitments regarding the decarbonisation of the planet, and complying with the targets of the aforementioned Paris Agreement.

1.2. Corporate governance

3-3 Emissions Management Approach

ENDESA is aware of the effects that climate change has on its business and integrates this vision not only as an element in its environmental and climate management policy, but as a major component in decision-making at business level, and the determination of its strategic plans, which implies that decisions are made at the highest level of management.

ENDESA establishes its strategic plans by taking into account geopolitical, regulatory and technological macro-trends, while placing special emphasis on the markets in which it operates, and considering the risks and opportunities it faces (taking into account operational, technological, market and transition aspects, and physical risks, among others). The company's strategy has climate change and energy transition as one of its main pillars, and it is the Board of Directors that is responsible for its approval, and the company's senior management for its development and implementation.

The Appointments and Remuneration Committee is responsible, inter alia, for informing and/or proposing the appointments of directors and the Remuneration Policy to the Board of Directors to be submitted to the General Shareholders' Meeting. This Committee proposes to the Board of Directors and monitors carbon dioxide (CO₂) emission reduction targets linked to the variable remuneration of the Executive Directors. ENDESA has an incentive system in place for its executives related to the company's performance in climate change management. In the Long-Term Incentive Plan, whose participants are the company's Executive Directors, as well as executives whose participation is considered essential in the achievement of the Strategic Plan, the following objectives directly related to managing climate change are established for them:

- Net installed renewable energy capacity. Represented as the relationship between net installed capacity from renewable sources and total net installed cumulative capacity of ENDESA for a certain period (in this specific year until 2023). This parameter will be weighted at 15% of the total incentive.
- CO₂ emission reductions, calculated as the reduction in specific CO₂ (gCO₂/kWh) of ENDESA in a given period of time (in this particular year until 2023) It is defined as the ratio between the absolute CO₂ emissions due to ENDESA's electricity generation and its net total production for that year. This parameter will be weighted at 10% of the incentive.

These objectives are reviewed annually, with each long-term incentive plan, and the last objective set at the end of this report is the 2021-2023 Plan, in line with the industrial objectives envisaged by the 2021-2023 Strategic Plan.

The Audit and Compliance Committee is responsible for overseeing and monitoring the processes to prepare and present financial and non-financial information, auditor independence and the effectiveness of internal control and risk management systems. In the area of risk management, the risk control and management model implemented at the company, which expressly includes the risks associated with climate change, is aligned with international standards, following a methodology based on the three-line model.

The main function of the Sustainability and Corporate Governance Committee is to provide advisory services to the Board of Directors and supervision, inter alia, in environmental matters, in the area deemed to be climate change. Its competences include reviewing the company's environmental policies, overseeing the objectives of the sustainability plan and regularly evaluating the degree of attainment of such objectives.

1.3. Climate strategy

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1.3.1 Fair Energy Transition

One of ENDESA's basic strategic pillars is the energy transition towards the total decarbonisation of electricity generation. To this end, a roadmap has been defined to reduce coal-based activity, resulting in a 99% reduction by 2022 and a complete cessation by 2027. After the closure in 2020 of the coal-fired thermal power plants of Compostilla 1,052 MW of installed capacity and Teruel 1,098 MW, the Litoral de Almería thermal power plant 1,120 MW will be closed on 11 November 2021, and authorisation is pending from the Ministry of Industry for the closure of the As Pontes thermal power plant, in accordance with the closure request submitted at the end of 2019, leaving only groups 3 and 4 of the Alcudia thermal power plant in operation, which would operate on an emergency basis for a maximum of 500 hours/year to guarantee the electricity supply on the island of Majorca until the entry of a new connection cable with the mainland.

In addition, in the Non-Mainland Territories (TNP), ENDESA has made investments in 2021 in its thermal production units to bring them into line with the European Emissions Directive, in such a way as to guarantee electricity supply in these grids over the coming years, serving as a support and guarantee throughout the energy transition and accompanying the growth of renewables.

Alongside the closure of the main greenhouse gas (GHG) emitting plants, a significant growth in renewable generation is taking place. The development and management of renewable energies by ENDESA in Spain is carried out through ENEL Green Power Spain (EGPE) (100% capital of ENDESA).

At the end of 2020, ENDESA had 7,781 MW of net installed renewable capacity, of which 4,670 MW corresponded to large hydro, 2,423 MW to wind power, 609 MW to solar photovoltaic, 79 MW to mini-hydro and 0.5 MW to biogas plants. In 2021 ENDESA has increased its renewable power by 627 MW to 8,784 MW, of which 4,673 MW correspond to large hydro, 2,923 MW to wind power, 79 MW to mini-hydro, 1,109 MW to solar photovoltaic and 0.5 MW to biogas plants.

In the 2020-2021 generation price scenario, CCGTs have been the cheapest thermal technology, while coal was the cheapest until 2019. To estimate the impact of the installed renewable power as estimated avoided CO₂ emissions, their annual production is used, and if it is assumed that they replace CCGT generation, a minimum value of avoided CO₂ emissions will be obtained, whose maximum would be to assume that all that renewable production would have been produced with coal.

ENERGY TRANSITION (MW)

Item	2005	2015	2018	2019	2020	2021	2022-2024 target
Spain and Portugal renewable energy capacity (MW)	-	-	6,527	7,408	7,781	8,390	12,390
New renewable energy capacity (MW)	-	-	-	926	391	627	4,000
LH Hydropower	-	-	4,683	4,668	4,670	4,672	0
Mini hydro	-	-	80	80	79	75	0
Wind	-	-	1,751	2,308	2,423	2,546	400
Solar	-	-	13	352	609	1,097	3,600
Biomass	-	-	0.5	0.5	0.5	0.5	0
Total emissions avoided (KTn CO₂) vs CCGT	-	-	4,820	3,996	5,312	5,066	-
Total emissions avoided (KTn CO₂) vs Coal	-	-	12,099	10,029	13,335	12,717	-
Renewable energy production (GWh)	-	-	12,172	10,090	13,415	12,794	-
Gross peninsular production with coal (GWh)	34,174.9	25,420.8	21,017	5,993	1,299	778	0 by 2023

ENERGY TRANSITION (MW)

Item	2005	2015	2018	2019	2020	2021	2022-2024 target
Specific emission CCGT ENDESA (TnCO ₂ /GWh)	396	-	-	-	-	-	-
Specific emission ENDESA coal (TnCO ₂ /GWh)	994	-	-	-	-	-	-

Connection of new renewable energy facilities during 2021.

ENDESA, through ENEL Green Power Spain (EGPE), has continued its growth in installed renewable power despite the significant difficulties that have led to the paralysis of critical segments in 2020 that impacted the planning to implement the projects. Despite all this, ENDESA has managed to connect to the grid 623 MW of 13 new wind farms and photovoltaic plants, in addition to achieving a 4 MW improvement in the efficiency of installations, resulting in an additional 627 MW to the 391 MW connected during 2020. These projects have been undertaken in the regions of Aragon, Extremadura, Andalusia, the Balearic Islands and Catalonia.

NEW CONNECTIONS IN THE RENEWABLE ENERGY FACILITIES

Plant	Technology	Capacity (MW)	Connection date	Province	Market
BINATRIA	SOLAR-PV	14.9	25/4	Mallorca	Free
TICO WIND-2021 (Phase 1 and Phase 2)	WIND	123.5	30/11	Teruel	Free
TICO SOLAR 1-Anticipation 2022	SOLAR PV	43.4	28/12	Teruel	Free
CLUSTER SAN SERVAN					
Puerto Palmas PV (48.02 MW)	SOLAR PV	142.1	18/12	Badajoz	Free
Veracruz PV (47.46 MW)					
El Doblón PV (46.59 MW)					
CLUSTER BROVALES					
Apicio PV (47.88 MW)	SOLAR PV	246.2	21/12	Badajoz	Free
Ardila PV (49.87 MW)					
Beturia PV (49.56 MW)					
Cincinato PV (49.87 MW)					
Nertobriga PV (48.99 MW)					
SAN ANTONIO PV	SOLAR PV	30.4	22/12	Huelva	Free
TORRE PALMA PV	SOLAR PV	22.5	31/12	Seville	Free

All this additional power, added to the improvements in the operation and maintenance of renewable energy plants, as well as efficiency and adequacy improvements that provide greater flexibility to hydroelectric plants, has led to maintaining high renewable production for the weather conditions that have occurred, in line with the maximum achieved in 2020.

Expansion of the portfolio of projects under development.

In addition to all the construction work carried out this year, it is worth highlighting the significant boost given in 2020 and 2021 to increase the portfolio of renewable projects in order to meet the ambitious targets set out in the company's strategic plan, expanding and adapting the project portfolio to the successive auctions that are called. The 2022-2024 Strategic Plan sets the target of connecting 3,600 MW of photovoltaic and 400 MW of wind power.

This extensive development portfolio, which will continue to be increased in the coming months, ensures the on-going growth of renewable capacity in the coming years in line with the Company's Strategic Plan, increasing the possibility of concluding trade agreements in the sale of renewable energies. This growth in the renewable project portfolio is crucial to enhance the Company's decarbonisation objectives, allowing the gradual replacement of the thermal power plants being closed.

The renewable projects already under implementation, with connection planned for 2022, are shown below:

PROJECTS IN EXECUTION TO CONNECT IN 2022

Project	Technology	Province	Capacity (MW)
ABO Campillo III	Wind	Cuenca	91.2
Sol de Casaquemada	Solar-PV	Seville	49.9
Son Orlandis	Solar-PV	Mallorca	3.3
Son Reus	Solar-PV	Mallorca	12.5
Tico 2022	Wind	Teruel	56.6
Tico Solar II	Solar-PV	Teruel	33.6

Fair Transition – Decarbonisation

ENDESA, always up to date with the intense international negotiations, aligns its business strategy with the global commitments and targets currently being considered in the fight against climate change. It is consequently committed to contributing to a Fair Transition, leaving no one behind, and promoting the creation of sustainable and decent jobs. For ENDESA, collaboration between governments, the private sector, civil society and other stakeholders will be critical to achieving the climate targets set out in the Paris Agreement following an inclusive approach.

In this context, ENDESA considers the right transition part of its business model and, at the end of 2019, joined the United Nations commitment to a Fair Transition under the "Climate Action for Jobs" initiative. A sign of this commitment are the Futur-e projects, a unique and voluntary initiative managed through dialogue with local communities, aimed at promoting the performance of economic activities and job creation in areas in which the plants that cease their activity are located.

Alongside the closure requests, ENDESA is voluntarily preparing and submitting an action plan for each plant to mitigate the impact caused by the decline in activity, Futur-e Plan, aimed at promoting the performance of economic activities and job creation in the areas in which the plants are located, from a Fair Transition approach. During 2021, progress has been made in specifying the projects selected for the sites and municipalities affected by the closure of the Teruel and Compostilla plants, and the projects for the site of the Litoral de Almería plant have been submitted, with their evaluation having begun based on the closure authorisation.

Beyond the construction process and job creation which involves the implementation of these projects, ENDESA has followed within them a development model that includes actions to create social value for the environments in which they are located: the Creating Shared Value (CSV) model. These initiatives are highly diverse and respond to the needs of each municipality, after carrying out studies with the local authorities.

All these initiatives included within the CSV plans include job training in renewable energies to people from municipalities, advice on energy efficiency, lighting replacement projects with LED technology, self-consumption with the installation of photovoltaic plates in old people's home and other municipal facilities, as well as sociocultural projects of a local nature. For more information see Chapter 2. *Responsible relations with communities.*

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1.3.2. Scenarios

ENDESA uses climate, energy and macroeconomic scenarios in the short (corresponding to the Strategic Plan), medium (corresponding to the coverage deadlines of the National Integrated

Energy and Climate Plan (PNIEC)), and long term (2050), to assess the flexibility and resilience of its Strategic Plan. In these scenarios, the impact of climate change is of huge importance, producing effects that can be analysed in terms of:

- Extreme events: heat waves, torrential rain, hurricanes, etc. and their potential impact on industrial facilities.
- Chronic phenomena: to consider gradual changes in weather conditions, such as increased average temperatures, rising sea levels, etc., affecting the production of electricity generation plants and consumer profiles.
- Transition: of different sectors towards a green economy, characterised by becoming more decarbonised.

The aspects related to projections of climate variables, in terms of chronic phenomena and extreme events, define physical scenarios, and the aspects related to the industrial and economic transition towards decarbonised solutions define the transition scenarios. These scenarios are being constructed to forge a reference framework to ensure coherence between climate projections and transition hypotheses.

The strategic planning based on the use of scenarios is in line with the definition of alternative futures, defined on the basis of certain key variables such as, for example, compliance with the objectives defined in the Paris Agreement or technological development. With respect to the foresight approach, the scenarios offer greater flexibility and enable preparation to affront risks and take advantage of opportunities. The foresight approach includes projections based on past trends, so it does not anticipate significant changes, risks or opportunities.

The scenarios are used in the processes of planning, strategic positioning and the assessment of the risks and of the resilience of the strategy. The preparation of the scenarios helps companies to take strategic decisions in complex uncertain conditions, analysing future plausible alternatives, enabling different channels, times and mitigation options to be designed and analyses to be conducted, based on the key risks to challenge strategic thought.

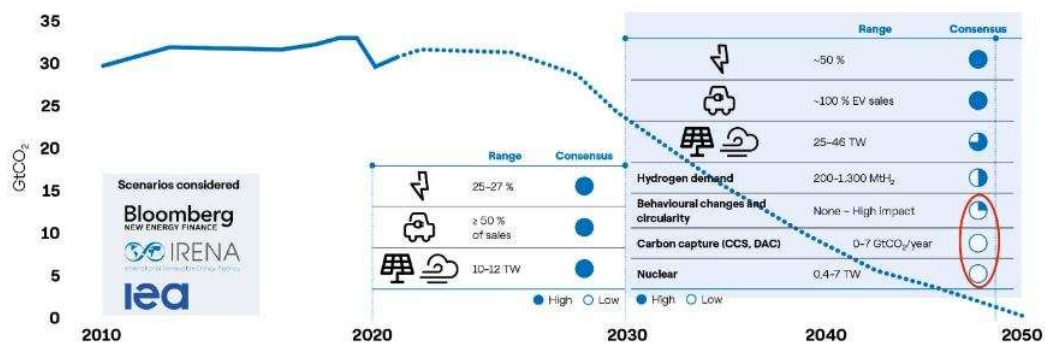
Performing a benchmarking of external scenarios constitutes a useful starting point to build robust internal scenarios. Many global energy transition scenarios exist, published by different bodies and designed for multiple purposes, from governmental planning to support for business decision-making processes. The benchmarking activity consists of the analysis of scenarios prepared by organisations in order to compare the results in terms of energy mix, emission trends and technology choices, and to identify for each of them the main drivers of the energy transition.

The global energy scenarios are classified by scenario families, depending on the level of climate ambition:

- Business as usual/current policies: energy scenarios based on business as usual/current policies. They provide a conservative benchmark for the future, representing the development of the energy system without additional climate and energy policies. These scenarios fall short of the Paris Agreement targets.
- Aligned with the Paris Agreement (Paris Aligned): energy scenarios consistent with the Paris Agreement, that is, which include an objective of limiting the average increase in global temperatures to below 2°C with respect to pre-industrial levels. To attain this objective, the scenarios of this category consider new ambitious policies to boost the electrification of end uses of energy and the development of renewable energy.
- Most ambitious target of the Paris Agreement (Paris Ambitious): global energy scenarios that provide for a transition to net zero greenhouse gas emissions by 2050, consistent with the most ambitious objective of the Paris Agreement, e.g. to achieve a global

average temperature increase of no more than 1.5°C. All scenarios in this family have in common the drivers of the energy transition to net zero by 2050: the process of electrification of energy end-uses and the increase of renewable electricity generation, both in the medium and long term. However, they differ in the type of additional solutions required in the long term to cover the gap between zero net emissions, granting different importance to the contributions to the different technologies and the changes in behaviour.

In general, the conclusions drawn from the systematic analysis of the different scenarios is that the most ambitious scenario to reduce climate change involves a greater penetration of electrification and renewable generation.



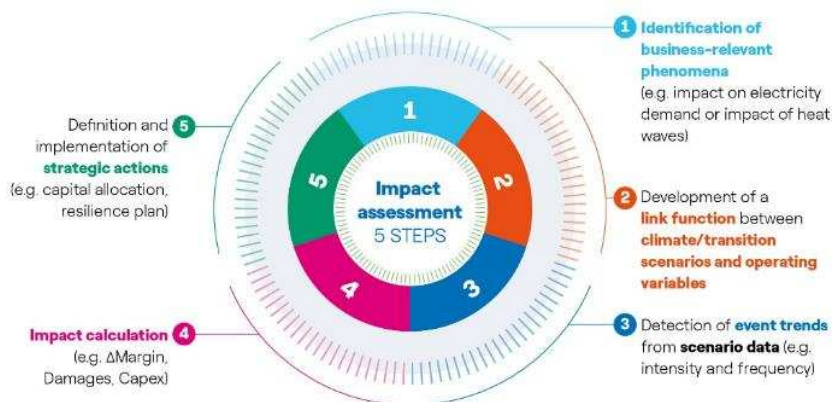
In 2005. Sources: Internal preparation based on IEA (2021), World Energy Outlook 2021; BNEF (2023), New Energy Outlook; IRENA (2020), Global Renewables Outlook; IRENA (2021), World Energy Transition Outlook.

The acquisition and processing of the large amount of data obtained from the application of the scenarios, as well as the identification of the methodologies and metrics necessary to interpret complex phenomena and, in the case of climate scenarios, with high resolution, an ongoing dialogue is required with both external and internal experts. To assess the effects of the transition and physical phenomena in the energy system, for example, the company uses models that

describe the country's energy system considering the specific features at technological, socio-economic, political and regulatory framework level.

The adoption of these scenarios and their integration into the ordinary management of the company, as recommended by the Task Force on Climate-related Financial Disclosures (TCFD) allow an assessment of the risks and opportunities associated with climate change.

The process that translates the conclusions of the application of the scenarios into useful information for industrial and strategic decision-making can be summarised in five steps:



1.3.2.1 Transition scenarios

The transition scenario represents the development of energy production and consumption in the different sectors in an economic, social and regulatory context consistent with the development of greenhouse gas emissions and therefore related to the climate scenarios.

With regard to the assumptions established to define transition scenarios, it should be noted:

- The assumptions related to climate change regulations, governing aspects such as reducing carbon dioxide (CO₂), emissions, the efficiency of the energy system, decarbonising the electricity sector, reducing oil consumption, etc.
- The macroeconomic and energy context (e.g. in terms of gross domestic product, population and raw material prices), considering international benchmarks such as the International Energy Agency (IEA), Bloomberg New Energy Finance (BNEF), International Institute for Applied Systems Analysis (IIASA)¹, etc.

In 2021 the company reviewed the reference framework of the medium-long term energy transition scenarios, defining three alternative scenarios:

- "Paris" scenario: foresees a level of climate ambition significantly greater than "business as usual", in which the increased ambition is based on greater electrification and the presence of renewable energy.
- "Slow Transition" scenario: scenario characterised by a slower energy transition, which does not allow the objectives of the Paris Agreement to be achieved. This scenario

¹At IIASA, data was collated in relation to the demand for raw materials and the underlying population in the "Shared Socioeconomic Pathways (SSPs)", in which different scenarios are projected that describe the socio-economic changes and the changes in the regulatory framework, in line with the climate scenarios. The data taken from the "SSPs" are used, together with the internal modelling, to support long-term forecasts such as, for example, those related to electricity demand and raw materials prices.

considers a lower increase in the presence of renewable energy and a lower electrification with respect to the "Paris" scenario, especially in the short term.

- "Best Place" scenario: built to test more ambitious assumptions than the "Paris" scenario. In this scenario, the objectives of the Paris agreement are also met, but a wider portfolio of technological solutions is considered, for example, a greater penetration of green hydrogen, that is, produced from renewable electricity, used extensively in the sectors known as "hard-to-abate", facilitating the decarbonisation process towards zero net emissions.

In 2021, for the long-term planning, the "Paris" scenario was chosen, in line with the success of the Paris Agreement and, at Spanish level, it is also in line with the National Integrated Energy and Climate Plan 2021-2030 (PNIEC). Hence, ENDESA operates on the basis of a business model aligned with the maximum level of ambition of the Paris Agreement, that is, aligned with an objective of limiting an increase in global temperature to 1.5°C and, in this regard, it has set ambitious long-term objectives to achieve completely renewable generation in 2040, together with the marketing of zero-emission energy.

The assumptions on the variations in raw material prices in the "Paris" scenario are in line with the external scenarios that ensure the objectives of the Paris Agreement. In 2030, growth is considered maintained by the price of CO₂, as a result of the progressive reduction of the permit offer with respect to a growing demand and a progressive reduction in the price of coal, due to decreased demand. With respect to gas, it is considered that the price tensions will be relaxed in the coming years as a result of a realignment between supply and demand at global level. Lastly, a progressive stabilisation of the price of oil is foreseen, for which a peak in demand with respect to 2030 is estimated.

To apply the variables of interest at local level at ENDESA, in the definition of the "Paris" scenario, the bottom-up approach was used thanks to long-term equilibrium simulation models of the whole energy system, which enabled changes in CO₂ emissions to be established to ensure consistency with the objective of zero net emissions by 2050, and consistent, therefore, with the stabilisation of the average global temperature at +1.5°C.

The two alternative "Slow Transition" and "Best Place" scenarios are used for the strategic stress tests, the assessment of risks and the identification of business opportunities.

1.3.2.2. Physical scenarios

Three climate scenarios have been selected to assess physical risks in line with those published in the Sixth Report of the Intergovernmental Panel on Climate Change (IPCC)². These scenarios are characterised by a level of emissions according to the so-called Representative Concentration Pathway (RCP), and each of them is related to one of the five scenarios defined by the scientific community as Shared Socioeconomic Pathways (SSP). SSP scenarios consider general assumptions about population, urbanisation, etc. The three physical scenarios considered are:

- SSP1 - RCP 2.6: scenario aligned with a global temperature increase of below 2°C by 2100 with respect to pre-industrial levels (1850-1900). IPCC projects an average temperature increase of ~+1.8°C compared to the 1850-1900 period, with a 44% probability of limiting the temperature increase to below 1.5°C and 78% of it stays below +2°C³. For the analysis that takes into account both physical and transitional variables,

²IPCC Sixth Assessment Report, Working Group 1, "The Physical Science Basis" (2021).

³IPCC Fifth Assessment Report, Working Group 1, "Long-term Climate Change: Projections, Commitments and Irreversibility".

the company associates the SSP1 - RCP 2.6 scenario with the "Paris" and "Best Place" scenario.

- SSP2 - RCP 4.5: compatible with an intermediate scenario that estimates an average temperature increase of around 2.7°C by 2100 compared to 1850-1900. This scenario has been seen as the most representative of today's global climate and geopolitical context. This scenario projects global warming in line with the estimates arising from the current and envisaged policies at world level⁴. For the analysis that takes into account both physical and transitional variables, the company associates the SSP2 - RCP 4.5 scenario with the "Slow Transition" scenario.
- SSP5 - RCP 8.5: compatible with a scenario that considers that no specific measures will be taken to combat climate change. This scenario considers that the global temperature increase with respect to pre-industrial levels will be around 4.4°C by 2100. IPCC estimates that the increase will be above 3°C, and with a 62% probability it will exceed 4°C.

The SSP5 - RCP 8.5 scenario is considered the worst-case scenario, and has been used to assess the consequences of climate impacts in an extreme scenario, which is currently considered to have a low probability of occurrence. The SSP1 - RCP 2.6 scenario is used to assess the consequences of climate impacts associated with an energy transition that achieves ambitious mitigation targets.

The work performed with climate scenarios considers both chronic phenomena and extreme events. For a description of specific complex phenomena, data and analyses provided by private, public and academic bodies are taken into account.

The scenarios used are global, but to be able to define the effects of the specific areas in which ENDESA performs its activities, they must be analysed at local level. The work carried out by the Department of Earth Sciences of the International Centre for Theoretical Physics (ICTP) in Trieste has allowed the projections of the most important climatic variables with a resolution equivalent to a grid of between 12 and 100 km in length, for a time horizon between 2020-2050. The main variables considered are temperature, snow and rainfall and solar radiation. In order to achieve a more robust analysis, we are currently working on the basis of the regional climate model defined by the ICTP plus five other models selected from among the most representative of the climate models referred to in the specialised literature. Working with various models enables more robust analyses to be performed, based on average assumptions in individual models. In 2021, projections for Spain were analysed based on the aforementioned series of models, which has ensured a better defined representation of the physical scenarios.

The ICTP also acts as a scientific support in the interpretation of any climate data considered.

The analysis of certain aspects depends not only on climate projections, but also on the characteristics of the territory, so it is necessary to carry out a more specific modelling to achieve a high-resolution representation. To achieve this, Natural Hazard maps are used in addition to the climate scenarios developed by the ITCP. The use of these maps results in the expected frequencies for a number of weather events, such as storms, hurricanes or floods, with high spatial resolution. The findings of this type of analysis using historical series are being used to optimise the insurance strategy. Work is currently under way to integrate these findings with climate scenario projections.

The company has equipped itself with tools and has acquired sufficient knowledge to work independently with the gross data published by the scientific community, which enables a global vision and a high level of performance at long term of the climate variables of interest. The sources

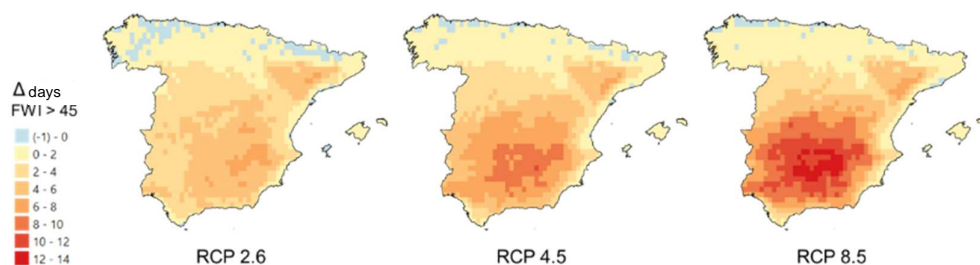
⁴Climate Action Tracker thermometer, global warming estimates in 2100, considering the current "Policies & action" and "2030 targets only" (November 2021).

used are the outputs of the climatic and regional models of the CMIP6⁵ and CORDEX⁶. CMIP6 is the sixth assessment of the Coupled Model Intercomparison Project (CMIP), a project of the World Climate Research Programme (WCRP) and of the "Working Group of Coupled Modelling" (WGCM), which provides gross climatic data from global climate models, which are used to assess the standard metrics on a global scale, with a resolution of around 100 km x 100 km. CORDEX (Coordinated Regional Climate Downscaling Experiment) also falls within the scope of the WCRP, and provides higher resolution regional climate projections.

The work carried out has made it possible to draw the following conclusions regarding the territories in which ENDESA operates:

- Extreme events: fire risk is assessed with the indicator Fire Weather Index⁷. The number of days with extreme fire risk (Fire Weather Index > 45) will be higher in the SSP5 - RCP 8.5 scenario than in SSP1 - RCP 2.6, in either case increasing with respect to the historical average. For all the scenarios in the centre-south of Spain, in the summer, the number of days per year with a high fire risk will increase significantly.

INCREASE IN THE AVERAGE NUMBER OF DAYS PER YEAR IN THE SUMMER WITH A HIGH FIRE RISK FOR THE RCP SCENARIOS AND WITH RESPECT TO THE HISTORICAL SERIES (1990-2010).



Accordingly, it is expected that in the 2030-2050 period, heat waves will become more widespread and frequent, especially in the southern area of the country. A variation is expected in the frequency of extreme rainfall phenomena. A preliminary analysis has concluded that the mean annual rainfall of rainy days with an intensity above the 95th percentile will be reduced in some areas in the south of the country in the SSP1 - RCP 2.6 scenario.

- Chronic phenomena: a more detailed analysis of potential air-conditioning and heating needs has been carried out, which has led to the conclusion that in the 2030-2050 period, compared to the 1990-2020 period, it is estimated that the Heating Degree Days (HDD)⁸ will reduce in all scenarios, ranging from -8% in the SSP1 - RCP 2.6 scenario to -17% in the SSP5 - RCP 8.5 scenario. The results also foresee an increase in the Cooling Degree

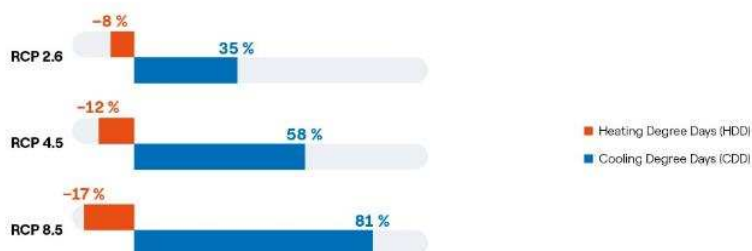
⁵<https://www.wcrp-climate.org/wgcm-cmip/wgcm-cmip6>

⁶<https://cordex.org/>

⁷ *Fire Weather Index*: Meteorological fire risk index, a widely used international indicator that takes into account aspects such as temperature, humidity, rainfall and wind to estimate fire risk.

⁸ *Heating Degree Days* (HDD): annual summation of the difference between the indoor temperature (estimated at 18°C) and the outside temperature, considering every day of the year to have an outdoor temperature of less than or equal to 15°C.

Days (CDD)⁹ in all scenarios, from +35% in the SSP1 - RCP 2.6 scenario to +58% in SSP2 - RCP 4.5 and +81% in the SSP5 - RCP 8.5 scenario.



With respect to rainfall, its variation was analysed in the basins of interest for ENDESA's hydroelectric production, and after a preliminary analysis, the conclusions do not evidence significant variations on comparing the 2030-2050 period with 1990-2009, presenting a downward trend in the south of Spain in all scenarios.

It should be highlighted that ENDESA has been a pioneer in the use of climate scenarios. In 2009, it launched its first project to analyse and evaluate the vulnerability of all its businesses and facilities globally, leading it to be chosen by the former Ministry of Agriculture and Fisheries, Food and Environment (now the Ministry of Ecological Transition and Demographic Challenge) to represent the energy sector in the ADAPTA I and II initiative. After this, ENDESA has continued to go into depth, participating in multiple international initiatives and developing projects related to different areas.

For further information, see section 1.4.2. *Adaptation to climate change* of this Chapter.

1.3.2.3 Joint effect on the transition scenarios and physical scenarios with respect to electricity demand.

Through the use of integrated energy system models, it is possible to quantify the country's service demand. Such level of details enables the specific effects to be perceived of a change of temperatures on energy needs. To this end, the effect of a temperature increase, quantified through Heating Degree Days (HDD) and Cooling Degree Days (CDD), on the total energy demand, not only electricity, for air conditioning and heating needs in the residential and commercial sectors has been included in the "Paris", "Slow transition" and "Best place" transition scenarios. The definition of a strategic baseline scenario aligned with compliance with the Paris Agreement and with the emission reduction commitments assumed at European level, has enabled¹⁰ associating HDDs and CDDs consistent with the RCP 2.6 scenario to the "Paris" and "Best place" scenarios and those consistent with the RCP 4.5 scenario to the "Slow transition". To further stress the analysis, the latter scenario has also been associated with an RCP 8.5 scenario. Considering current policies and the important focus of the European Union to achieve carbon neutrality by 2050, the three scenarios ("Paris", "Slow transition" and "Best place") converge with that result; although the "Slow transition" scenario is associated with a different, higher RCP scenario, which corresponds to a slower trend in the decrease of greenhouse gas emissions. With respect to the effect of the transition considered independently, the greater speed in attaining carbon neutrality of the "Paris" scenario converts it into a more electrified scenario with respect to the "Slow Transition" scenario, which considers, for the 2030-2050 period, average values lower than electricity demand of around 1.5% in Spain. Also, the important role of green

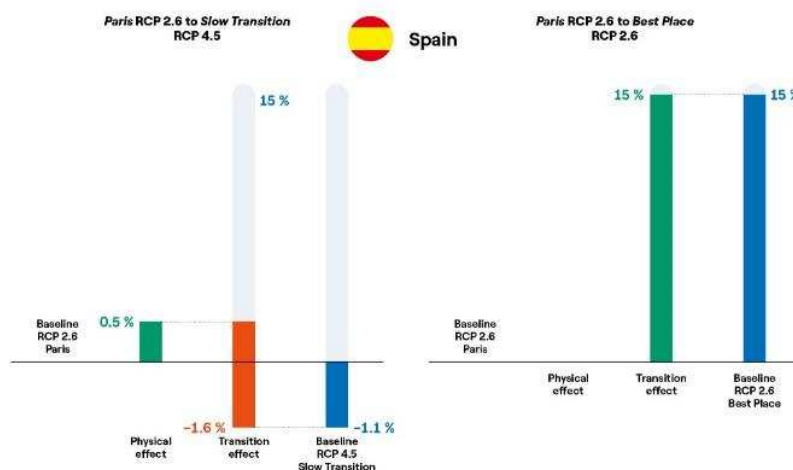
⁹ *Cooling Degree Days (CDD)*: annual summation of the difference between the indoor temperature (estimated at 21°C) and the outside temperature, considering every day of the year to have an outdoor temperature of equal to or higher than 24°C.

¹⁰ European Commission – Fit for 55: <https://www.consilium.europa.eu/it/policies/green-deal/eu-plan-for-a-green-transition/>.

hydrogen in the characterisation of the accelerated scenario makes electricity demand rise by 15% with respect to the "Paris" scenario in Spain.

The speed of the energy transition has an impact on the level of electricity demand that is much greater than the increase in temperature as a result of climate change. Decarbonisation policies, together with technological innovation and social responsibility, will play an active role in the progress of electricity demand and the energy mix in general. In any case, the analysis performed makes its clear that the increase in temperature as a result of climate change involves an increase in electricity demand, although with a reduced impact.

The Integrated Energy and Climate Plan 2021-2030 (PNIEC) presented by Spain is very ambitious and aligned with an RCP 2.6 climate scenario, which makes the slow transition scenario very similar to the "Paris" scenario; less variability is expected in terms of the development of the energy system and consequently of electricity demand in the 2030-2050 period.



In order to understand the impact of temperature in the transition scenarios, and at the same time to broaden the range of climate change scenarios, a sensitivity analysis has been carried out associating the "Slow Transition" scenario to the RCP 8.5 scenario instead of RCP 4.5. Assuming an additional increase in temperature, in equal energy transition conditions, involves a lower variation than demand, of around -0.6% in Spain.

1.4. Risk management

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ENDESA has a General Risk Control and Management Policy, approved by its Board of Directors. This Policy lays down the basic principles and the general framework to control and manage risks of any kind that could affect the attainment of targets, ensuring that they are systematically identified, analysed, assessed, managed and controlled within the risk levels set. The General Risk Control and Management Policy identifies the different types of financial and non-financial risks (including operational, technological, legal, social, environmental, incorporating those related to climate change, political and reputational risks, including those related to corruption) faced by the company; contingent liabilities and other off-balance sheet risks are included among financial or economic risks.

For further information on risk management, see the General Risk Control and Management Policy published on the company's website <https://www.endesa.com/es/accionistas-e-inversores/gobierno-corporativo/politicas-corporativas.html>.

The process of identifying risks and opportunities includes those related to climate change: transition risks, related to regulation, new technologies, market changes and reputation, and those related to potential physical impacts related to climate change.

All organisational levels are involved in the risk identification and assessment process in a coordinated manner, led by the Company's Risk Control System. Each line of business and facility identifies and evaluates the risks and opportunities arising from its activities, also derived from its geographical location. Specifically for climate change, risks are assessed based on established risk tolerance levels, considering: exposure (climate impacts that can affect facilities), sensitivity (potential effects and their implications for business or facilities), and vulnerability (ability to adapt to overcome the impacts of climate change considering financial, technological and knowledge requirements).

Climate change and energy transition will have an effect on ENDESA's activities. As recommended by the Task Force on Climate-related Financial Disclosures (TCFD), to identify the different types of risks and opportunities and their impact on the company's various businesses, ENDESA has defined a reference framework. Risks are classified into physical and transitional. Physical risks are in turn classified into acute (extreme events) and chronic events. The former are presented as a result of extreme intensity weather conditions, and the latter are related to gradual and structural changes in climatic conditions. Extreme events expose ENDESA to potential unavailability, variable duration, at facilities and infrastructures, repair costs, customer complaints, etc. The chronic change in climatic conditions exposes ENDESA to other risks and opportunities, such as changes in the production system of different technologies, as well as changes in electricity demand. In reference to the energy transition to a more sustainable model, characterised by a progressive reduction in carbon dioxide (CO₂) emissions, risks and opportunities are identified linked to both the regulatory and regulatory context, and the progress of technological development, electrification and consequent market developments.

In line with the climate and transition scenarios adopted to define risks and opportunities, changes in customer behaviour, industry strategies in different economic sectors and regulatory changes are beginning to be identified. ENDESA wants to play an active role in the transition, and therefore defines facilitating measures in its Strategic Plan, to make the most of the opportunities that are presented, identified thanks to the analyses carried out on the basis of scenarios. All this means that 89% of the investments provided for in the 2022-2024 Strategic Plan are aimed at climate action.

The scenario	Risk and opportunity category	Time horizon	Description	Description of the impact	Management mode
Acute physique	Extreme events	From the short term (1-3 years)	Risk: extreme weather events because of their intensity.	Extreme events can cause impact in terms of facility damage and reduced availability.	ENDESA adopts the best practices for incident management. With regard to insurance risk management, the company runs a Loss Prevention programme for property risks, also aimed at assessing the main exposure factors associated with natural events. Changes in the climate that are expected to occur over the longer term will also be considered in the evaluation in the future.
Chronic physical	Market	From the long term (2030-2050)	Risk / Opportunity: increase or decrease in electricity production and demand.	Electricity demand is also influenced by temperature, changes in which can impact results. Renewable production can also be affected by the structural changes in the availability of renewable resources.	Geographical and technological diversity allows the impact of variations (positive or negative) of a single variable to be reduced. To adequately manage the impact of weather events, activities of weather forecasting, monitoring and real-time control of facilities, long-term climate scenarios are launched.

The scenario	Risk and opportunity category	Time horizon	Description	Description of the impact	Management mode
Transition	Policies and regulation	From the medium term (2025-2030)	Risk / opportunity: policies on price and CO ₂ emissions; incentives for the energy transition; resilience-related regulation.	The effects of energy transition and resilience policies can have an impact on investment.	ENDESA minimises its exposure to risks through the progressive decarbonisation of its production facilities. ENDESA's strategic actions mitigate potential risks and take advantage of the opportunities associated with the energy transition. ENDESA also participates in public policy-making and regulatory processes.
Transition	Market	From the medium term (2025-2030)	Risk / opportunity: changes in the price of raw materials and energy; variations in the energy mix; change in consumption in the residential sector.	Considering two alternative transition scenarios, ENDESA assesses the effects of progress in terms of renewable penetration into the energy mix and electrification to assess potential impacts.	ENDESA maximises opportunities through an energy transition-oriented strategy, strong development of renewable production and a clear commitment to demand electrification.
Transition	Products and services	From the medium term (2025-2030)	Opportunity: higher margins and greater investment capacity as a result of the transition, considering the penetration of new electricity technologies for domestic consumption, and electrical transport.	The progress of transport and residential electrification will have potential impacts on the business.	ENDESA maximises opportunities with strong strategic positioning on new business opportunities and services.
	Technology	From the medium term (2025-2030)		Considering different alternative transition scenarios, ENDESA assesses, based on the performance of transport electrification, the potential opportunities to increase its investments.	ENDESA maximises opportunities thanks to a strong strategic positioning in electrical infrastructure.

ENDESA establishes its Strategic Plan with a vocation to minimise risks and maximise opportunities, considering the medium- and long-term phenomena identified in its conception.

The risk and opportunity framework in the table above highlights the relationships between physical and transition scenarios and factors that influence ENDESA's businesses. Such effects, related to the scenario phenomena described, materialise in different time horizons, which leads to an assessment of their impact over three time horizons:

- Short-term (1-3 years), in which sensitivity analyses can be made from the Strategic Plan presented to markets on 25 November 2021.
- Medium-term (until 2030), in which it is possible to appreciate the effect of the energy transition.
- Long-term (2030-2050), in which chronic structural changes at climate level should begin to manifest.

1.4.1. Chronic and acute physical risks and opportunities

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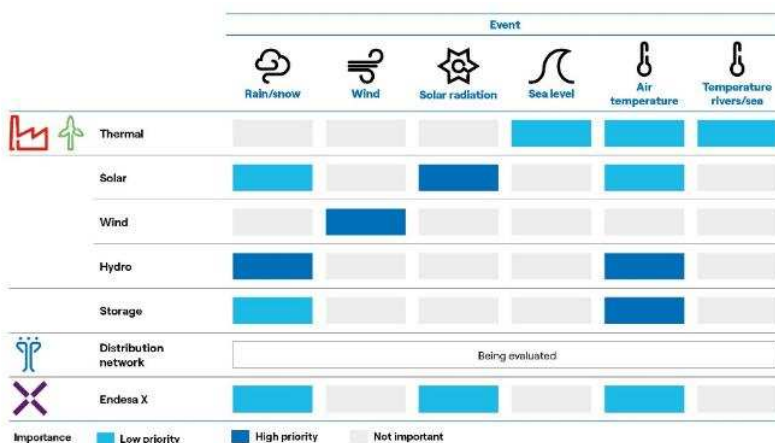
With reference to the risks and opportunities associated with physical variables, and by reference to the scenarios defined by the Intergovernmental Panel on Climate Change (IPCC), an attempt is made to assess the trend of the following variables and operational and industrial phenomena as potential risks and opportunities.

Chronic physical changes and associated potential risks and opportunities.

From the scenarios used for the analysis, there is no evidence of major changes before 2030 and variations could start to be seen in the period from 2030 to 2050. The main impacts as a consequence of chronic physical changes would be seen in the following variables:

- **Electricity demand:** variation of the average temperature level with a potential effect (increase/decrease) on electricity demand.
- **Thermoelectric production:** variation in the average temperature level of water bodies with an effect on thermoelectric production.
- **Hydroelectric production:** variation in the average level of rain and snow and of the temperatures with a potential increase and/or reduction of hydroelectric production.
- **Photovoltaic production:** variation in the average level of solar radiation, temperature and rainfall with a potential increase and/or reduction in photovoltaic production.
- **Wind production:** variation in the average wind level with a potential increase and/or reduction in wind production.

The impacts of the most significant chronic physical changes have been identified for each generation technology, and analysis has begun to ascertain the impact on their productivity, considering the facilities individually.



Acute physical changes and associated potential risks and opportunities.

The intensity and frequency of acute physical phenomena, extreme events, can cause significant unexpected damage to installations and potential consequences arising from service interruptions.

Acute physical phenomena (gales, floods, heat waves, cold waves, etc.) are characterised by high intensity and moderate occurrence frequency in the short term, but with upward trends in long-term climate scenarios.

Due to that indicated previously, the risk is currently managed associated with the occurrence of extreme events in the short term, at the same time extending the methodology to more extensive time horizons (until 2050), in accordance with the climate scenarios selected (RCP 8.5, 4.5 and 2.6).

Risk assessment methodology for extreme events.

For the quantification of risk in the face of extreme events, ENDESA uses a consolidated methodology of catastrophic risk analysis, used in the field of insurance and also in IPCC¹¹ reports. The methodology can be applied to the set of analysable extreme events, such as gales, heat waves, floods, etc. In all types of natural disaster, the following are noted:

- The probability of the event (hazard), that is, the theoretical frequency in a given period of time: the return period. Risk maps are prepared which are associated, for the different types of extreme event in each geographical point of the map, with the corresponding estimate of the frequency associated with the extreme event.
- The vulnerability, which indicates, in percentage, the value lost or affected as a result of the extreme event. This allows both the impacts on the facilities and the impact on service continuity, both production and distribution, to be considered. ENDESA performs vulnerability analyses of its facilities, allowing a matrix that relates installation types to the extreme events that may significantly affect them.
- The exhibition is the set of economic values, present in ENDESA's portfolio, which can be impacted in a non-negligible way faced with catastrophic natural events. Specific analyses are also carried out for this parameter for different production technologies, for distribution infrastructures and for services provided to the end customer.

The set of three factors (hazard, vulnerability and exposure) constitute the main element for the assessment of the relevant risk as a consequence of extreme events. Considering the climate scenarios, ENDESA differentiates the risk analysis considering the different time horizons. The following table summarises the scheme considered for impact assessment as a result of extreme events.

Time horizon	Probability of the event	Vulnerability	Exposure
Short term (1-3 years)	Probability maps based on historical series and weather models	The vulnerability is related to the type of event, and to technology, and is quite independent of the time horizon	ENDESA values in the short term
Long term (until 2050 and/or 2100)	Probability maps and specific studies for the different IPCC RCP climate scenarios		Tendency of ENDESA values in the long term

¹¹L. Wilson, "Industrial Safety and Risk Management". University of Alberta Press.

T. Bernold. "Industrial Risk Management". Elsevier Science Ltd.

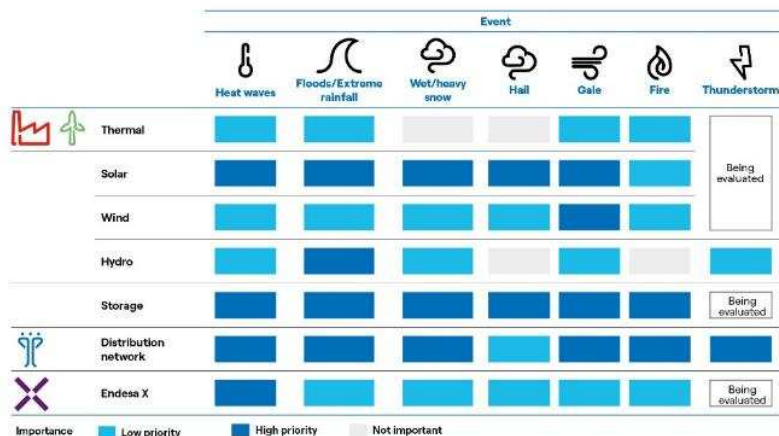
Kumamoto, H. and Henley, E. J., 1996, Probabilistic Risk Assessment and Management For Engineers And Scientists, IEEE Press, ISBN 0-7803100-47.

Nasim Uddin, Alfredo H.S. Ang. (eds.), 2012, Quantitative risk assessment (QRA) for natural hazards, American Society of Civil Engineers CDRM Monograph no. 5.

UNISDR, 2011. Global Assessment Report on Disaster Risk Reduction: Revealing Risk, Redefining Development. United Nations International Strategy for Disaster Reduction. Geneva, Switzerland.

Managing the Risks of Extreme Events and Disasters to Advance Climate Change Adaptation - A Special Report of Working Groups I-II of the Intergovernmental Panel on Climate Change (IPCC). Cambridge University Press, Cambridge, UK, and New York, NY, USA.

The image shows the importance of the different extreme events for the various types of installation in ENDESA's portfolio.



Insurance

ENEL annually defines insurance coverage programmes for its different businesses, covering all of the company's subsidiaries, including ENDESA. The two main programmes are:

- The **Global Property Programme** covers, under policy conditions, the costs of rebuilding the affected facility, and the economic loss as a result of the failure to operate the facility.
- The **Liability Global Programme** covers, under the conditions of the policy, damage to third parties for whose activity ENEL is civilly responsible due to the performance of the activity, including what can be the consequence of the impact of extreme events on the company's facilities.

Policy conditions are defined on the basis of an adequate risk assessment, including extreme events associated with climate change. As seen in past events, the impact on ENDESA's activities of extreme events can be significant.

In any case, the preventive maintenance actions of the generation and distribution facilities performed by ENDESA are also important and necessary. Such actions allow, firstly, to mitigate the impact of extreme events and, secondly, to optimise the costs of the overall insurance programmes.

1.4.2. Adaptation to climate change

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In the short term (1-3 years) ENDESA, aside from that explained in the previous sections on risk quantification and assessment, implements procedures to effectively manage the extreme events and the chronic physical changes and to therefore reduce the impact on its businesses.

Among the main activities needed to adapt to climate change, risk assessment and management associated with extreme events is of great importance in the short term. Work is also performed to progressively integrate quantitative assessments of chronic physical changes thanks to climate scenarios. This information helps the taking of strategic and industrial decisions, considering, for example, future temperature effects on electricity demand or long-term changes in the availability of renewable resources, both for new facilities and for the existing facilities.

This approach is considered both for activities and new facilities and for existing facilities. The adaptation solutions may include both actions implemented at short term and long-term decisions, for example, the planning of investments as a response to climate phenomena. The adaptation activities also include procedures, policies and best practices.

For new investments, it is now possible to act from the design and construction phase to reduce the impact of climate risks, for example, through a risk and vulnerability assessment in the design phase, and to take into account the possible chronic effects such as, for example, the inclusion of climate scenarios in the estimates of long-term renewable resources.

Once the significant meteorological and climate phenomena have been identified, the activities to be performed to maximise the ability to adapt can be classified into: preparation against adverse events, their management and the enhancement of facility resilience.

1.4.2.1. Generation

The following procedures stand out:

- Improved cooling water management systems to compensate for possible flow reductions in rivers.
- Fogging Systems to improve airflow and offset power reduction as a result of increased room temperature at combined cycle generation facilities.
- Installation of pumps for drainage, periodic cleaning of canals and other actions to eliminate risks of landslides as a result of torrential rains or floods.
- Periodic re-evaluation for hydroelectric facilities in torrential rain and flooding scenarios. Scenarios are managed through mitigation actions and facility interventions.

MAIN POLICIES

-
- N.1106 Global Power Generation Maintenance
 - N.1107 Global Power Generation O&M Operation
 - N.1025 Dams and Hydraulic Infrastructure Safety
 - N.1020 Global Power Generation Critical Event Management

A number of good practices have also been adopted for the proper management of adverse weather events:

- **Weather forecasts** to monitor the availability of renewable resources and the occurrence of extreme events, with alert systems that guarantee the protection of people and facilities.
- **Hydrological simulations, surveying** (even with drones) and **monitoring of possible vulnerabilities** through "Geographic Information System" (GIS) digital systems.
- **Advanced monitoring** of more than 100,000 parameters (with more than 160 million historical measures) taken in dams and hydraulic civil works.
- **Remote real-time monitoring** of electrical production facilities.
- **Adoption of specific guidelines** for the execution of hydrological and hydraulic studies in the initial stages of development, to assess risks in both the installation area and the surrounding area.
- **Monitoring of the changes in climatic parameters due to their possible effect on project design, for example**, the assessment of the rain system to design draining systems for photovoltaic facilities.

- **Estimation of extreme wind speeds** using updated databases containing a record of historical series of gales, in order to choose the technology of wind turbines most suitable for sites.

In addition, to act immediately against extreme events, ENDESA adopts specific procedures for emergency management with real-time communication protocols, the planning and management of all activities to resume activity under safety conditions in the shortest possible time, and predefined lists for damage assessment.

1.4.2.2. Distribution

To manage extreme climate events, ENDESA has adopted a "4R" approach, which defines the measures to be taken, both in preparation for an emergency and in the subsequent commissioning phase after having suffered damage to the facilities due to an extreme event. This management is organised through the policy 486 (4R Innovative Resilience Strategy for Power Distribution Networks) and is defined through four phases of action:

- 1) **Risk prevention:** includes actions that reduce the likelihood of losing network elements as a result of an event, and/or of minimising its impact, and actions aimed at increasing the robustness of infrastructure, as well as maintenance actions.
- 2) **Readiness:** includes all actions that aim to improve the immediacy with which a potentially critical event is identified, and ensure coordination with *Protección Civil* and local administration, as well as to organise resources once the service failure has occurred.
- 3) **Response:** includes the phase of assessing the operational capacity to deal with an emergency once the extreme event occurs, considering both the ability to mobilise operational resources on the ground, and the possibility of performing remote-controlled feedback manoeuvres over back-up connections.
- 4) **Recovery:** this is the last phase, which aims to return to the network service, as soon as possible, under normal operating conditions, in those cases in which the extreme event has caused service interruptions despite all measures taken preventively.

The distribution business has adopted various specific procedure and policies to integrate the different aspects and risks related to climate change:

- Policy 1073 (Guidelines for Emergency Readiness, Response and Recovery): includes guidelines for the final 3 phases of the 4R management approach.
- Policy 387 (Guidelines for Network Resilience Improvement Plan): aims to determine the actions to be carried out to minimise the impact on the network of extreme events, based on the operating history.
- Policy 439 (Risk Prevention and Readiness Measures in case of forest fires affecting electrical installations): integrated approach to emergency management applied to fires in wooded areas, whether originated by the network or external causes.
- Support actions: implementation of weather forecasting systems, network health monitoring, preparation of operational plans and simulations. It is necessary to highlight the agreements reached to mobilise extraordinary resources (internal and contractor) to deal with emergencies.

	 Fire	 Heat waves	 Ice sleeve	 Gales	 Rain/floods	 Thunderstorm
	Policy 486	Policy 486	Policy 486	Policy 486	Policy 486	Policy 486
Policy	Policy 1073	Policy 1073	Policy 1073	Policy 1073	Policy 1073	Policy 1073
	Policy 439	Policy 387	Policy 387	Policy 387	Policy 387	Policy 387

In addition to the protocols envisaged for short-term situations, in collaboration with research bodies, the impact on the grid in the short/long term of extreme events identified as significant (heat waves, fires and explosive cyclogenesis, torrential rain and floods, among others) is being analysed:

Heat waves

An analysis was performed of its impact, caused by the presence of more days with high temperatures and with no rainfall, which makes it difficult to evacuate heat from underground lines, and could cause an abnormal increase in the risk of network breakdowns, especially in urban and tourist areas. In the distribution grid in Spain, there is a low presence of underground lines and, in an initial analysis of the operation history of the distribution grid, no significant correlation was observed between the heat waves experienced and grid failures.

Fire

In relation to the fire risk, and despite the fact that the events suffered to date have not been very significant, a detailed analysis is being performed in the scenarios to 2050, together with a mapping of the most important risks in line with Policy 439. A study has been conducted to identify the areas with the greatest forest fire risk, identifying the networks and environmental area in which they are located, so that the necessary interventions can be carried out in line with a fire risk prevention approach.

Explosive cyclogenesis

Given the importance and frequency of these types of extreme events, a detailed analysis is being conducted in this regard with external experts in the area.

1.4.2.3. Generation of knowledge in adaptation

The National Climate Change Adaptation Plan (PNACC) 2021-2030, which is the basic planning tool to promote coordinated action against the effects of climate change in Spain. Its main objective is to avoid or reduce present and future damage deriving from climate change and to build a more resilient economy and society, incorporating new international commitments and considering the most recent knowledge on the risks deriving from climate change and taking advantage of the experience obtained in the development of the PNACC 2013-2020.

With the same criteria and on a supplementary basis to the analysis of the physical risks associated with climate change and the management of such risks, ENDESA has been working for over a decade to make progress by renewing knowledge and reducing vulnerability to climate change to a maximum at all its facilities, share and exchange impressions of the results obtained, and encourage ongoing learning and climatic resistance enabling the management of its businesses to be optimised.

Below is a summary of ENDESA's most significant activities in the area to date:

- A project to analyse the vulnerability of ENDESA's facilities to climate change. Selected by MITERD's OECC as a model for the energy sector for the ADAPTA Initiative.
- HIDSOS IV Project: sustainability of water resources in line with global change.
- ENDESA Reservoir Project and climate change.

- Adaptation to climate change in ENDESA's distribution business.
- Participation in national / international projects / initiatives: RESCCUE, ANYWHERE and COPERNICUS.
- Monitoring and participation in the United Nations international climate change summits (COPs).
- Technical committee for adaptation to climate change and working group to manage climate risks and their financial impacts CONAMA (National Environment Congress).

1.4.3. Risks and transition opportunities

201-2

In relation to the risks and opportunities tied to transition variations, analysing the different reference scenarios combined with the items that form the risk identification process (for example, the competitive context, the long-term vision of the industry, the materiality analysis, the technological performance, etc.), promoters of potential risks and opportunities can be identified, granting priority to the most significant phenomena. The main risks and opportunities are outlined below.

Policy and regulation

- Carbon dioxide (CO₂) emissions and price: Introduction of regulations to demand stricter emission limits, both on a regulatory basis and through a market mechanism.
 - Opportunities: regulatory mechanisms both as a control and order type and as market mechanisms that strengthen the carbon dioxide (CO₂) price signs.
 - Risks: lack of a coordinated approach between the different actors and regulators, resulting in a lack of effectiveness of the instruments in place, with consequences on the electrification and decarbonisation trend of the different sectors, with respect to ENDESA's strategy, which is strongly oriented towards the energy transition.
- Energy transition incentives: incentives and opportunities for development based on the energy transition, with an energy system linked to the use of low-emission energy sources as the main basis of the country's energy mix, increased electrification of demand, energy efficiency, flexibility of the electricity system and the boosting of infrastructures, with positive impacts in terms of return on investment and new business opportunities.
 - Opportunities: additional margins and volumes as a result of additional investments in the electricity sector, in accordance with the electrification, decarbonisation and boosting strategy/electrification of enabling infrastructures. The PNIEC for 2021-2030 sets an ambitious target for the penetration of renewables, foresees that in 2030 74% of the total electricity generation will be of renewable origin, consistent with a trajectory towards a 100% renewable electricity sector in 2050, and complemented by increasing growing additional power in storage. Likewise, in terms of energy efficiency, which is one of the pillars of the PNIEC, an improvement target of 39.5% is set by 2030.
 - Risks: obstacles to attain the energy transition objectives due to a regulatory framework that is not effective to facilitate this transition, slowness in the processes to obtain administrative authorisations, difficulty in undertaking projects due to situations, such as the lack of access to the grid, etc.

- Regulations on resilience to improve standards, or the introduction of ad-hoc mechanisms to regulate investment in resilience, in a context of evolving climate changes.
 - Opportunities: benefits associated with the allocation of investments aimed at reducing the risks of quality and service continuity for clients.
 - Risks: reputational impact due to damage and service restoration times in the face of extreme events. Possible penalties due to a failure to respond adequately in terms of service restoration following an extreme event.
- Financial policies to encourage the energy transition: incentives for energy transition through appropriate policies and financial instruments, necessary to support a credible and stable long-term investment framework and positioning of the *regulator*. Introduction of rules and/or public and private financial instruments (e.g. funds, mechanisms, taxonomy, benchmark) aimed at integrating sustainability into financial markets and public financing instruments.
 - Opportunities: creation of new markets and sustainable loan products, in line with the investment framework, activating the possibility of increased public resources for decarbonisation, access to financial resources in accordance with the energy transition objectives and subsequent impact on the cost of financing and the availability of grants for the transition.
 - Risks: insufficient instruments and updates to provide incentives in accordance with an energy transition positioning, uncertainty or slowdown in the introduction of new instruments and regulate due to the effect of the worsening of the public lending conditions.

Market

- Market dynamics, such as those related to the variability of raw material prices, increased electricity consumption due to energy transition and the penetration of renewable energies, have an impact on commercial parameters, with an effect on margins and on production and sales volumes.
 - Opportunities: positive effects of increased electricity demand and increased space for renewable energies and for all flexibility mechanisms.
 - Risks: exposure of merchant technologies to market price volatility.

Technology

- Progressive penetration of new technologies to boost the energy transition, such as the electric vehicle, storage, demand response and green hydrogen; digital lever to transform operating models and "platform" business models.
 - Opportunities: investments in the development of technological solutions, and the positive effect of the increased electricity demand and of the increased space for renewable energies thanks to the production of green hydrogen.

Electricity grids play a leading role in the National Integrated Energy and Climate Plan (PNIEC), as a facilitator to enable the integration of new renewable capacity into the system, while facilitating flexibility and demand management. To develop it, the National Integrated Energy and Climate Plan (PNIEC) allocates 24% of the estimated investments, reaching a total of Euro 58,579 million.

- Risks: the slowdown and interruption of raw materials supply, such as metals for batteries (i.e., lithium, nickel, cobalt) and semi-conductors, may cause delays in the procurement and/or increase in costs, which may slow down the penetration of renewable energies, storage and electric vehicles.

Products and services

- Electrification of residential consumption and industrial processes: the progressive electrification of end uses increases the penetration of products capable of guaranteeing lower costs and a lower impact in terms of local emissions in the residential and industrial sectors (for example, heat pumps).
 - Opportunities: increased electricity demand in a context of decreasing energy demand, thanks to the increased efficiency of the electricity vector.
 - Risks: increased competition in this market segment.
- Electric mobility: use of more efficient modes of transport from the point of view of climate change, with particular reference to the development of electric mobility and charging infrastructures and the electrification of industrial consumption.
 - Opportunities: positive effects of increased demand for electricity and higher margins related to electricity transmission penetration and the associated services.
 - Risks: entry of new players into the market.

Generally, in the area of products and services, of note was the opportunity provided by the National Integrated Energy and Climate Plan (PNIEC), which materialises in three ways, and one of them is through the electrification of the economy, which will help to meet, among others, the 2030 target of attaining 42% renewable energy with respect to total end energy consumption, as well as achieving, in that same year, a reduction in non-ETS Greenhouse Gas (GHG) emissions of 39% compared to 2005. More specifically and alongside the development of renewable energies, the electrification of demand should include a significant deployment of electric mobility and the use of electricity in residential heating. The National Integrated Energy and Climate Plan (PNIEC) envisages that the presence of renewables in the mobility-transport sector will be a driving force to promote its decarbonisation, with the aim of reaching 5 million electric vehicles by 2030. Likewise, the PNIEC incorporates ambitious plans for the renewal of residential equipment.

ENDESA has already implemented strategic actions to mitigate potential risks and to take advantage of the opportunities associated with the energy variables. Through an industrial and financial strategy that incorporates ESG factors, with an integrated approach based on sustainability and innovation, it is possible to create long-term shared value. The strategy aimed at total decarbonisation and energy transition provides ENDESA with resilience with respect to the risks arising from the implementation of the most ambitious policies in the area of emission reductions, and maximises the opportunities to develop renewable generation, infrastructures and enabling technologies. Unlike the chronic climate impacts, it is possible to affirm that impacts arise as a result of the transition scenario already in the short term and in the medium-long term (at 2030).

Similar to the analysis performed for the climate variables, it is possible to perform a stress test of the Strategic Plan (2022-24) considering the factors potentially influenced by the transition scenario, with particular reference to the price of CO₂ (ETS). Among the main transition variables, the price of CO₂ stands out as a reliable driver of regulatory measures that can accelerate the transition process. To assess the impact of the possible modification of this driver, the effects of a potential increase in the price of CO₂ of +/- 10% in Spain are depicted. This change in price

would change the break-even point of the wholesale market, with effects on the margins of the generation activity, both of conventional and renewable energy plants.

To quantify the risks and opportunities arising from the long-term energy transition, the transition scenarios described in section 1.3.2.2 were taken into account. The effects of the "Slow Transition" and "Best Place" scenarios on the variables that could have the greatest impact on the business have been identified below, in particular electricity demand, influenced by the dynamics of demand electrification and therefore the penetration of electricity technologies, and the generation energy mix. These considerations offer ideas to determine what may be ENDESA's strategic positioning in terms of the allocation of resources.

The reference scenario chosen foresees a growing ambition in terms of decarbonisation and energy efficiency, backed by an increased electrification of demand and the development of renewable generation. The dynamics related with the energy transition may provide growth opportunities for ENDESA. In particular, in the retail electricity market, the progressive electrification of demand, especially in the transport and residential sectors, will lead to a significant increase in electricity consumption to the detriment of the consumption of various more emission-intensive energy sectors. Furthermore, the gradual increase in the share of renewables in the energy mix should lead to a reduction in electricity prices in the medium to long term.

With reference to the economic impact of changing the transition scenarios, an analysis has been made of the impact in terms of EBITDA that the "Slow Transition" and "Best Place" scenarios would have on the 2030 results compared to the "Paris" reference scenario.

In the "Paris" scenario, emissions are on a downward trend in line with the European "Fit for 55" package, thanks to increased electrification of demand, supported by a growing share of renewables in the electricity generation mix.

Given the level of ambition defined in the National Integrated Energy and Climate Plan (PNIEC), in the "Paris" scenario, no additional substantial increases were envisaged in the penetration of renewable energies. On the other hand, the "Slow Transition" scenario envisages a lower level of ambition in the fight against climate change, which is expressed by a lower development of renewable energy and a lower penetration of electrification at all levels.

The "Best Place" scenario considers a faster reduction in the costs of green hydrogen production technologies. This leads to a higher penetration of this energy vector, to the detriment of blue and grey hydrogen (hydrogen produced from gas, respectively with and without the use of CCS technologies), with a consequent additive effect on Spanish electricity demand and on renewable facilities compared to the "Paris" scenario. The impact of electricity prices on the wholesale market is limited, considering that the market system based on current marginal prices remains unchanged in the medium term. Any alternative market structure may induce different effects.

With reference to the electrification of demand, the "Slow Transition" scenario foresees lower rates of penetration of more efficient electricity technologies, in particular, electric vehicles and heat pumps, provoking a decrease in electricity demand in comparison with the Paris scenario, which considers that it will have limited impacts on the retail electricity market and associated products. At the same time, lower electricity demand determines a reduced space to develop renewable capacity, with an impact on the generation business.

All scenarios, but to a greater extent, the "Paris" and "Best Place" scenarios will involve a considerable increase in the complexity of electricity grid management. In fact, a significant increase is expected in distributed generation and other resources, and storage systems, an increased penetration of electric mobility with its associated loading infrastructures, and a growing rate of electrification of demand and the appearance of new players with new consumption modes. This context will involve a decentralisation of consumer points/injection, an increased electricity demand and the average power required, a significant variability of energy flows, demanding a dynamic and flexible management of the grid. ENDESA expects that in this scenario additional investments are needed to ensure the connections and adequate levels of quality and

resilience, encouraging the adoption of innovative operating models. These investments must be accompanied by an adequate regulatory context to guarantee adequate economic returns for the distribution business line.

Risk and opportunity category	Time horizon*	Description of the analysis	Business lines affected	Description of the impact	Quantification – Type of impact	Quantification – range		
						<100 € min	100-300 € min	>300 € min
Policies and regulation	Short/ Medium		 Generation	Risk: impact on the margin as a result of a CO ₂ price intervention. Considering the potential effects of regulatory measures to encourage the energy transition, exposure to CO ₂ price variations of +/- 10% is evaluated through a sensitivity analysis.	EBITDA/ year	10 % Upside current political scenario	■	
						~10 % Downside current political scenario	■	
Market	Average	Considering two alternative transition scenarios, the effects of a higher penetration of renewables on the reference energy price and on additional capacity in 2030 have been assessed.	 Generation	Opportunity: greater scope for investment in new renewable capacity. Risk: lower energy prices due to increased penetration of renewables. Risks: less room for investment in new renewable capacity. Opportunity: higher energy prices due to less renewables.	EDITDA 2030 Best Place vs Paris EDITDA 2030 Slow Transition vs Paris		■	■
Market/ Products and Services	Average	Considering alternative transition scenarios, the effect of efficiency developments, electrification of demand, and electric vehicle penetration has been assessed to evaluate the potential impacts on raw material consumption, including the effect on the gas customer portfolio due to increased electrification, and on the demand for additional services.	 Customers	Opportunity: higher margins due to the effect of the transition in terms of the electrification of demand, mainly in relation to the expected increase in green hydrogen. Risk: lower margins due to the effect of a slow transition in terms of electrification of demand, mainly in residential and transport, and low penetration of new technologies.	EDITDA 2030 Best Place vs Paris EDITDA 2030 Slow Transition vs Paris		■	■

* Time horizon: Short (2022-2024); Medium (until 2030); Long (2030-2050)

■ Upside ■ Downside

1.5. Metrics and objectives

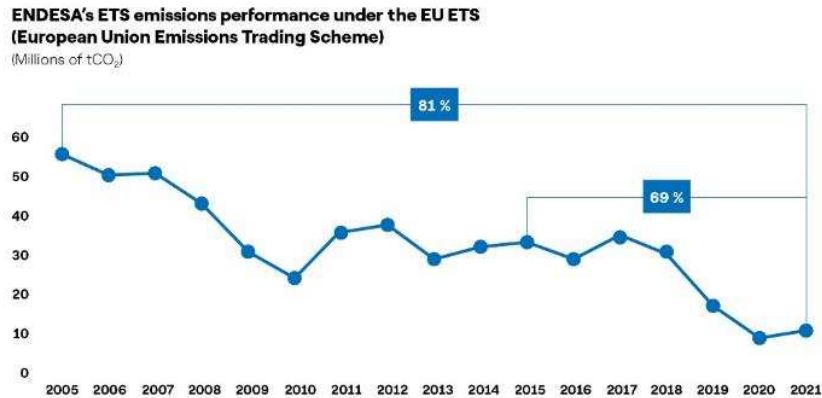
1.5.1. Carbon footprint

3-3 Emissions Management Approach

In the current critical moment, the scientific evidence and ambition in the new climate objectives are provoking an integral update of legislation which, undoubtedly, affects all the economic sectors. Companies must be up to the circumstances and make significant changes to their operations, boosting sustainable transformation plans.

ENDESA, as an electricity company, plays a crucial role in the energy transformation and is prepared to address the climate challenges that arise. Hence, it has launched the new 2022-2024 Strategic Plan, which updates its energy transition pledge to become a company totally free from emissions in its generation in 2040. The Plan places decarbonisation at the centre of ENDESA's strategy and defines an important acceleration in the reduction of emissions, thereby permitting its alignment with the 1.5°C scenario of the Science Based Target Initiative (SBTi) for the electricity sector.

Once again, ENDESA closes 2021 by consolidating the cumulative reduction of emissions; in six years since the adoption of the Paris Agreement it has reduced its emissions by 69% since 2015 (81% since 2005, when the Kyoto Protocol came into force).



ENDESA has been calculating and verifying its carbon footprint voluntarily since 2009. This process includes the development of a calculation methodology and its own IT tool, the implementation of a management system and the determination of a full inventory of GHG emissions and removals.

During 2021, ENDESA verified its Carbon Footprint for the 2020 financial year and published the corresponding report <https://www.endesa.com/content/dam/endesa-com/home/prensa/publicaciones/otraspublicaciones/documentos/huella-de-carbono-2020-es.pdf>.

ENDESA has registered its carbon footprint since 2013, demonstrating that it is on track to reduce its emissions, according to the criteria established by the Spanish Climate Change Office.

The Ministry of Ecological Transition and Demographic Challenge has once again recognised the efforts and results already attained by ENDESA in its Carbon Footprint 2020. In this way, it has become the only company in the energy sector in Spain to attain, for the fourth year running, the triple seal of the Carbon Footprint Register awarded by the Spanish Office for Climate Change to those organisations committed to calculating, reducing and offsetting their emissions.



1.5.2. Direct and indirect Greenhouse Gas (GHG) emissions

305-1/305-2/305-3/305-5 CO₂eq emissions Scope 1, 2 and 3

ENDESA works constantly to succeed in culminating its reconversion in 2040 towards becoming a completely decarbonised company, thereby frequently intensifying the action needed to attain this purpose as quickly as possible. A sign of this is the reduction in the company's greenhouse gas emissions in recent years (53% reduction with respect to 2017), even exceeding the objectives committed in the different strategic plans.



CO₂eq EMISSIONS (t)*

Scope Type	2019	2020	2021
CO ₂ eq (t) Scope 1	17,474,762	10,298,310	10,702,129
CO ₂ eq (t) Scope 2 (location based) ¹²	460,890	457,184	470,773
CO ₂ eq (t) Scope 3	25,359,022	21,213,651	21,737,472
Total	43,294,674	31,969,145	32,910,373

* The results listed in the table above for 2019 and 2020 are the verified values. Any difference with previously published data corresponds to the fact that at the time of publication of the previous report, the external verification process was being carried out in accordance with UNE EN ISO 14064 and the results were subject to some modification. At the date of publication of this report the calculation of ENDESA's Carbon Footprint results for 2021 is in the process of verification. ENDESA calculates and verifies its emissions according to the guidelines contained in the GHG Protocol, with the location-based approach.

This year, Scope 2 emissions have also been calculated using a market-based approach¹³, and their value is 786,908 tCO₂eq.

¹²Location based: calculation methodology using the emission factor of the electricity grid to which the installations are connected.

¹³Market based: calculation methodology using the emission factor of the electricity supply company.

With regards to the slight increase in direct emissions during 2021, it is worth mentioning the reactivation of the activity after the crisis caused by the COVID-19 pandemic, in addition to the current international energy scenario. Despite the slight increase in direct emissions during 2020, the company continues on its path towards decarbonisation, as established in its goals.

Scope	Activities	CO ₂ eq (t)
1	Emissions of carbon dioxide (CO ₂), methane (CH ₄) and nitrous oxide (N ₂ O) derived from fuel consumption (coal, fuel/diesel, natural gas, biogas) to produce electricity at generation plants.	10,537,446
1	Fugitive emissions of methane (CH ₄) in hydraulic generation reservoirs owned by ENDESA.	49,020
1	CO ₂ , CH ₄ and N ₂ O emissions from fuel consumption in the company's own fleet of vehicles.	3,409
1	CO ₂ , CH ₄ and N ₂ O emissions derived from fuel consumption in vessels chartered by ENDESA to transport LNG.	58,619
2	Emissions related to the generation of the electricity necessary to offset the technical losses caused during the distribution of electricity not generated by ENDESA (location based).	465,257
2	Emissions related to the generation of the electricity necessary to offset the technical losses caused during the distribution of electricity not generated by ENDESA (market based).	778,231
2	Emissions generated by electricity consumption at non-generating location-based sites.	5,516
2	Emissions generated by electricity consumption at non-generating market-based sites.	8,677
3	Emissions associated with the extraction, production and transport of fuels consumed at the company's thermal generation plants.	2,684,787
3	Emissions associated with the extraction, production, transport and use of marketed natural gas by the end user.	15,157,936
3	Emissions associated with the portion of marketed electricity that has not been generated at plants owned by ENDESA.	3,669,216

SF6 emissions

During 2021, SF6 leaks to the atmosphere amounting to 17.3 kt equivalent of CO₂ have occurred.

In 2021, ENDESA maintained the commitments agreed in the framework of the 2015-2020 Voluntary Agreement, upon the expectation of signing a new voluntary agreement between the Ministry of Ecological Transition and Demographic Challenge and the main players of the Spanish energy sector, for a more respectful integral management with the environment for the use of SF6 in the electricity industry. The main objective is to contribute to Spain's greenhouse gas emission reduction target in diffuse sectors.

Thanks to the data sent by all the components of the Voluntary Agreement to the inventories unit of the Ministry of Ecological Transition and Demographic Challenge, compliance was proven with the SF6 emission reduction targets for the manufacturing and installation, service and maintenance phases for electrical equipment that use SF6, in 2021.

Intensity of emissions

305-4

The intensity of CO₂ emissions is calculated from certified "Emissions Trading System" (ETS) direct emissions from thermal generation facilities, divided by net electricity production.

The following table shows the variations in emission intensity.

CO ₂ EMISSIONS			
Emissions type	2019	2020	2021
Absolute (tonnes of CO ₂)	17,287,446	10,127,975	10,512,071
Specific (kgCO ₂ /kWh)	0.28	0.18	0.18

To evidence ENDESA's path of emission reductions in accordance with the target set in the 2021-2023 Strategic Plan to reduce specific Scope 1 CO₂ emissions equivalent to 150 gCO₂eq/kWh in 2023 and below 95 gCO₂eq/kWh in 2030, a level of emissions aligned with the Science Based Target Initiative (SBTi) criteria to limit the increase in temperature to 1.5°C, the intensity of Scope 1 emissions was calculated which, in 2021, stood at 186 gCO₂eq/kWh.

1.5.3. Objectives

3-3 Emissions Management Approach

Time horizon	Year	Greenhouse Gas (GHG) emission reduction target
In the short term:	2024	Specific scope 1 greenhouse gas emissions: 145 (g/CO ₂ e/kWh). (~-67% compared to 2017).
Medium term:	2030	Specific scope 1 greenhouse gas emissions: <95 (g/CO ₂ e/kWh). (~-80% compared to 2017).
Long-term:	2040	Total decarbonisation of the energy mix without using CO ₂ offset instruments (alignment with net zero objectives in 2040).

The 2022-2024 Strategic Plan updates ENDESA's commitment to energy transition, with the aim of becoming a completely emission-free company by 2040.

The investment in renewables envisaged in this Plan amounts to Euro 3,100 million to achieve 92% of mainland Spain production free of CO₂ emissions by the end of 2024.

Together with the update of the strategic plan to 2024, ENDESA has revised the vision of its main business objectives for 2030 with more ambitious criteria, including the objective of achieving specific Scope 1 emissions of less than 95 gCO₂eq/kWh (representing an 80% reduction compared to 2017).

The objective of bringing forward to 2040 the complete decarbonisation of the company's generation and achieving the goal of zero net emissions will be achieved on the basis of four lines of action set out in its strategic plan:

- Deployment of new renewable capacity to reach 100% renewable generation by 2040, up from 40% in 2021 and an estimated 70% in 2030.
- The end of coal-fired generation in 2027.
- The end of the gas trading business in 2040.
- An investment plan fully aligned with the 2040 net zero emissions targets.

1.6. Climate change initiatives

1.6.1. CDP

By 2021, more than 590 institutional investors with USD 110 trillion in assets, and more than 200 large customers with USD 5.5 trillion in purchase volume have urged companies to disclose their performance on environmental impacts, risks and opportunities through the CDP platform on climate change, water security and forests. This same year, more than 13,000 companies and 1,100 cities, states and regions have responded to the proposed questionnaires, revealing their environmental impacts.

Since 2006, ENDESA has participated in the "CDP Climate Change" initiative, the most prestigious climate change index, which provides global information on the management of the risks and opportunities identified by the largest companies worldwide.

In 2021, ENDESA renewed its "Leadership" rating for the third year running.

1.6.2. Climate Projects

201-2

ENDESA continues to participate in the Climate Projects led by the Spanish Climate Change Office and, for the third year running, it obtained the "Certificate of Recognition of Verified Emission Reductions" from the Ministry of Ecological Transition and Demographic Challenge, after a thorough process of verifying its projects in 2021.

Climate Projects are projects promoted by the Ministry of Ecological Transition and Demographic Challenge, through the Carbon Fund for a Sustainable Economy (FES-CO₂), with the primary objective of reducing greenhouse gas (GHG) emissions in the so-called "diffuse sectors" and marking a path of transformation of the productive system towards a low-carbon model.

In 2021, ENDESA was recognised for its verified emission reductions thanks to seven activities focused on the areas of mobility and sustainable engineering.

Within the scope of Sustainable Mobility, there is the Electric Mobility Plan through Car-Sharing (Canary Islands, Zaragoza, Madrid and Malaga), which aims to promote a modal change in the use of employee transport, encouraging the use of electric vehicles to replace taxis for their journeys to work, with the consequent reduction in emissions that this entails.

Furthermore, the 2017, 2018 and 2019 Electric Mobility Plans for employees are in place, once again offering employees the possibility of obtaining an electric vehicle at a lower cost for an extendable period of three years. Lastly, the Electric Mobility Plan for construction vehicles aims to replace combustion vehicles used in the displacements of construction works of new renewable plants, with 100% electric vehicles, thus reducing carbon dioxide (CO₂) emissions.

Lastly, the Sustainable Engineering programme includes on-site sustainable engineering activities using solar energy. This project involves the installation of photovoltaic plates in construction works of new renewable plants to generate electricity, thus reducing the consumption of fossil fuels in generator sets.

Thanks to its participation in Climate Projects, ENDESA has achieved recognition of the reduction of more than 300 tonnes of CO₂ in 2021, totalling more than 2,000 tonnes of CO₂ avoided since the start of recognition of the Climate Projects.

1.7. Carbon Market

ENDESA uses a carbon price benchmark associating a cost to CO₂ emissions to optimise decision-making when selecting projects with associated capital investment, managing risks or planning business strategy.

Scope	Type of internal carbon price	Application	Price (per tonne of CO ₂ eq) 2019	Price (per tonne of CO ₂ eq) 2020	Price (per tonne of CO ₂ eq) 2021
Scope 1	Shadow price	The whole company	24.8 €	24.7 €	53.2 €

ENDESA recognises the role of carbon price mechanisms in providing an adequate price signal for carbon dioxide (CO₂) emissions and as the most effective way to instrumentalise compliance with committed emission reduction targets. ENDESA's environmental and climate change pillars are based on those of the EU, so it welcomes the EU Green Deal and supports the ongoing review of the Directive on the Emissions Trading Scheme, although, whether through its expansion or through emission tax instruments, ENDESA considers that there should be an appropriate price signal for any emission, regardless of its origin.

1.7.1. Carbon market and offsetting mechanisms

EU5

Flexible project-based emission reduction mechanisms, such as the Clean Development Mechanism (CDM), have represented an important part of ENDESA's climate change strategy.

The activity of monitoring CDM projects, development of the voluntary market and ENDESA's participation in different Funds managed by the World Bank has been carried out by the Global Front Office unit.

Global Front Office has allowed ENDESA and ENEL to continue to be an international benchmark in the carbon market.

2. ELECTRIFICATION



Line of action	2019	2020	2021	2021-2023 target	SP 2022-2024	
					2022 target	2024 target
Reduction of electricity losses ¹ (% losses measured in substation busbar)	9.53%	9.85%	10.2%	9.69%	9.99%	9.92%
Energy recovery (GWh)	774.0	1,205.0	981	~2,900 GWh in the 2021-2023 period.	3,260GWh in the period 2022-2024	
Improvement of supply continuity (SAIDI ² , min)	67.6	60.3	61.4	57.1	57.1	44.3
Deployment of the remote management plan in the Low Voltage network (millions of remote meters installed)	12.2	12.4	12.5	12.5	12.6	12.9
Installation of remote controls in the Medium Voltage network (accumulated)	20,858	23,955	29,045	29,707	33,487	43,537
Technological update of the High Voltage remote control system (accumulated)	280.0	336.0	361	361 by 2021	377³	-
Number of new producer connections (cumulative no.)	-	1,687.00	1,846	4,727	1,290	1,332
Power of new producer connections (cumulative MW)	-	2,065.00	457	1,445	405	418
Investment in customer digitisation (millions of euros invested) ⁴	352.2	60.2	62.0	~ €180 million in the 2021-2023 period	~ €150 million in the 2022-2024 period	
Digital customers (millions of contracts that have made a contact via digital channel)	4.2	5.7	6.6	5.8	5.9	6.1
Electronic invoicing (% of customers using electronic invoicing) (NEW)	-	29.0%	39.0%	33.0%	38.0%	45.0%
Digital sales (% of sales/engagements per year via digital channels) (NEW)	-	12.2%	24%	-	25%	27%
Promotion of the virtual assistant in Care via CAT ⁵ (% of interactions attended by the Virtual Assistant)	-	9.1%	12.0%	12.0%	13.0%	14.5%
Quality: Improvement of global customer satisfaction ⁶	7.4	7.4	7.46	7.45	7.45	7.5
Digital, innovative and inclusive Customer Service (% dissemination of the Padius service)	-	NA	100%	100% dissemination of the Padius service during the 2021-2023 period	100% dissemination of the Padius service during the 2022-2024 period	
Number of electric vehicle charging stations (Public and private use)	322.0	NA	9,482.0	56,000 charging stations in 2023	46,000 charging stations in 2024	
Number of e-Bus charging stations	-	12	35	115 charging stations in 2023	125 charging stations in 2024	

Line of action	2019	2020	2021	2021-2023 target	SP 2022-2024	
					2022 target	2024 target
Lighting: Maintenance, improvements and replacement of lighting systems with LEDs or smart lighting systems (number of light points managed) (NEW)	-	-	100,917	-	- 90,700 light points per year over the 2022-2024 period	

¹OS criterion.

²Own + programmed TIEPI (SAIFI).

³The project ends in 2022.

⁴Includes ENDESA Energia + ENDESA X.

⁵Call centres: Call Centre channel.

⁶B2C+B2B Customers.

Actions deserving special mention

1. In 2021, TIEPI (own + programmed) in markets supplied by e-distribution in Spain stood at 61.4 minutes, bringing the service reliability to 99.99% of the hours during the year.
2. The Protur Hotels project is the most powerful self-consumption project in the hotel sector in Spain and one of the largest in Europe.

The scope of the information provided in this chapter covers both ENDESA, S.A. and its investee companies in Spain and Portugal, the same as in the Legal Documentation reports. For further information, see section 1.2.6. *Organisational structure* in Chapter 1. *About ENDESA*. Variations, if any, to the scope described here are presented throughout the chapter.

2.1 The quality and safety of the electricity supply as a priority

3-3 Management approach Availability and Reliability EUSS/EU6

The number of distribution customers grew 0.5% in 2021 to 12.5 million.

ENDESA's distribution networks supplied 107,727 GWh of power to customers in 2021, up by 2% on 2020.

ENDESA's network supplied 107,727 GWh of power in 2021 measured in bars at the substation, covering 42.7% of total demand in Spain, which totalled 252,054 TWh, according to the Spanish electricity system operator (REE Report: "The Spanish electricity system. FY 2021 target).

There is no population without service in ENDESA's distribution areas.

2.1.1 Development and improvement of distribution infrastructure

3-3 Management approach Availability and Reliability EUSS

To ensure the correct supply of energy to its customers, the infrastructures in ENDESA's distribution network are planned and operated in such a way that they continuously adapt to the capacity demanded by existing customers, network expansions requested by new customers, and correct attention to regulatory and legal actions and those subject to agreements.

ENDESA's distribution network lines in Spain spanned 316,506 kilometres, of which 40.7% corresponded to underground lines. The number of substations at year-end came to 1,326.

ELECTRICITY DISTRIBUTION FACILITIES IN SPAIN AND PORTUGAL

	2019	2020	2021
Length of distribution-grid lines (km)	316,320	315,365	316,506
High-voltage overhead lines (km)	18,796	18,849	18,908
Underground high-voltage lines (km)	786	793	805
Length of high-voltage lines (km)	19,592	19,642	19,713

ELECTRICITY DISTRIBUTION FACILITIES IN SPAIN AND PORTUGAL

	2019	2020	2021
Medium-voltage overhead lines (km)	75,172	72,970	72,974
Medium voltage underground lines (km)	40,771	41,033	41,362
Length of medium-voltage lines (km)	115,943	114,003	114,336
Low-voltage overhead lines (km)	95,514	95,696	95,818
Low-voltage underground lines (km)	85,281	86,024	86,639
Length of low-voltage lines	180,795	181,720	182,457
Substations (no.)	1,284	1,314	1,326
Substations (MVA)	87,930	88,673	89,907
Transformer centres (no.)	129,749	130,056	130,575

Distribution losses are calculated as the difference between distributed energy, measured bars at the substation, and the energy supplied, which is measured based on readings of customer meters.

Technical losses are considered losses due to the physical effects required for the energy distribution.

ELECTRICITY LOSSES

	2019	2020	2021	Change 2021-2020
Electricity losses (% losses measured in bars at the substation)	9.5	9.9	10.2	3.5
Technical losses by distribution (%)	3.7	3.7	3.6	-3.2

2.1.2 Continuity in supply

Supply continuity in Spain is gauged through two main indexes, TIEPI and NIEPI, which measure, respectively, the time and number of supply interruptions (in terms of equivalent power interrupted). The calculation procedure for these indexes is regulated by Royal Decree 1955/2000. The results are audited annually by an independent company.

In 2021, TIEPI in markets supplied by e-distribution in Spain stood at 50 minutes, bringing the service reliability to 99.99% of the hours during the year. The NIEPI stood at 0.83 in 2021.

The table below shows the continuity of supply indicators for the main autonomous regions served by ENDESA.

ENDESA'S AVERAGE INTERRUPTION TIMES (TIEPI) (MINUTES)

	2019	2020	2021	Change 2021-2020
ANDALUSIA	66	58	58	0%
ARAGON	55	60	42	-31%
BALEARIC ISLANDS	49	37	39	6%
CANARY ISLANDS	43	42	43	3%
CATALONIA	55	41	45	9%
EXTREMADURA	76	58	63	9%
ENDESA	59	50	50	1%

2.1.3. Security at facilities

3-3 Customer Health and Safety EUSS/3-3 Customer Health and Safety/416-1

ENDESA complies with the provisions of the current legislation regarding personal safety, in relation to both workers and the general public, at all its facilities:

- High and medium-voltage facilities are subject to three-year safety and suitability inspections, establishing action plans to resolve any defects identified.
- Installations connected to HV/HV and HV/MV substations feature safety devices to isolate any defects that arise.
- MV lines are equipped with intermediate protective devices such as lightning conductors and automatic valves to prevent surges caused by atmospheric discharges.
- MV and LV transformer centres and LV lines feature similar safety measures.
- Network supply connections are also fully protected, in accordance with current legislation.

As regards the health of the population, ENDESA shares the concern about the potential impact that the electromagnetic fields generated by its facilities could cause with the rest of the electricity sector operators and society in general. To this end different technical checks and, where appropriate, adaptations are performed, so as to ensure that operations do not affect the health of the population.

ENDESA is kept permanently aware of the latest studies carried out in this area and actively participates in electricity sector forums to share knowledge and initiatives (technical, constructive, operational, etc.) in the field of the prevention of health risks related to these causes.

Health and safety impact assessments are performed in all categories of ENDESA's products and services.

2.2 Excellence in customer service as a strategic objective

2.2.1. Customer Service Excellence Plan

To ENDESA, customer service excellence is one of the main pillars in its relations with customers. The Company constantly seeks maximum efficiency in the operation of its customer services channels, tools and platforms through innovation and continuous improvement.

To this end, it focuses its efforts on improving the main customer satisfaction indicators, monitoring key indicators to see how they are helping to improve ENDESA's business quality.

In this regards, ENDESA received the "platinum medal" of sustainability again, the highest recognition given by the independent international analyst Ecovadis, after having updated the analysis of its performance in relation to sustainability. ENDESA obtained a total score of 83 out of 100. This result brings a 1 point improvement since the 2020 review.

2.2.1.1 Excellence in face-to-face and/or personalised care

ENDESA's personal contact is organised depending on the customer segment in question, with a view to adjusting to the needs of each segment:

- General public (B2C): in 2021, ENDESA had 11 sales offices in Spain and 2 in Portugal, in addition to 249 service points distributed across Spain.

PERSONAL CONTACT CENTRES FOR THE GENERAL PUBLIC

	Service points	Sales offices
Andalusia-Extremadura	85	3
Aragon	22	1
Balearic Islands	18	1
Canary Islands	23	2

PERSONAL CONTACT CENTRES FOR THE GENERAL PUBLIC

	Service points	Sales offices
Catalonia	57	3
On home territory	205	10
Growth	44	1
Portugal	0	2
ENDESA	249	13

Personal contact channels have continued to adapt their response to COVID-19, maintaining the measures that were implemented and audited in 2020 with a view to maximising security in customer service, such as: installation of methacrylate screens at all customer service stations, the distribution of masks, gels and gloves and the hanging of different informative posters with the main messages to prevent infection, etc.

Furthermore, appointment and video call services have been promoted, as a new service that adds value for the customer.

➤ Business to Business (B2B) customer service and management:

ENDESA has a team of highly-qualified sales managers to understand and respond competitively to the demanding needs of this type of customer, in a personal manner.

Therefore, we individually study the energy needs of our customers, trying to anticipate them, offering tailor-made products, advising them and accompanying them in their decisions.

The current structure has a network consists of around 350 managers, organised by Volume of energy demand and Territory (with a presence in Spain, Portugal, France and Germany).

In addition to personal contact, we offer greater coverage in the form of Call Centres and Digital Web Services.

2.2.1.2. Excellence in Telephone assistance

Throughout 2021, ENDESA's Call Centre handled 21.4 million interactions in Spain, with a 20% increase in traffic year on year.

These figures break the downward trend seen in recent years brought about by the increase in customer Digitalisation, for 2 main reasons:

- Since the onset of the pandemic, there has been a change in habits in terms of the choice of channel by customers, from interactions via traditional channels such as face-to-face, with people now preferring contact over the phone.
- Also, in response to the regulatory impacts in 2021 following the implementation of the Toll Circular, which have required closer support and advice for our customers.

In 2021, 66% of customers who chose to contact ENDESA over the phone did so for reasons related to the Commercial Cycle (mainly related to invoices and payments), 8% in relation to supply outages and 11% in relation to new contracts, meaning the Call Centre remained one of the main sales channels for the company.

Within this context, progress with the incorporation of virtual voice assistants helped us to attend more than 2 million interactions through our Artificial Intelligence (AI) systems without the need for human intervention, positioning the channel as a market leader in the development of voice assistants.

From the strategic point of view, the channel has continued with the transformation that began in 2020 with a view to becoming one of the largest generators of value in a market with strong competition, as is the case of our market.

Furthermore, both internally and on platforms, a new strategic work model has been implemented applying the agile methodology, based on the concept of liquid organisations, serving as a reference in the sector having obtained the Excellence Award for Customer Relations in the category of Best Non-Technological Innovation Projects, adding to the acknowledgements received in recent years, mainly the awards organised by the AEERC (Spanish Association of Customer Relations Centres) that recognise the best practices of the Contact Centre Industry.



Excellence Award for Customer Relations in the category of Best Non-Technological Innovation Projects

During 2021, the progress made with and/or the consolidation of the following lines of work is worth particular mention, aimed at the continuous improvement of the technological platform and/or operational processes:

- **Digitisation of the Contact Centre:** work has continued as regards the use of AI as a basic pillar of ENDESA's hybrid care model, with IBM Watson AI integrated as another agent of the Contact Centre, which has made it possible to continue providing customer services even in the months in which activities varied the most due to regulatory changes and the volatility of the electricity market.
 - In 2021, a voice biometrics solution was incorporated in pilot mode making it possible to identify the customer through their voice fingerprint, thus facilitating the customer's access to the Contact Centre and increasing the security of the customer identification process.
- **Operational efficiency:** worth particular note is the roll-out of a robust Out-of-Office (OoO) work solution across all geographies that the Contact Centre covers, facilitating a model of mixed personal contact/remote assistance, making it possible to keep all agents operational, guaranteeing safety and health conditions, supported by remote monitoring solutions to ensure that the service levels established are met.

As regards the **Portuguese market**, during 2021 more than 1.7 million calls have been answered, down by more than 15% compared to 2020.

The most noteworthy projects in 2021 in relation to the **telephone service in Portugal** include:

- Progress with the developments of the interactive response system (IVR) in Portugal that encourages self-service with greater functionality and quality of care.

- The increase of types of customer requests in **First Call Resolution**, making it possible to resolve more types more quickly and efficiently.

Despite the adverse backdrop in 2021 and in terms of regulation and media noise, the performance of the telephone channel has been very positive, accounting for the majority of the service provided to ENDESA's customers and helping to achieve the commercial targets set.

2.2.1.3. Online and digital service

In 2021, and mainly due to the continuing context in relation to COVID-19, the momentum towards online care that began in 2020 has been maintained. As part of this online response, it has been possible to respond to a large number of customers, thanks to the reinforcement of infrastructures, human teams and technological resources that make up ENDESA's platform, one of the most advanced in the sector.

Thus, by the end of 2021, ENDESA's commercial website, www.endesa.com, boasted 2.8 million registered customers (11% up on 2020), to more than 2.9 million contracts. These users have made more than 63 million interactions per month, with invoice queries the most common operation, both on the website and using the app, which was downloaded more than 700,000 times over the past year.

2.8 million customers registered on ENDESA's websites, 11% up on 2020.

As regards ENDESA X, during 2021, the launch of endesax.com, which began in 2020, with a focus on electric mobility, was completed. Over the course of 2021, all ENDESA X products and services were completed, both for individuals (households) and for companies and public authorities, with a 149% growth in visits. Furthermore, endesaxstore.com was launched, a website aimed at marketing products and services for individuals, ranging from air conditioning, maintenance and repair services to innovative products related to self-consumption and electric vehicle charging. These websites are technically under the umbrella of ENELx.com and form part of the company's different CRMs, which facilitates better management and sales attention.

ENDESA also provides services in the regulated market through the marketing firm "Energía XXI", whose website www.energixxi.com serves 1 million registered customers and has received 12 million visits to the website or app, thus consolidating its use.

During 2021, the great momentum seen in e-billing has continued. By the end of the year, it has been consolidated with approximately 5.8 million contracts in place with e-billing (energy and/or Value Added Services), which accounts for 39% of the energy customer base and an approximate volume of 40 million digital invoices.

The main functional features rolled out in 2021 include:

- Adaptation of offices and applications to the new electricity and gas toll regulations with specific and personalised advice.
- Incorporation of new feature in the Mercado Libre App, matching the scope of management offered by the online office: modification of power, cancellation of contracts, management of authorised parties, filing queries and claims.
- Inclusion in the digital assets of Mercado Libre (website, application and availability notice) of new features to promote and facilitate competitive sales.

- Improvements in the traceability of procedures, queries and claims, incorporating visual and proactive notices to inform the customer of status changes in their management, new alerts in relation to requests and the possibility of consulting their status at any time.
- Other improvements: usability in relation to consulting consumption and handling errors with targeted, personalised messages, to view energy and gas maintenance contracts, etc.

In terms of assisted channels (chat, WhatsApp, social media and email), during 2021, our teams have been reinforced to support a significant growth in the volume of procedures handled, with more than 1.7 million contacts maintained, mainly due to the acceleration of the customer digitisation process and the switch of assistance from other channels with less of an online presence.

In this context, in 2021, the management automation programme in the most commonly used channels (chat and WhatsApp) continued, including Artificial Intelligence in the main assistance processes, making it possible to provide a faster response to the most frequent needs and adapting to the greater volume of traffic that online assistance has received on account of the pandemic.

2.2.2. Removal of barriers to access for the most vulnerable customers to product and service information

ENDESA strives to eliminate potential communication barriers concerning information on its products or services, whether they be physical, social or language-related.

www.endesa.com and www.energiaxxi.com both feature a large section that provides a detailed explanation of electricity and gas bills.

All commercial and informative communications sent to ENDESA's customers in Spain, including bills and leaflets, can be produced in Spanish and Catalan.

Both websites, in addition to Spanish and Catalan, are also available in English. It is also possible to communicate in English through the Apps and the online chat function, email, Twitter, Facebook and WhatsApp, covering the commercial assistance and information needs of these customers online.

Digital web channels have the means and supports to guarantee access to customer services for people with disabilities or who are of an advanced age.

Since 2019 ENDESA has adapted its websites to comply with the AA tier of the WCAG (*Web Content Accessibility Guidelines*) of the W3C (*World Wide Web Consortium*), meaning they can be used by all types of users, including those with some form of disability. This AA accessibility certificate was issued by AENOR.

The over-the-phone service provide assistance in both Spanish and Catalan indistinctly. For customers who are unable to communicate in these languages, there is a specialised service that answers calls in English, with a dedicated telephone number, and whose target audience is mainly customers residing abroad.

ENDESA was the first utility firm to set up a telephone service accessible to customers with hearing or speech disabilities, enabling communication with an agent via the Pedius app, allowing them to enquire about their bill, contract or receive personalised information. Pedius also places innovation at the service of sustainability, as the application allows customers to make phone calls employing voice recognition and synthesis technologies through VoIP.

Furthermore, during 2021, and within the Valuable 500 action plan to promote the integration of people with disabilities, several studies have been launched to improve the accessibility of sales offices, service points, service channels and commercial content for people with disabilities. Over

the course of 2022, the results and potential extension of the identified solutions will be subject to analysis.

Furthermore, in 2021, the appropriate health measures in relation to the COVID-19 crisis have continued to be adapted to the previous measures.

2.2.3. Effective resolution of customer complaints

3-3 Approach to Customer Privacy Management/418-1

The effective and objective management of customer claims is a key strategic objective at ENDESA. Complaints are managed centrally by the Complaints Unit and via the people who work in the six existing Regional Complaints Units. Its main tasks consist of:

- Ensure customer satisfaction in the handling of their claims.
- Detect the causes that adversely affect usual commercial activities.
- Define the measures to resolve them and specify the improvements to management systems.
- Look for cost efficiencies in the resolution of claims.
- Resolve claims in the shortest possible time.
- Act as an intermediary in dealings with public and private consumers' rights organisations.
- Respond on social media in relation to collective claims made using this channel.
- Respond to requests that the CNMC submits to ENDESA, including claims reports submitted on a quarterly basis.

Based on the consolidation of the new claims management model, with an end-to-end vision and understanding of the customer and with management teams dedicated to the resolution of claims, the distinguishing aspects on which efforts have been focused arise from several incidents in the billing process (accounting for more than 2/3 of the total) as well as the impacts of the regulatory changes resulting from the Tolls circular, in this order.

- 2021 continued with the trend, first seen at the end of 2020, of an increase in claims resulting from billing incidents (Kronos system).
- With an additional flashpoint from June 2021, following the entry into force of the Electricity Tolls Circular, and from October 2021 with the Gas Tolls Circular.

Approximately 765,000 Requests and Claims were filed in 2021. The most relevant management data in 2021 is summarised below:

By Volume:

CLAIMS	2019	2020	2021
Volume of claims (No.)	256,097	315,000	563,328
Volume of requests (No.)	344,444	248,000	201,216
Total claims and requests (No.)	600,542	563,000	764,544
Deadline for handling claims (No. days)	6.5	7.2	15.7

By concept, 563,328 ENDESA customer claims were generated (416,014 through ENDESA Energía and 147,314 through ENDESA X), which translates to an increase of 79% compared to 2020. Furthermore, 201,216 requests were handled through ENDESA Energía, a 19% decrease year on year. As for their resolution, by the end of the year approximately 33,000 were Outstanding at ENDESA Energía, fuelled largely by the problems experienced with billing as these are not closed until the problem is resolved at the source (billed), reflected in a global resolution rate of close to 90%.

By Processes of the Retailer most involved:

Claims associated with the billing process account for 69% of the claims handled in 2021.

The distribution of the remainder is as follows: Product and Services (13%), Receipts (7%), Contracting (4%), Credit Management (4%), Customer service processes (2.3%).

By stage of management of the Retailer and impact on customer deadlines:

In general, the management deadlines decrease when the majority resolution comes from the same Front office in contact with the customer, with a high percentage resolved in a few days. However, in 2021, billing incidents have meant that these claims management deadlines have generally suffered when compared to 2020.

Therefore, the average resolution period for customers has been 15.7 days, with the average operating term decreasing to 12.9 days.

2.3. Energy poverty and access to electricity for vulnerable customers

3-3 Management Approach EUSS Access to Electricity EUSS

ENDESA promotes and collaborates in initiatives that contribute to alleviating the situation of energy poverty and vulnerability in Spanish households, as access to energy is one of the strategic priorities of ENDESA Group companies, in the form of different types of initiatives and actions.

In terms of sales, the assistance, advice, billing and customer collection processes are considered sensitive, especially for those considered most vulnerable; with this in mind, ENDESA collaborates with the main organisations and social services to establish agreements that facilitate all these procedures for people and families in energy poverty.

In 2021, the energy sector underwent significant regulatory changes in terms of reading and billing electricity and gas, as well as measures to reduce the impact of the increase in prices on the wholesale electricity and gas market on the consumer. It has been a year in which the impact of the COVID-19 persisted, although on a smaller scale, maintaining a specific COVID-19 Social Bonus and the ban on suspending the supply of energy to vulnerable customers.

All this has meant additional efforts at ENDESA provide information about and report on the new regulatory developments, their impact on the end consumer, as well as advice on energy efficiency, bill optimisation security measures and risk prevention to the Social Services, Consumer Associations and the main Consumer Bodies.

ENDESA updates and provides its consumers with face-to-face, telephone and online service channels to provide information about the conditions of the new Social Bonus, as well as the documentation that must be submitted to apply for it.

ENDESA has also reorganised and renewed its collaboration agreements, focusing on reaching agreements with regional bodies, reducing the 273 agreements in place with municipal authorities to 10 centralised agreements with the Autonomous Communities and Town Associations.

These agreements aim to protect and guarantee the supply of energy in the normal place of residence of families and customers in energy poverty, as accredited by the social services, which are responsible for processing emergency aid to pay the electricity or gas bills of these customers. Payments in instalments or deferrals are also an option for the payment of bills in up to 24 months, thus making the conditions more flexible, allowing customers to pay for the energy they use, thus avoiding its suspension.

In 2021, ENDESA had agreements in place with 7 Autonomous Communities (Aragon, Andalusia, Extremadura, Catalonia, Madrid, Castile and León and Galicia), 2 town associations (Canary Islands and Balearic Islands) and renewed its agreement with the Red Cross.

149,681 requests and 17,054 queries were handled, with an accumulated outstanding debt of 20,802,560 euros, from vulnerable customers experiencing difficulties paying their bills.

ENDESA, in collaboration with the Catalan regional government agreed to cancel the debt of more than 35,000 vulnerable families, worth 38.8 million euros in unpaid bills dating back to 2015. ENDESA will assume 78% of the debt, coming to approximately 28 million euros. Furthermore, to prevent future defaults, an agreement has been reached to create a Solidarity Fund to prevent the generation of new debts. ENDESA and the public administrations will both pay 50% into this fund.

2.3.1. Disconnections due to non-payment and reconnections for household customers

Since the start of the State of Alarm and up until 31 December 2020, ENDESA did not make any supply cuts or cancellations due to the non-payment of gas and electricity bills, extending this guarantee to all household customers, without the need for the customer to provide any type of justification. Subsequently, Royal Decree Law 37/2020 of December 22 limited the ban on cutting the supply of electricity and gas only to vulnerable consumers, specifically, to recipients of the electricity social bonus and the successive extensions approved throughout 2021 have stated that this ban will come to an end on 28 February 2022 (included in Royal Decree Law 21/2021 of October 26, extending the social protection measures to address social and economic vulnerability). Therefore, during 2021, power supply cuts have been returned to pre-2020 levels, with the volume of power cuts in 2021 10% higher than the level seen in 2019, also due to the power cuts accumulated during 2020.

In 2021, of all electricity power cuts due to the non-payment of bills by household customers, 68% lasted less than 48 hours, 10% lasted between 48 hours and a week, 5% between a week and a month, and 2% between a month and a year. The remaining power cuts ended in the cancellation of the contract or a payment agreement was concluded the following year.

Furthermore, 81% of disconnected household electricity customers were reconnected within 24 hours, 3% between 24 hours and a week and only 0.3% more than a week after they were disconnected.

In terms of the supply of gas, 30% of residential customers disconnected due to non payment of bills suffered a power cut of less than 48 hours, 11% between 48 hours and a week, 7% between a week and a month, and 1% between a month and a year.

Furthermore, 9% of disconnected household gas customers were reconnected within 24 hours, 30% between 24 hours and a week and only 9% more than a week after they were disconnected.

POWER CUTS DUE TO NON PAYMENT OF BILLS INVOLVING HOUSEHOLD CUSTOMERS, BROKEN DOWN BY DURATION AND REGULATORY SYSTEM (NUMBER)

	2019	2020	2021
Customers disconnected	123,950	27,686	136,320
Customer disconnections lasting less than 48 hours	83,717	18,521	87,964
Customer disconnections lasting less than 48 hours LRT Market	42,051	8,231	41,713
Customer disconnections lasting less than 48 hours Non-LRT Market	41,666	10,290	46,251

POWER CUTS DUE TO NON PAYMENT OF BILLS INVOLVING HOUSEHOLD CUSTOMERS, BROKEN DOWN BY DURATION AND REGULATORY SYSTEM (NUMBER)

	2019	2020	2021
Customer disconnections lasting 48 hours to 1 week	11,473	2,737	13,784
Customer disconnections lasting 48 hours to 1 week LRT Market	5,766	1,294	6,828
Customer disconnections lasting 48 hours to 1 week Non-LRT Market	5,707	1,443	6,956
Customer disconnections lasting 1 week to 1 month	6,591	1,545	7,523
Customer disconnections lasting 1 week to 1 month LRT Market	3,981	814	4,471
Customer disconnections lasting 1 week to 1 month Non-LRT Market	2,610	731	3,052
Customer disconnections lasting 1 month to 1 year	1,516	144	2,282
Customer disconnections lasting 1 month to 1 year LRT Market	1,430	72	2,109
Customer disconnections lasting 1 month to 1 year Non-LRT Market	86	72	173
Customer disconnections lasting more than 1 year	0	0	0
Customer disconnections lasting more than 1 year LRT Market	0	0	0
Customer disconnections lasting more than 1 year Non-LRT Market	0	0	0
Customers reconnected within 24 hours	100,048	22,304	102,626
Customers reconnected within 24 hours LRT Market	51,570	10,304	51,922
Customers reconnected within 24 hours Non-LRT Market	28,760	48,478	50,704
Customers reconnected after 24 hours and less than 1 week	3,323	2,850	7,468
Customers reconnected after 24 hours and less than 1 week LRT Market	1,762	1,449	2,812
Customers reconnected after 24 hours and less than 1 week Non-LRT Market	1,561	1,401	4,656
Customers reconnected after more than 1 week	473	352	1,326
Customers reconnected after more than 1 week LRT Market	235	184	366
Customers reconnected after more than 1 week Non-LRT Market	238	168	960

2.4. Responsibility and customer satisfaction

2.4.1. Responsibility for information and portfolio of products and services

ENDESA customers have the right to be informed about the aspects of the products and services that they consume. To this end, the company complies with regulatory requirements regarding the information provided to customers at all stages of the commercial cycle. These regulations state that:

- When a supply contract is signed or amended, customers must be informed about the different tariffs available and the power rating most suited to their needs.
- When power supplies are interrupted because of programmed work on the grid, customers and the general public must be given sufficient advance warning.
- When cutting a customer's power supply on account of the non-payment of a bill, all the payment requirements established by current regulations are satisfied prior to doing so, including providing notice 15 days before the cutting the power supply, providing details of the date from which it will take effect. These power cuts for the non-payment of bills can only be made when the company has evidence of the above. Under no circumstances can power supplies be cut for the non-payment of bills involving customers considered "essential" under the regulations.
- There are also other circumstances in which time limits for providing information are prescribed, such as giving estimates for new supplies and dealing with customer complaints.

In the deregulated market, ENDESA complies strictly with disclosure requirements regarding the source of the electricity supplied.

ENDESA goes beyond the legal requirements to achieve excellence in the provision of information to customers. Some years ago, a business unit was created to manage relations with consumers' associations and public bodies, which has been strengthened since then. The unit held regular meetings and took part in consumers' forums to communicate the measures taken by ENDESA with regard to its customers and to find out what their main concerns are, in order to be able to take the most appropriate measures.

2.4.2. Customer satisfaction, a key factor at ENDESA

3-3 Management Approach Marketing and Labelling /2-29

The customer is at the heart of ENDESA's business model; therefore, measuring the Customer Experience is key.

With this mission in mind, all segments, products, channels, services and processes are measured through the appropriate tools and methodologies for performing this function, including:

- Comprehensive vision: the integration of the different customer journeys with ENDESA offers enhances the strength of the customer's contacts (proactive or reactive) and experience, the customer is less overwhelmed with surveys and greater context is provided for what is of real value. Furthermore, more customisable and fluid communication channels have been created, making it possible to handle any potential dissatisfaction better.
- Record traceability is a crucial issue in understanding consumer concerns. In 2021, more than 200 million records were managed in Spain to come to a number of interviews with adequate representation in all relevant biases (population, geographical, tariff, supply, marketing, etc.), harnessing Big Data tools and environments. At this time, this customer traceability has made it possible to create timelines to ascertain their degree of satisfaction/complacency at all times and with respect to the actions that are being rolled out.
- Automation is another factor that has made it possible to detect customer interactions in real time and have an impact at that very moment (using automatic "triggers"). This helps to achieve a rating at the time the company needs to take the measurement, avoiding that time could dilute the customer's perception.
- The main methodology used to ascertain the degree of customer satisfaction are interviews through digital channels, including social media. This responds to the technological transformation, both of the company and society as a whole.

In a difficult context from the perspective of the sector and the media, in 2021 ENDESA remained in a leading position in mass customer satisfaction in the electricity sector, obtaining remarkable scores. This position has been maintained for more than 11 consecutive years.

CUSTOMER SATISFACTION INDEX (GENERAL PUBLIC ELECTRICITY FREE MARKET)*

2018	2019	2020	2021
7.2	7.3	7.3	7.2

*Generic SCP Study (Commercial Quality ENDESA Energia).

In relation to ENDESA X and the maintenance and repair services it provides, as well as the installations of household equipment (boilers, heaters, air conditioners, electric vehicle charging stations, etc.), it has continued to focus on the customer experience in 2021, as can be seen in the following table:

CUSTOMER SATISFACTION INDEX IN RELATION TO ENDESA X MAINTENANCE AND REPAIR SERVICES

2020	2021
3.5	3.7

The main means for ascertaining customer satisfaction are digital surveys. As a result, more than 0.6 million surveys related to the services provided by ENDESA X were generated over the course of the year.

Globally, in 2021, high customer satisfaction rates were maintained, with the following chapters considered the most relevant:

- By standard process, Electricity Supply (score of 8.11 in 2021) and Commercial Cycle operations (7.22) were scored the highest. In terms of customer loyalty, ENDESA obtained an NPS (Net Promoter Score) score of 1% in 2021.
- In terms of Customisable (non-massive) customers, the period has been stable, with a high score in terms of Electricity Supply (score of 7.96 in 2021).
- Focusing on Gas customers (mass market), ENDESA has a satisfaction index as a company of 7.52 and a high NPS performance of 8% (11 pp higher than the score obtained by the competition).
- The highest scoring aspect for ENDESA in the Gas sector remains satisfaction with Supply (8.37 in 2021) and the Commercial Cycle (with the Usefulness of the Information in invoices and their clarity, compared to the competition, also worth particular mention).

Furthermore, the Usefulness of the Information in invoices and their clarity, compared to the competition, in the Commercial Cycle of Gas, is also worth noting.

As regards ENDESA's customers in PORTUGAL, the scores place satisfaction at 7.73 in 2021. The means used to perform these surveys is over the telephone, ascertaining the perception of the respondent in the life cycle of their billing, the image, NPS and overall satisfaction with the company.

2.4.2.1. Customer experience and satisfaction operations management

At an operational level, the main pillars for the management of ENDESA Energía Customer Satisfaction and Experience are summarised below, in addition to a number of the key results obtained in 2021.

Customer Experience in Sales and Commercial Activity

The **monitoring of the quality offered** by the sales channels (sales agents, stands at department stores and telesales) in Spain in mass customer segments globally obtained a rating of "Very satisfied" (higher than 4 on a scale of 0-5).

By **channel**, more than 84% for Sales Agents, 91% for stands and 92% for Telesales. The satisfaction indicators of the ENDESA service charter, certified by Aenor, obtained ratings of more than 80%, distinguished as benchmarks, as is the of Clarity and Kindness indicators.

Customer Experience as part of interactions with Customer Service Channels

The level of service provided by ENDESA's offline service channels is rated very high, both in customers assisted over the phone (8.02) and face-to-face services (Offices: 8.83; Service points: 8.85).

In terms of over-the-phone services provided by Mercado Libre (massive) customers, ENDESA's score remains very high in practically all the areas measured. Worth particular note is the Call Management score (88% in 2021) and Assistance Provided (8.63%) and Staff Knowledge scores (8.31 in 2021).

Among the Companies segment, the highest scores were awarded to Personal Assistance and the Knowledge demonstrated by the contact person.

Face-to-Face Channels in 2021 remain the highest scoring channels at ENDESA, with excellent results close to 9 out of 10, both for Offices and Service Points. Worth particular mention in terms of the attributes measured are the scores received for Assistance, Organisation and Management of the Visit. In general, all other attributes also scored highly, with Office Management and Waiting Time worth particular mention, both for Offices and Service Points.

The level of service provided by ENDESA's service channels in Portugal was remarkable in 2021. Customers assisted over the phone scored the service received at 7.71, telesales at 8.62, taskforce at 8.89; however, the Stores channel was the highest scoring channel, obtaining a score of 9.01.

Customer Experience – interaction with Sales and Operating Processes

In 2021, satisfaction with all processes measured was maintained, with scores of around 8, except in the case of Claims, which was adversely affected as a result of a very complex external backdrop. On the positive side, in 2021, the most noteworthy scores came in the Registration process, which improved by 3% year on year.

The indicators performing best in 2021 were Overall Satisfaction with the Ease of Registering/Amending Contracts and the Information provided on the procedures required during the energy contracting process. In terms of Contractual amendments, the customer's positive perception of the total time that the process takes is worth particular mention.

In Portugal, as regards the processes measured, the improvement in the contracting process (+1.9%) was particularly noteworthy, with satisfaction rated 8.49 and billing rated 7.88. The decrease in claims (-7%) is also worth mention, bringing the score to 6.31.

2.4.2.2. *New projects in the management of Customer Satisfaction*

In line with ENDESA's global strategy, for some years now, ENDESA Energía's Sales Quality team has been rolling out the digitalisation of its function with the aim of obtaining a 360° view of the customer relationship, with the aim of optimising the customer experience in all its interactions and processes and to reduce areas of possible dissatisfaction.

As a result, in 2021 the Management of Dissatisfaction continued to improve, with a focus on clearly identifying possible problems and forwarding their solution to the most appropriate area. At the same time, internal users are provided with help to learn about and correct the processes, comparing the original and final information, as part of a continuous improvement process.

Furthermore, the use of Machine Learning technology is being developed with two main tasks in mind: on the one hand, identifying patterns and classifying responses to streamline the categorisation for the Management of Dissatisfaction (Supervised Learning); and on the other, analyse the voice of the customer to better understand the causes affect this and to identify the root causes of the main problems (Unsupervised Clustering).

New projects in 2021 include the launch and/or achievement of the following milestones:

- Development of the Onboarding project, for new customers, with support from the Quality area in the analysis and redesign process:
 - During the possible "journeys" of a new customer with ENDESA, the initial stages of the relationship, expectations and information are critical. In 2021, the redesign of the "onboarding" process was addressed to optimise these interactions, with a view to increasing their satisfaction and facilitating their digital relationship with the company.
 - Therefore, from the very moment they arrange services with the customer, the customer receives personalised communications informing them of the next steps in the process and where they are at:

And from now on you do not have to worry about anything. We will keep you informed at all times of the status of your contracting. Here are the steps:

1

We have received **your contracting application**.

2

In about 4 days, **we will provide you with your contract**. Please remember that if necessary we may ask you to provide some kind of documentation associated with your contract.

3

We will ask your **distributor** for access to the power grid. This step is mandatory but transparent for you.

4

Approximately 2 days after sending you the documentation associated with your contract, we will send you a communication to inform you on **your contract activation**.

5

You will then receive a communication in which **we will help you understand your bill**.

6

And finally, **you will start receiving your bills periodically**. If you are billed monthly, you will receive your bill approximately 1 to 45 days after your contract has been activated, and 1 to 75 days if you are billed every two months.

The times given are approximate and may vary depending on the type of request made. If you would like to find out more about the contracting process, [click here](#).

- Improvement and standardisation of the measurement of Digital Channels - self-service (autonomous customer management) to simplify procedures for the customer.
- In Portugal, projects continued to be developed in 2021 on several fronts to improve the quality of assistance and satisfaction with the service, including:
 - Management information: Development and implementation of an information system (Power BI) to improve and expand the distribution of information with the Customer Complaint Unit (UAR).
 - Outsourced operational processes (BPO) with third parties: Implementation of more demanding Service Levels (SLAs) in the BPO to improve processes and thus reduce the risk of incidents and increase customer satisfaction.

- Improvement of the sales process consulting the RDP (Registration of Delivery Points), to minimise switching errors and improve the quality of sales.

2.5. ENDESA's energy solutions

2.5.1. ENDESA: customer products and services

302-5/3-3 Approach to demand management EUSS

Against the backdrop of the energy revolution, ENDESA adapts to society's demands with a vision structured around the three main patterns of development (decarbonisation, electrification and digitalisation), which can be summarised in the formula "Sustainability = Value". In this regard, we stay ahead of the game by developing of innovative products and solutions in fields where energy currently makes the greatest transformations possible: city, housing, industry and electric mobility. From the outset, ENDESA was committed to sustainability at the heart of its model, with a view to creating an ecosystem capable of making the best possible use of the opportunities provided by digitalisation, to create more social, environmental and economic value for all. This goal is reflected every day as part of a platform-based model that allows consumers to actively participate in energy markets and reduce system costs by maximising the impact of innovation.

To perform its role as a "multiplier of value" and "accelerator of the transition" towards sustainability in the best possible way, ENDESA divides its activity between the following Business Units:

- Energy area.
- Services area, ENDESA X:
 - **E-City.**
 - **E-Industries.**
 - **E- Home.**
 - **E-Mobility.**

2.5.1.1. Actions involving Public Administration customers (B2G)

E-City in the urban context, through ENDESA X, handles with the technological alignment driven by digitalisation leading to the creation of cities equipped with intelligent systems and more energy-efficient equipment capable of ensuring more sustainable, economical and customised services in response to the demands of citizens.

Installation of charging stations on public roads for electric bus lines in Barcelona

The joint venture formed by ENDESA X and Dominion has been awarded the project to supply and install 7 opportunity charging stations by pantograph on public roads for the H12 and V15 lines in Barcelona, as well as the end-to-end maintenance of the charging infrastructure of these lines and the H16 line, which was fully electrified last summer.

It is expected that within approximately a year and a half, the H12 and V15 lines will be fully electrified with 21 large-capacity electric buses on weekdays on the H12 line and 16 of the same type of bus on the V15 line.

Thanks to this type of opportunity charging stations, located at the start and end of the line, the bus' battery can be recharged to 80%-90% in less than 5 minutes, using the pantograph located on the roof of the vehicle.

ENDESA X will actively participate in the electrification of Zaragoza's urban bus fleet, to make the city climate-neutral by 2030.

This is the most important public transport electrification project in Spain to date, preceded only by Madrid, on account of its size and the speed of transformation of the fleet (68 electric buses, 51 of them measuring 12 metres and 17 of them measuring 18 metres).

In total, 75 charging stations are due to be installed, 37 of them being 100 kW for 12-metre buses and 38 with a greater power (150 kW) that can be also be used by those measuring 18 metres (whose battery has greater capacity to move more weight). Furthermore, it will feature an additional 300 kW semi-fast charger to cover unforeseen circumstances.



ENDESA X is awarded the installation of solar panels at Mateu Orfila Hospital (Menorca)

The installation of photovoltaic panels in the car park at Mateu Orfila Hospital (Menorca) has been awarded to ENDESA X, after the company submitted the best bid, 14% below the initial base price.

The Balearic Government has announced that it will be the first car park at a public hospital that is completely covered with solar panels in the Balearic Islands, with a maximum power of 976 kilowatts peak (kWp). Its installation is due to be completed in spring 2022.

Furthermore, the facility will supply 20% of the electricity consumed by the hospital and become the largest self-consumption facility in Menorca.

2.5.1.2. Actions in relation to business and industrial customers (B2B Approach, Business to Business)

E-Industries: this line is presented as the reference energy partner in Spain for companies to advise, guide and help them in the decarbonisation process, allowing them to make sustainable progress by using energy more efficiently, increasing the competitiveness of their businesses and reducing the cost of their energy bill. This is achieved using solutions such as energy advice for decarbonisation, solar power self-consumption, efficient climate systems, monitoring systems and management of energy consumption, as well as all the energy infrastructure needed to undertake electrification actions.

Kronospan places its trust in ENDESA for the largest self-consumption project in its sector

In just seven months, ENDESA, through its subsidiary, ENDESA X has carried out the simultaneous construction and commissioning of two photovoltaic self-consumption facilities in its two plants in Spain (Burgos and Salas), with a total of 7.4 MWp of power.

18,000 photovoltaic modules have been installed over 36,000 m², an area equivalent in size to five football pitches, generating 9 GWh and providing 5% of the energy required for their production processes from a clean and renewable energy source.

In environmental terms, this constitutes a reduction in its carbon footprint of about 3,200 tonnes of CO₂/year, equivalent to planting 282,000 trees/year.

Almost 100% of the output from these installations will be consumed by Kronospan, resulting in a 5% reduction in current grid consumption.



ENDESA, through its subsidiary ENDESA X, is promoting a new energy model that is committed to decarbonisation, through sustainable generation and more efficient and responsible consumption.

- **Energy Advice on Decarbonisation:** ENDESA X analyses the energy behaviour of customers, their energy sources and their production processes to make their activity more sustainable and efficient. Carbon Footprint studies are performed and tailor-made emission reduction plans drawn up, with the improvements identified implemented and the plan monitored.
- **Solar power:** In 2021, ENDESA X continued to lead the solar self-consumption market in the industrial and business segment, delivering the facilities promised to customers and supplying companies with renewable, self-produced energy and providing energy savings in a context of rising energy prices. Thanks to its experience, quality and technical knowledge, it is contributing to empowering its customers with the technology required to accelerate efficient energy consumption, contributing to its customers obtaining the following benefits:
 - Contributing to the decarbonisation goals of the company by reducing CO₂ emissions into the atmosphere.
 - Supplying a considerable part of total consumption in the form of clean and renewable energy. Depending on the relationship between the generation curve

and the customer's consumption curve, the energy generated by the photovoltaic system can cover up to 40% of the customer's demand.

- Offering considerable savings in annual electricity bills (up to 50%), achieving price stability in the long-term purchase of energy.
- **HVAC climate equipment:** ENDESA X's air conditioning systems aim to maintain temperature, humidity and air quality within the thresholds defined in each specific case. ENDESA X designs and implements the best solutions to achieve maximum comfort by reducing consumption, as the installation of air conditioning can account for between 30 and 50% of a building's energy consumption.
- **The energy management system (EMS)** informs us, quickly, about the points at which the most significant savings can be achieved. Furthermore, the EMS has procedures that provide details of the energy savings generated, after having implemented an energy efficiency measure.
- By monitoring and applying a proper proactive management approach, adjusting the parameters, consumption can be reduced by 10-20%. Energy savings by replacing equipment can reduce energy consumption by between 15-25% in the case of boilers and/or chillers that are more than 15 years old.

Applying all these solutions, ENDESA X will be a catalyst for the Decarbonisation of the business sector, helping to fulfil Spain's the climate goals.

2.5.1.3. Actions in relation to homes and small businesses (B2C Approach, Business to Customer)

ENDESA offers a comprehensive value proposition consisting of energy and value-added products and services on each of the markets it serves (B2C, B2B, B2G), providing solutions adapted to the needs of each type of customer.

B2C energy products and solutions

As part of the energy products and services (Light, Gas) offered by ENDESA to Residential and Small Business customers, in 2021 it continued to develop value propositions that are increasingly tailor-made and adapted to the needs of each customer.

Depending on their specific needs and their risk aversion, customers can choose between fixed price products depending on their consumption, regardless of the day or time of the day, or use a variable approach to consumption, optimising costs based on products with different prices depending on time periods or even choose to always pay the same each month based on a study of their consumption habits.

Thus, the general portfolio of products in 2021 consists of:

- Subscription products/prices, such as *ÚNICA*.
- Generally fixed products/prices, or others associated with a "Full Digital" approach.
- Subsidised products/prices by Time Bands of consumption or other variable factor.
- Products associated with "Green" Rates (100% renewable).
- In addition to the PVPC rates available on the Regulated Market.

Customising the offer to the customer: Growth of the ÚNICA subscription model in 2021

As a key milestone of this digitalisation and sustainability strategy, at the end of 2020, ENDESA launched ENDESA ÚNICA, a revolution in the electricity market in Spain, as, unlike traditional electricity and gas tariffs, this is a tailored fixed fee that is adapted to the consumption habits of each customer. ÚNICA is based on the use of 100% renewable energy sources, does not require a minimum contract period or include penalties; furthermore, it rewards consumers with bonuses for efficient consumption habits.

ENDESA's intention as part of this programme is to establish a new relationship with electricity and gas consumers, committed to adapting to each family model and their way of life.



New developments with a view to further customising the offer

The customisation of the "ENDESA solution" goes beyond merely designing the proposal or product. Customer communication is also personalised. This is only possible thanks to technology. One very illustrative example is how ENDESA adapts the messages and advertisements that form part of the same campaign depending on the customer's profile: display, location, age, family situation, etc. Thanks to these new technological tools and data analytics, in practice, it is possible to customise the message and offer that each customer receives.



Customer sensitivity to unexpected price increases

2021 has seen huge uncertainty in terms of market prices, adversely affecting PVPC customers. Against this backdrop, *ÚNICA* and other ENDESA products provide customers with the advantage of being able to set a fixed monthly fee that is tailored to them, regardless of time bands, with no penalties at the end of the year and minimum contract duration. This initiative has been positively appraised by ENDESA customers, who appreciate the customer's focused response:

- *ÚNICA*'s value proposition has been reinforced, with a competitive energy price and a 2-year fixed price guarantee.
- A communication campaign has been launched consisting of direct and simple messages to get this proposal across to customers.

E-Home

E-Home aims to improve the energy efficiency of the end customer. It offers residential consumers home management products and services, creating a sustainable ecosystem through connectivity, energy optimisation and savings. To this end, it offers home equipment products, both for heating and air conditioning.

The offer of smart thermostats that adapt to consumption habits is also worth particular mention, as these facilitate remote control using a single device.

In terms of services, e-Home provides maintenance and electrical and gas repairs, with a view to covering the specific and recurring needs that arise in the household segment, providing security and ensuring optimised consumption.

When it comes to self-consumption solutions, ENDESA X promotes self-consumption in the household market through "turnkey" projects involving photovoltaic installations that, combined with home management initiatives, make it possible to achieve the sustainability, decarbonisation and digitalisation needs of its customers.

2.5.1.4. ENDESA's commitment to electric mobility

ENDESA, as part of its commitment to fighting climate change, is committed to electric vehicles as a key tool in the promotion of more sustainable mobility, representing one of the main vectors that lead to an energy transition. As per the 2022-2024 Strategic Plan, new charging stations will be installed, bringing the total to 46,000 private and public charging stations at shopping centres, car parks, hotel chains, service areas or on public roads to accompany the growth of the electric vehicle market, providing greater coverage in the charging infrastructure to urban areas and major strategic communication hubs, both on the mainland and on Spanish islands.

ENDESA's commitment to sustainable mobility was reflected in the electrification of its fleets as well as their promotion amongst its own employees, successfully promoting them internally since 2015 as part of its Employee Electric Mobility Plan. As part of this initiative, it has provided help and advice on the acquisition of different models of electric vehicles, thus demonstrating that electric mobility is possible and that it is already a reality that helps us in the fight against climate change, improving air quality in urban environments and people's health, as well as achieving more sustainable energy consumption in the long term.

The democratisation and expansion of electric mobility among society also represents a great opportunity for ENDESA, as it performs different initiatives to promote its development in three complementary directions with a 360° vision:

- Its promotion and dissemination amongst the population.
- Technological development with a focus on continuous improvement and R&D of its services to end users, whether individuals or companies.

- The definition of a robust, dynamic commercial offer that is always adapted to the needs of all its customers at all times.

2.5.1.4.1. Promotion of the electrification of transport

PROGRAMMES RELATED TO THE PROMOTION OF THE SUSTAINABLE MOBILITY OF EMPLOYEES

Type of programme	Description	Milestones 2020	Milestones 2021
Boosting the electrification of the managers fleet	<p>ENDESA, within the framework of the e-Movement, has a plan to electrify the fleet of vehicles used by its managers.</p> <p>To encourage managers to choose this type of model, the company increases the renting fee they receive and has installed charging facilities at its headquarters. Should the manager choose to have a traditional combustion vehicle, the company limits their CO₂ emissions, with limits that are stricter than required under the European guidelines.</p> <p>The plan to replace the manager fleet with a less polluting fleet is another of ENDESA's measures to develop a more sustainable transport model and thus improve the quality of life in cities, where more than 70% of the population will reside in 2050 (currently, 50%).</p>	<ul style="list-style-type: none"> ➤ This accounts for 10% of the total fleet. ➤ 214 vehicles. ➤ 71% are plug-in hybrids or 100% electric. 	<ul style="list-style-type: none"> ➤ This accounts for 11% of the total fleet. ➤ 220 vehicles. ➤ 89% are plug-in hybrids or 100% electric.
Car pool service	<p>This consists of a pool of electric vehicles at the main headquarters for use by employees for work-related purposes with a view to promoting their use, contributing to fuel savings and reducing emissions.</p>	<ul style="list-style-type: none"> ➤ The service has been allocated 11 electric vehicles that have travelled 5,645 km up until March, when the programme was temporarily suspended due to the pandemic. 	<ul style="list-style-type: none"> ➤ Since 2016, more than 400,000 km have been travelled in total. ➤ The service was suspended due to the pandemic until December 2021, when 5 vehicles located in Madrid, Barcelona and Seville were made available.
Two-wheel mobility service	<p>This consists of a pool of electric bicycles and electric scooters available to employees, at the main headquarters, for work-related purposes and to promote the use of this type of alternative mobility. The service has been temporarily suspended as a preventive measure against COVID-19, although it is due to be relaunched in 2022 provided that the health situation so allows.</p>	<ul style="list-style-type: none"> ➤ 19 electric bicycles located in Madrid, Barcelona, Seville and Zaragoza: travelled 4,095 km in 2020. ➤ 10 electric scooters in Madrid and Barcelona: travelled 989 km in 2020. 	<ul style="list-style-type: none"> ➤ Since the service was launched in 2019, the following distances have been travelled: <ul style="list-style-type: none"> ○ more than 25,500 km by bike. ○ more than 8,500 km by scooter.
Shared corporate taxi service	<p>The comprehensive management of corporate transport by taxi, with a view to reducing emissions, contributing to sustainable and safe mobility and increasing the digitalisation and traceability of the service, prioritising shared journeys between users, also taken using environmentally-friendly taxis.</p>	<ul style="list-style-type: none"> ○ 72% of journeys were made in environmentally-friendly vehicles. ○ 38% of passengers shared the service. 	<ul style="list-style-type: none"> ➤ 8,154 services were provided. ➤ 99,600 kilometres were travelled, of which: <ul style="list-style-type: none"> ○ 70% of the total kilometres travelled involved environmentally-friendly vehicles. ○ 32% of passengers shared the service.
Electrification of car parks	<p>Reinforcement of the charging infrastructure at ENDESA's administrative offices for the electric vehicles in its fleet.</p>	<ul style="list-style-type: none"> ➤ 719 charging stations were installed. 	<ul style="list-style-type: none"> ➤ To date, almost 900 charging stations have been installed.

2.5.1.4.2. ENDESA's electric mobility portfolio for its customers

Electric mobility represents one of the main pillars of ENDESA X. In this sense, ENDESA X promotes the development of electric vehicles as one of the main ways of fighting climate change and promotes electric mobility as its main tool in achieving a zero-emission energy model.

The **e-Mobility** Business Line at ENDESA X develops and markets electric mobility solutions and services for residential, industrial, commercial and public administration customers, playing an active role in this segment, positioning itself as the sector leader in electric mobility. Further information can be consulted on the company's website: <https://corporate.enelx.com/en>.

E-Mobility aims to have a network of 8,500 public access charging stations in Spain before the end of 2023, including ultra-fast charging. The installation of these charging stations will accompany the growth of the electric vehicle market in Spain. To this end, ENDESA X promotes the transition of public and private transport towards electrification. To this end, electric mobility solutions for residential consumers, companies and public administrations are grouped together.

CHARGING STATIONS MANAGED BY ENDESA X

	2020	2021
TOTAL, Public and Private	7,072	9,482

Public Charging

In 2020, ENDESA X worked on the first stage of the roll-out of the public charging infrastructure plan in Spain, the aim of which was to reach 2,000 electric vehicle charging stations installed by the end of 2020. The main aim of this first stage was to make it possible for any electric vehicle to travel to any point in Spain in the short term.

As part of a second stage (between 2021 and 2023), another 6,500 new public access charging stations are being installed at different types of shops and HPC technology is being incorporated. These efforts are helping to provide greater coverage of the charging infrastructure in urban areas and the main strategic communication nodes, both on the mainland and the islands; adding a total of more than 8,500 public access points.

In 2019, ENDESA X launched its ENDESA X JuicePass application, which was renewed on 15 October 2020 and currently remains in the continuous improvement phase. This application allows users not only to manage electric vehicle charging directly from their mobile phone, but also to access all the detailed information of the charging station, prices and access schedules, book a charging station and monitor charging details in real time.

As part of the new version of the application, JuicePass provided the first monthly subscription charging rates on the market, thus adapting to the demands of users who need to recharge on public roads more frequently and who want greater control over the amount they spend charging their vehicles.

In 2021, ENDESA X launched Open Charge

With a view to making it easier for companies to switch to electric mobility, ENDESA X has teamed up with Athlon to create the first All-in-One electric rental service for companies: OneElectric, as a benefit of leasing an electric car, on the one hand, and the installation of charging stations, on the other.

OneElectric offers, as part of a single, fixed monthly fee, the option of leasing of a hybrid plug-in electric vehicle of any brand, insurance, maintenance and tyres. And, the biggest twist, the installation of charging stations, their maintenance and even the possibility of providing a

voucher containing kilowatts to recharge at across the public network run by ENDESA X, with Athlon serving as the only intermediary.

In its first week, dozens of requests for information were received. Those responsible for OneElectric indicated that "the offer is available both for the self-employed or small companies that have one or two cars, and those who have more than 400 or 500 vehicles".



2021 saw the launch of Open Charge, an electric mobility solution in collaboration with ENDESA that covers the energy and charging needs of electric vehicle users, combining the following all in a single bill: domestic energy as part of the ENDESA *Única* Tariff; energy used to recharge vehicles in the private garage; the supply and installation of a JuiceBox charger, with 7.4 kW and 80 kWh per month to recharge across the network of ENDESA X public charging stations.

Private charging

In addition to the roll-out of the public charging infrastructure plan, ENDESA X continues to market electric mobility services and charging solutions for the roll-out of private electric vehicle charging for residential, business and commercial customers, in addition to the public administrations. The biggest stand-out factor of this roll-out of infrastructure is its connection to the charging station management platform, facilitating remote control and assistance for the entire family of ENDESA X Juice equipment: JuiceBox, JuiceMeter, JuicePole and JuicePump charging stations.

- JuiceBox, is the electric vehicle charger developed by ENDESA X for domestic use. JuiceBox and JuicePole also received the 2020 *Compasso d'Oro* for their great functional and aesthetic design; this award is the biggest and most recognised award in terms of industrial design.
- When it comes to companies and public administrations, ENDESA X offers its global and personalised services, that include initial advice defining which solution is most appropriate depending on the fleet of vehicles available. Once this has been defined, ENDESA X offers the full range of Juice charging devices, their installation, their commissioning and the maintenance of this infrastructure. ENDESA X offers fleet managers, as part of its JuiceNet Manager platform, the option of being able to manage all the information and details of each charging session that users perform at their own charging infrastructure.

2.5.2. Raising customer awareness of efficient energy use

The energy efficiency of its customers is in ENDESA's DNA; it represents a key part of its value proposition and guide to constant communication with its customers. ENDESA supports this efficiency with a philosophy of "achieving more with less", helping them to consume less energy,

with the benefits that this offers in terms of the corresponding savings, sustainability and applied innovation.

ENDESA's portfolio includes the programmes it offers to each segment of customers aimed at a better, efficient use of energy.

Advice and awareness of residential customers in relation to the efficient use of energy

ENDESA continuously runs communication campaigns to raise awareness about the efficient use of energy. Examples of these lines of products and services include:

- Energy information: Free information and advice service allowing customers to control and manage electricity consumption in their homes, relying on a digital and easily customisable service. Customers access detailed information that helps them understand their electricity consumption, comparing it consumption patterns of homes with similar habits to theirs (in their neighbourhood, town and province) in addition to tips and "customisable tools" that guide them on how to reduce their electricity bill and make them aware of more efficient habits.
- Energy efficiency diagnosis: This is a free online advice service exclusively for small businesses. Via the website of the online Energy Efficiency Diagnosis service, businesses can assess their energy efficiency and receive tips on optimising the consumption at their facilities and of their machinery, thus reducing their energy bill.
- Two types of efficiency tips and guides:
 - **Advice on bills:** space reserved on the front side of bills offering advice on how to save energy and protect their facilities.
 - **Tips for saving:** at endesaclientes.com, where specific communications and recommendations are customised during the first year of the contract (in the form of brochures, guides, etc.).

2.5.3. Security measures in products and services for customers

3-3 Approach to Customer Health and Safety Management EUSS/3-3 Customer Health and Safety/416-1

As part of the works carried out at customer facilities, ENDESA always has figures such as the coordinator of safety and health or preventive resources, who ensure work is performed correctly from a safety perspective, in addition to performing Health and Safety Inspections in the field for the purposes of verification.

These inspections are performed both by staff in each line of business, as well as by the Joint Prevention Service (SPM) and third parties recruited for this purpose, monitoring all preventive activities addressed in the training sessions imparted to the different lines of business, as well as on the Health and Safety Committee and Participation Committee, the highest body in the field of prevention at ENDESA.

These efforts have been rewarded in the form of the ISO 45001 certification for ENDESA's Health and Safety Management System for the sale, installation and maintenance of value added products and services in relation to the supply of electrical power, telecommunications, thermal installations, gas and/or hot water for sanitation, electric vehicle charging stations, face-to-face technical maintenance and repair service associated with the supply of electricity and gas, and the sale, installation, maintenance and repair of products and services offered to residential customers.

417-2

There was no non-compliance with the regulations on the information and labelling of products and services resulting in a fine.

There was no non-compliance in this matter resulting in a warning.

3. DIGITALISATION AND CYBERSECURITY



Line of action	2019	2020	2021	2021-2023 target	2022-2024 Sustainability Plan (PES)	
					2022 target	2024 target
Verification of ICT security (no. of actions per year)	800	1,139	1,536	800	800	800
Investment in the digitalisation of assets, the customer and our people (€ million invested)	352.2	314.4	459.4	~ €1,500 million	~ €1,500 million in the 2022-2024 period	

Actions to be highlighted

1. In 2021, ENDESA developed new customer service channels, with new computer tools to promote the digitalisation of customers, products and services that are already essentially digital.

The scope of the information provided in this chapter covers both ENDESA, S.A. and its investee companies in Spain and Portugal, the same as in the Legal Document reports. For more information see section 1.2.6. *Organisational structure* in Chapter 1. *About ENDESA*. Variations, if any, to the scope described here are presented throughout the chapter.

3.1. Digitalisation as a driver of energy transition

ENDESA's digital transformation aims to turn it into an organisation that is fully connected to the digital ecosystem and makes it customer-oriented in a smart and agile way. These new technologies fundamentally make it possible to interconnect people and objects, providing new access to both traditional and newly created products and services.

This transformation requires a shift in paradigm in the way relationships between the company and its customers are understood, establishing the need to review the strategy and business model from the perspective of customers' needs and experience, so as to redesign internal processes by incorporating new technologies.

ENDESA is very aware of this reality and of the opportunities it presents and, therefore, the digital transformation is an essential part of its sustainability plan. The plan's strategic lines of action coincide with ENDESA's staunch commitment to the pursuit of continuous efficiency through the digitalisation of its businesses. To this end, ENDESA plans to develop digitalisation investment plans across all its businesses for the sum of Euro 1,545 million between 2022 and 2024. The biggest effort will be made in Distribution, which will allocate over Euro 1,300 million to the digitalisation of the business, accounting for more than 84% of the investments announced during this period. These investments fall under projects for European Union's Recovery Fund: ENDESA will be completing 23 digitalisation and resilience projects to improve the Distribution grid.

INVESTMENT IN DIGITISATION BY BUSINESSES (MILLIONS OF EUROS)

	2019	2020	2021	2022-2024 target
Distribution	274.7	236.2	377.4	1,344.9
Generation	14.5	18.0	16.2	42.0
Supply	58.0	48.7	46.8	62.0
ENDESA X	4.0	11.5	15.7	95
Total	351.2	314.4	456.1	1,543.9

Corporate assets

ENDESA is making significant growth investments aimed at modernising and developing new infrastructures that respond to decarbonisation and electrification trends in the economy. Digitalisation initiatives will allow us to continue to increase the grid's automation and digitalisation. All this is aimed at improving security of supply, and service quality and efficiency, and at responding to future customer demands.

In electricity generation plants, ENDESA is increasing its efforts to undertake the digitisation of the management of its generation facilities in order to increase the plants' operating efficiency and improve their integration into the electricity system.

The customer

ENDESA is developing new IT tools to improve customer digitalisation and as well as new service channels and other products and services.

Consumers' access to new technologies, their adoption and mass use, has completely transformed customers. This uptake involves new habits and customs by consumers in their personal and professional lives, and of course, in their relationships with companies. The vast majority of them are already or will become digital, connected and social customers.

People

Considering that the digital transformation means that the company has to adapt its value proposition to the new digital customer and adopt new technologies in its value chain, one of the great challenges for the company is the transformation of its corporate culture to allow the style of leadership to evolve and to develop the technical and other skills necessary to successfully lead the transformation. ENDESA is working in different areas to further the change in its organisational culture and the way things are done in the company. Therefore, the company expects that 100% of its staff will be able to develop their digital skills within the next two years.

ENDESA's digital transformation also includes improving data management processes, which entails, among other aspects, the use of the latest cloud-based data storage technologies and the development of digital platforms that enable growing interactivity and connectivity. Additionally, ENDESA prioritises compliance with demanding standards for promoting cybersecurity to drive digital transformation with the lowest possible risk.

3.2. Digitalisation of ENDESA's assets

3.2.1. Digitalisation of the thermal and renewable generation facilities

At generation facilities, there are two major digitalisation programmes underway.

Digiworld

An integrated operation and maintenance digitalisation programme that will facilitate process homogenisation between thermal and renewable technologies, thus generating a coherent and effective platform.

This is a four-year programme, 2020-2023, and includes several important initiatives. The main ones are as follows:

- **Contract Revolution:** platform for plant supervisors to handle the recruitment process.
- **Digital Worker transformation:** development of mobile tools for field operators.
- **Global Operational System:** development and implementation of a single global system.
- **HSEQ-Digitalisation of Waste Management:** improvement of waste management safety and traceability.

E&C Revolution

Programme for the digitalisation and homogenisation of engineering and construction processes, which is based on three main drivers:

- Automation of operations.
- Digitalisation: merger of data, technological platforms and physical devices to optimise processes and maximise the quality of information transfer to operation and maintenance.
- Innovation.

It comprises several tools, including:

- **IUP: integrated user platform**, platform that supports all E&C processes.
- **BIM: building information modelling**, project engineering design automation.
- **Digsilent:** software for modelling and studying electrical power systems, by creating static and dynamic models and simulations.
- **Active Safety System:** device for detection of people near work areas with machinery.
- **GPS excavator:** system for precision excavation with GPS technology; semi-automatic, guided or manual.

These digitalisation programmes rely on a powerful technological infrastructure (servers, storage, networking and security), in addition to communications and control systems (currently undergoing technological revamping for the entire line of renewables), while ensuring compliance with the company's Cybersecurity policies.

3.2.2. Digitisation of distribution grids

3.2.2.1. Remote management and meter-reading control

Approach to demand management EUSS

ENDESA's Remote Management Project has been developed to roll out an automatic and remote electricity supply control and operating system for all household customers.

Throughout 2021, ENDESA has performed a total of 119,230 replacements, encompassing 99.6% of type 5 meters with an active contract and contracted power of up to 15 kW (11.92 million active customers with smart meters).

Furthermore, this year, 20,644 type 4 devices have been installed with remote management capacity (for supplies with a contracted power of between 15 and 50 kW), encompassing 97.0% of the target type 4 facilities.

Low voltage ¹ Remote management plan (no. installed remote management meters)			Medium voltage Remote control installation plan (number)			High voltage Remote control update (number)		
2020	2021	2022-2024	2020	2021	2022-2024	2020	2021	2022-2024
12,389,380	12,472,118	12,876,368	23,955	29,045	43,537	336	361	377

¹In BT it includes type IV and type V meters.

Other projects in Commercial Network Operations

AMMS (Automatic Meter Management System): The following improvements have been implemented in 2021 to comply with new regulations and bring enhancements and upgrades to the new technologies.

- In 2021, we have programmed the access tariffs established by the Access Tariff Circular in all remote management equipment (types 4 and 5). Both campaigns involve making adjustments to the parameters in the remote management system so as to optimise performance and generate specific monitoring reports.
- We have adapted the system to manage a new hub model, LVM, a technological upgrade from current remote management hubs.
- We have developed new functionalities in AMMS with a view to including a new meter model which features a GPRS modem. This gives us an alternative for communications with the system. We will be able to manage meters when hub installation is not possible, and in equipment with poor PLC communication. The project is currently in pilot phase and its scope should be expanded in 2022.
- We have developed a new Hub Incident module, internal to AMMS, to optimise incident management.
- We have optimised the system's automatic retrieval of overvoltage events (POP) in meters.
- As regards applications that use remote management technology, we have developed ERA for smartphone and online display of alarms from LVS (Low Voltage Supervisor) devices, installed in transformer substations.

Digitisation of the energy recovery process

- **Predictive models for detection of non-technical losses:** Work continues on application of machine learning and deep learning techniques to detect abnormalities and fraud, improving existing models and developing new models aimed at detecting new pockets of losses.
- **Predictive model for automatic file evaluation:** Application of machine learning and deep learning techniques for automatic file evaluation with in-house predictive models developed at ENDESA.

Meter-reading management

- **EXABEAT:** Adaptation of the meter-reading management system to the new access tariff and charges structure defined in: Circular 3/2020, of 15 January from the Spanish Markets and Competition Commission, which establishes the methodology for calculating access tariffs for power transmission and distribution; and Royal Decree 148/2021, of 9 March, which establishes the methodology for calculating electric system charges.

- **SBH (Hourly resource status reporting system):** Calculates losses on distribution grid sections, which are delimited by energy exchange points measured throughout the reporting period. In 2021, we have finished the move to production of low-voltage (LV) resource status reporting in BT's grid sections and added new data extraction features.

Billing and collection

- **BILLING:** Adaptation of the Billing and Collection system to the new access tariff and charges structure defined in: Circular 3/2020, of 15 January from the Spanish Markets and Competition Commission, which establishes the methodology for calculating access tariffs for power transmission and distribution; and Royal Decree 148/2021, of 9 March, which establishes the methodology for calculating electric system charges.

3.2.2.2. Smart grid development

ENDESA's grids are being configured according to the **SmartGrid** model. Grid technification and the inclusion of information and communication technology (ICT) enable these grids to offer a rapid response to users' needs:

- Enable the connection and operation of renewable, distributed power linked to consumption.
- Enable management of demand, flattening the load curve and maximising the use of electric power infrastructure.
- Enable the roll out of electric vehicles and development of more comprehensive and advanced energy services, improving the quality of the power supply, reducing response times in the event of power failures.
- Make it possible to adopt preventive and predictive maintenance strategies.

The following are some of the more notable projects for the development of smart grids:

Network Digital Twin (NDT)

Highly computerised digital replica of physical assets and their management, development and maintenance processes. Constantly updated grid data is added to this replica, in real time. Information is transmitted via IoT data networks from the physical assets. Consequently, it is possible to simulate and study future behaviours and improve the grid's resilience with no impact on the customers.

Grid Blue Sky (GBS)

The GBS project consists of developing technology solutions for more efficient process execution. These solutions are organised into 3 pillars:

Pillar	Purpose	Actions
Asset Owner	Develop an open, multi-layer platform operating as a 3D model, engineering and construction standards, and generate mobile grid scenarios to be able to identify the solutions in the grid development plan.	<ul style="list-style-type: none"> ➤ Unified planning of Capex and Opex (including new services such as flexibility). ➤ Probability-based and multi-layered approach. ➤ Standard catalogue of solutions. ➤ Total cost of ownership. ➤ Consolidation and integration of engineering and construction activities. ➤ 3D grid model: from design to operation.

Pillar	Purpose	Actions
Asset Operator	Comprehensive asset management from construction to maintenance and exploitation to the end of their useful life, with a view to ensuring safety, service quality and efficiency while harnessing the management of internal and external resources.	<ul style="list-style-type: none"> ➤ Centralisation of control centres for countries and areas. ➤ Training for field resources on how to monitor, report and certify their work autonomously. ➤ Real-time tracking of materials, work execution, virtual and remote assistance, digitalised communication.
Customer Engagement	Ensure global standards, while taking consideration of differences between regions. Avoid and reduce complaints and penalties. Achieve simplicity, ease and financial efficiency in all kinds of customer requests, while ensuring their satisfaction.	<ul style="list-style-type: none"> ➤ Modular activity framework, based on core services. ➤ Centralised multichannel contacts (countries). ➤ Data analysis to prevent events and implement proactive measures. ➤ Comprehensive management of activity remuneration.

Billing E-Order

The project consists of renovating the commercial systems in Edistribución *redes Digitales* for better customer service and the adaptation to the new tariffs.

Its scope includes the following subprojects/activities:

- New connection system (four new supplies).
- New billing system (billing).
- New work management system (Work Beat).
- New field work execution system (Force Beat).
- Migration of equipment inventory (Heart Beat).

The project enables us to converge Edistribución's systems map with the systems map of the global business line, thus adapting the processes and harnessing the Group's economy of scale.

The new systems map is as follows:

- Modern standard hardware to increase performance.
- Cloud-based platforms geared towards a distribution company (Billing, WFM, Front Office).
- Standard platform (SAP IS-U, Salesforce) where applicable.

Comprehensive Quality Plan

In February 2021, we approved an investment for the Comprehensive Quality Plan Iberia. The approved investment provides for assigned funds for 2020, 2021 and 2022 and for the investment needed in 2023 and 2024 to complete ongoing work in high and medium voltage.

The project aims to improve Edistribución's quality indices so that they align with the sector's average quality indices.

The main lines of action are:

- **Grid structure** investment to reduce the number of grid disruptions.

- **Remote control:** investment in remote-controlled equipment in order to reduce the impact of disruption periods on customers, derived from grid failures.
- **Automation:** investment aimed at reducing the number of customers involved in a failure by installing switches along medium voltage lines.
- **Installation of sensors:** investment in the installation of equipment in distribution substations to monitor transformer load and avoid saturation and incidents.

3.2.2.2.1. Participation in technology platforms

In 2021, ENDESA continues to actively participate in different technology platforms that seek to promote the development of a much more advanced distribution grid, capable of responding to the challenges posed by the future. These include collaboration with the Futured platform, where it forms part of the leading group, that serves as a forum for dialogue and discussion between different stakeholders to provide better knowledge and define a shared vision of tomorrow's grid. Specifically, in 2021 we have presented the findings of the ENDESA-led working group on flexibility.

3.3. Customer digitalisation

3.3.1. ENDESA: Towards leadership in digital transformation

Consumers' access to new technologies, their adoption and mass use, has completely transformed customers. This uptake involves new habits and customs by consumers in their personal and professional lives, and of course, in their relationships with companies. The vast majority of them are already or will become digital, connected and social customers (in 2020-2021, the COVID-19 pandemic is accelerating this phenomenon).

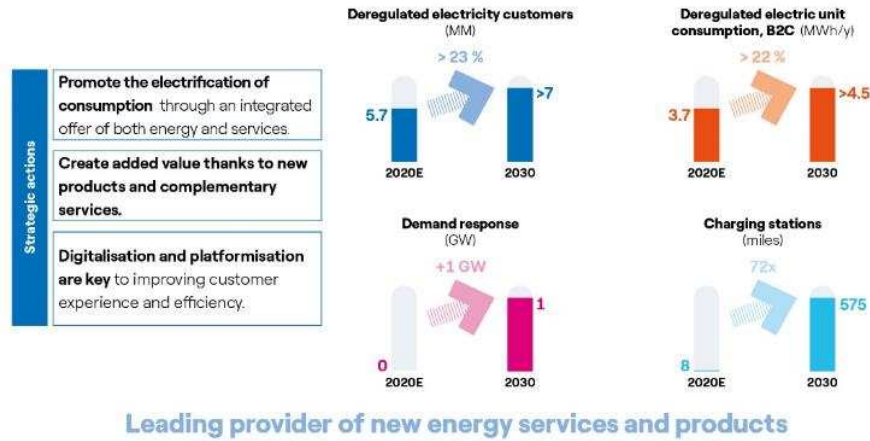
Since it is the customer that leads the way for ENDESA, in 2021, ENDESA continues developing new customer service channels, new IT tools that favour customer digitisation, as well as products and services that are essentially digital by their very nature.

Digitisation has been one of the basic pillars of ENDESA's Strategic Plan for years, as a lever to improve the customer journey with ENDESA as well as process efficiency.

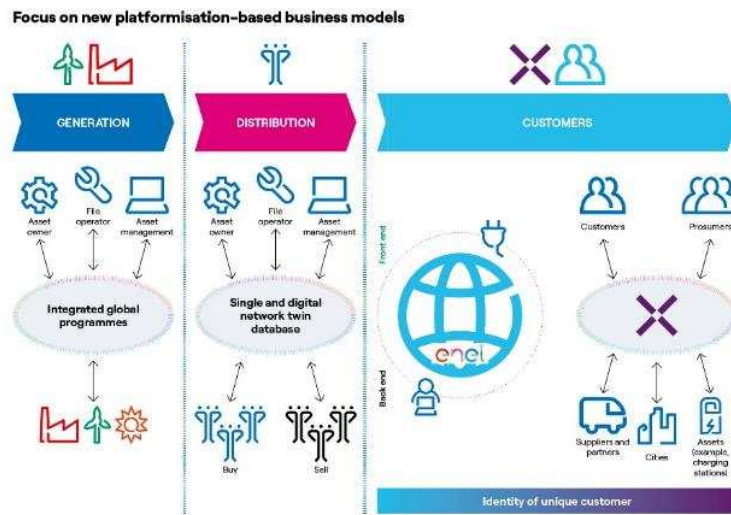
- Thus, through the adoption of new digital tools and the application of Customer Intelligence and Advanced Analytics capabilities, we improve time-to-market and commercial efficiency, to the customer's benefit.

- At the same time, advances in digitising processes allow us to capture opportunities to improve costs, thus fulfilling the ambitious goals of operational efficiency while at the same time maintaining a high level of customer service.

The customer is at the heart of our strategy



- Since 2021, we have been developing new platform-based business models where ENDESA and other collaborators may offer products and services that are originally digital.



Electrification of demand is the other key transformation vector which saw major progress in 2021. This will enable energy customers and the economy to make their energy transition towards a decarbonised world, with a better mix for everyone.

3.3.2 New digital and sustainable platforms and capabilities in 2021, putting the customer at the centre

With the customer as the central focus of our action, ENDESA continues to develop its "digital and sustainable ecosystem".

At the end of 2021, there are approximately **5.8 million digital** ENDESA customers, with a particular focus on:

- The promotion of electronic billing and the help provided to customers in understanding it, which has meant a 1.4 million increase in contracts with e-billing in 2021.
- The commercial consolidation of new digital, sustainable products in addition to Única, such as the Homix home solution, which gives simple control over heating, security, lighting and all other devices in the ecosystem of a smart home.
- The increase in customers' digital transactions in ENDESA Portugal.

Mention should be made of the most relevant milestones for the key **digital transformation projects** in 2021, which have enabled us to complete the **digital ecosystem**:

- Consolidation of new channels and platforms begun in 2020:
 - New channels: voice assistants (Alexa, Google Home), WhatsApp, CallBack on the phone channel, etc.
 - Partnerships with leading digital platforms (Google and Amazon) and the network of collaborators (resellers and aggregators) in ENDESA's ecosystem.
- Progress in the digitisation of channels and communications: online channels, greater digitisation of customer communications, etc.
 - For example, at the end of 2021, % of interactions handled by CAT were answered by the virtual assistant (Watson IBM) or through natural language, accounting for more than 12% of the total CAT interactions.
- In Portugal, the following stood out in 2021:
 - Gradual consolidation of the main initiatives started in 2020: MyEndesa 2.0 (online channel), new "Fotofactura" channel (remote submission of reading/bill).
 - Promotion of participation in the MUDA project, which fosters digitalisation of Portuguese customers (electronic billing, email communication, use of the private area of the online office, etc.).
 - Launch of the remote contract channel: improved customer experience thanks to a new contract form where they can input their bill; and text recognition tools (OCR) save having to enter 80% of the data needed.

As regards **digital capabilities**, the following are the key milestones in 2021:

- Implementation of the new core CRM (comprehensive customer-ENDESA relationship systems, with Salesforce technology), for household (CRM B2C) and corporate customers (CRM B2B). These systems improve the customer's relationship and experience with ENDESA processes and enhance internal efficiency. In 2021, they are adapting to current new challenges (foster market automation, implement the new circular on access tariffs, etc.).

- We are still developing *Advanced Analytics* digital capabilities to improve our service quality and internal processes (e.g. digital tools para better advice to customers depending on their profile, using complaints information predictively and proactively).
- The next challenge is to use these platforms to explore the possibility of advanced personalisation of the relationship between each customer and ENDESA, by developing multiple journeys executed in real time.



3.4. Digitalisation of our people

ENDESA continues to make significant changes with a view to becoming a more digital and innovative company; it considers offering continuous training to its employees and providing them with the best digital tools as essential factors in achieving this, thus helping to drive the cultural change required by the company.

3.4.1. Work environment

Open Work

In 2019, ENDESA launched the Open Work project in its HQ with the aim of moving towards new ways of working by managing the change of human resources and implementing new spaces and technology, while ensuring digitalisation, sustainability, health and safety. In 2018, ENDESA had run a pilot experiment to transform ENDESA X spaces. After its successful deployment and the positive response from employees, the model was to be applied to the entire building.

With Open Work, work at ENDESA will be more agile, technology-based, efficient, flexible, open and collaborative, in line with the company's digital transformation and its commitment to agile methodology.

The renovation work has made great progress in 2021 and the model has been adjusted to allow for the requirements brought about by the pandemic. At the end of the year, around 1,650 people are in Open Work, 72% of employees at HQ.

Tech Bar and virtual workshops

This space is in ENDESA's HQ in Madrid and facilitates daily use of technology for a better user experience in an open and friendly environment, in line with the ways we currently consume technology. Employees receive personal support at their disposal through a technician who helps them resolve doubts or incidents with their corporate technology.

As in previous years, we held 43 workshops in 2021 (all virtual due to the pandemic) on collaborative work tools, to increase the intensive use of the cloud as a storage space.

This year 4 digital routines were published, focused on archiving in the cloud, OneDrive, SharePoint and Teams, essential for the development of remote work without affecting the teams. Teams has established itself this year as the corporate collaboration tool, and SharePoint as the document repository. These workshops, with onsite review of use cases, were attended by 648 people.

The "21 Días" Digital Routines site received 84,406 visits from 6,510 different users and 403 subscribers who permanently follow all the publications.

3.4.2. Digital skill development

As part of its digitisation strategy, ENDESA focuses on the value of people since digital transformation is closely linked to the transformation of people.

ENDESA's digital skill training programmes allow people to add to their technical knowledge of technology, change management skills that are the new paradigm of the digital age and the new work model, to attain a more systemic vision and achieve a positive, sustainable impact. Digital transformation training in 2021 has reached 36,251 hours of training delivered.

The new hybrid work model has increased digitalisation training in terms of quantity, quality and efficiency, to promote transformation and help people to change, understand, become aware of and acquire the skills they need to face current challenges, while encouraging them to foster their potential.

Training programmes

Training programmes

<p>DATA DRIVEN</p> <p>Collect, improve, analyse and understand how and why data has become essential for ENDESA's competitiveness and continued growth. Guide people through the implementation of a data-centred culture, the adoption of new technologies (e.g. machine learning), and the promotion of their talent and the skills required.</p>	<p>DIGITAL SKILLS</p> <p>Aimed at the people who need a markedly technical view of the digital world, with an in-depth focus on digital tools specific to ENDESA's different areas.</p>	<p>DIGITAL SOFT SKILLS</p> <p>People are key to a successful digital transformation. Information and training are thus essential, helping people to acquire the skills they need to face new challenges. Some of the topics are Design Thinking, Innovation management, business agility, idea generation, prototyping, co-creation and bimodal management.</p>	<p>OFFICE 365</p> <p>Train people so that they make better use of the tools in the Microsoft Office package.</p>
<p>21 D DIGITAL ROUTINES</p> <p>Promote good digital practices to incorporate new routines every 21 days. Online training itinerary with tips and advice on how to harness digital tools for personal and collaborative use. Short two- to four-minute videos, with clear and concise guidance on how to go digital within 21 days.</p>	<p>WE CONTINUE TOGETHER</p> <p>Webinars and online courses to follow up on people and their training in collaborative digital tools: team management, communication and emotional intelligence.</p>	<p>REMOTE WORKING</p> <p>Leadership and management, time management, emotional management.</p>	<p>AGILE TRANSFORMATION</p> <p>In-depth knowledge of the Agile development techniques to train high-performing teams as regards delivery and integrate the value of service management in agile work dynamics.</p>

3.5. Cybersecurity



Line of action	2019	2020	2021	2021-2023 target	2022-2024 Sustainability Plan (PES)	
					2022 target	2024 target
Execution of cyber exercises involving plant/industrial sites ¹ (cumulative no. of cyber exercises)	-	21	23	36	12	14
Promotion of cybersecurity awareness among employees and family members (number of actions)	-	16	18	15	15	15

¹ The training services, carried out by mixed Cyber and business personnel, are mandatory and necessary to educate internal stakeholders on the correct use of the ENEL CERT in terms of commitment, communication, confidentiality of communication and cyber incidents – services of response (detection, analysis, response, recovery).

Featured actions

1. Cyber exercises meant to enhance the ability to detect, prepare and manage cyber attack events.
2. Actions aimed at promoting, educating, training and raising awareness about cybersecurity.

Nowadays, cyberthreats are becoming more frequent and more sophisticated due to the increasingly widespread presence of technology in the digital life of companies. As a result, cybersecurity has become a global issue, one of the main corporate risks worldwide and one of the pillars on which ENDESA's digitalisation strategy has been built.

ENEL Group has a holistic and systemic model in place to act on and manage cybersecurity, encompassing all ENEL Group companies, including ENDESA. This model is promoted by senior management and relies on the actual involvement of all corporate business areas and the areas responsible for designing, managing and operating IT systems. ENDESA also has a Cybersecurity Unit that reports directly to the Chief Information Officer (CIO) through the CISO (Chief Information Security Officer), to streamline the decision-making process at a global level, in a context where response time is pivotal. Senior management and global strategic management are committed to the cybersecurity governance model and establish the need to use first-class technologies, design ad-hoc business processes, increase people's cyber awareness, and transpose regulatory cyber requirements.

3.5.1. Management policies and models

ENDESA, as part of the ENEL Group, shares the Group's principles and processes for cybersecurity-related activities, as established in the document "Cyber Security Framework, policy 17, released by the CEO. This document sets forth the principles based on the best international practices in the energy sector:

- It is structured into 8 processes fully applicable to the complex environment of Information Technology (IT), Operational Technology (OT) and Internet of Things (IoT).

- It defines the roles and responsibilities, while ensuring full involvement of business areas, assigning custom responsibilities to the organisation's stakeholders and laying the solid foundations of a complete merger of technologies, core processes and people.
- It is focused on and driven by a "risk-based" approach and the principle of "cybersecurity by design".

This document and its subsequent activities address cybersecurity governance and management.

The "risk-based" approach of the document Cyber Security Framework makes risk analysis an essential step in all strategic decisions. Since 2017, ENDESA applies a cyber-risk management model based on a methodology applicable to all types of computer systems (IT/OT/IoT). This model aims to identify, prioritise and quantify cybersecurity risks associated with the use of these systems. Its ultimate goal is to identify and adopt the most appropriate security measures to minimise and mitigate these risks. Therefore, in line with this methodology, ENDESA identifies information systems that require risk analysis, based on which the appropriate mitigation actions are established depending on the type and severity of the risk.

Implementing the global "cybersecurity by design" principle allows cybersecurity activities to focus on cybersecurity issues from the early stages of computer systems design and implementation, to fortify their resilience to cyber attacks. ENDESA shares cyber security best practices and operational models and helps to define guidelines, standards and regulations with private organisations, institutions and academies.

Likewise, the ENEL Group has created its own team of computer analysts, in the Cybersecurity Unit, (**Cyber Emergency Readiness Team-CERT**) and since 2018 it has had its Control Room for proactive management of cyber incidents and to activate the response to cyber emergencies, cooperating with national and international CERT communities for all group companies, including ENDESA.

The CERT is active in national communities through membership of nine national CERTs, including, since 2018, the Spanish "national CERT". There are also international collaborations with "Trusted Introducer", a network of 445 CERTs in 73 countries, and since 2018 with "FIRST", the largest collaboration community in the sector, with more than 602 members from 99 countries.

When the CERT detects any type of risk or incident regarding information security, it analyses it and classifies it by severity. When the incident generates a crisis situation affecting business continuity, the profitability of the company or its reputation, ENDESA immediately takes the necessary action in accordance with existing crisis and emergency management security policies.

The CERT is focused on:

- Preventing, detecting and responding to cybersecurity incidents ("Cyber Incident Response") through a process whereby the CERT and internal stakeholders communicate to implement a systematic, structured approach to incident management.
- Keeping track of cybersecurity threats ("Cyber Threat Intelligence") by collecting and managing detailed information on cyber threats, events and incidents through a process to find/detect privileged information and translate it into actions to avoid, mitigate or handle any security events.
- Exchanging information and collaborating with the necessary parties to handle a cybersecurity incident, in a context of safe communication, considering the principle of "trust" vis-à-vis information to be exchanged in accordance with the principles of "need to share" and "need to know" of the different parties involved.

These are the key achievements of the company's cybersecurity areas in 2021:

- **CERT:** In 2021, the CERT continued to strengthen the Group's perimeter protection methods both through the improvement of technology solutions in the field (Machine Learning) and through the continuous training aimed at employees of industrial sites (cyber exercises) from all the ENEL Group countries, including ENDESA.
- Adoption of an **EDR** (End-Point Detection and Response) solution. Its enhanced functionalities enable the identification and blocking of viruses and malware in endpoints and the identification of harmful patterns and behaviours that may be part of a cyber attack.

In addition, 23 cybersecurity exercises took place in 2021.

As a part of ENEL Group, ENDESA actively helps to enhance the international cyber ecosystem through collaboration with international bodies, relationships with the academic and institutional world, technology partnerships, participation in institutional events and talks in international conferences. Its solid network of collaborations allows ENEL to have a positive impact on the entire ecosystem, particularly the supply chain, and:

- Help to define standards, regulations and directives.
- Develop and strengthen channels to "share information".
- Promote culture and training in cybersecurity.
- Support "open innovation".
- Share best practices and operating models.

In 2021, ENEL helped to draft cybersecurity regulations and legislation worldwide, through comments in public consultations.

ENEL has placed its focus on one of the key drivers: harmonising cybersecurity legislation; the resilience of the cyber ecosystem by implementing a risk-based approach and the principle of security by design.

Activities of this type included:

- NIS 2.0: ENEL proposed a uniform approach under NIS 2.0, i.e. proposal for a common base of cybersecurity measures to apply to all EU-wide essential entities, taxonomies of unique incidents, common classification criteria and template for reporting incidents to authorities, with a view to improving EU-wide awareness and incident management capabilities.

Cyber security education, training and awareness:

- Training to enhance cybersecurity skills needed in the workplace. In 2020, the Cyber Security Unit began to prepare cybersecurity courses (Cyber School) aimed at the entire ENEL Group population. The first courses were in virtual format (some in 2020, the rest in 2021). In 2021, these courses are being redesigned to e-learning format so that they become an ongoing, always ready-to-use initiative that offers a complete awareness-raising path to foster internal capabilities about strategic matters, and thus directly possible needs for upskilling and reskilling.
- Awareness raising for all ENDESA employees, to reduce the cybersecurity risk tied to the human factor. In 2021, the Group launched TheRedPill to strengthen, support and advise

all ENEL staff through different functionalities (challenges, simulated phishing campaigns and diverse content on cybersecurity).

- Knowledge Assessment: used to assess the baseline of cyber risk, identifying the strengths and weaknesses for better guidance and calibration of awareness-raising initiatives.
 - Simulated phishing campaigns: by sending simulated phishing emails (similar danger to malware), ENEL staff is trained to recognise the characteristics of real phishing emails.
 - Awareness assignment: used to deliver awareness-raising courses and informative content to gradually increase the knowledge about cybersecurity.
- The Global Intranet is a further vehicle used to disseminate communications and information on cybersecurity (e.g. specific news, interviews and videos).
 - At the end of 2020, the policy Rules of Behaviour for Digital People was created to establish guidelines and rules of behaviour to be adopted by all ENEL Group employees and, as such, all ENDESA employees to ensure safe use of digital resources.
 - In addition, in 2021, 18 cybersecurity awareness actions were carried out.

ENDESA is covered by the cybersecurity risk insurance policy to mitigate cyber risk, valid for the entire Group and underwritten by ENEL in 2019.

To continue advancing in cybersecurity management, ENDESA has set the following objectives in its ENDESA 2022-2024 Sustainability Plan:

- Achieve 45 actions (in total, cumulative over 3 years from 2022 to 2024) to promote awareness about cybersecurity among employees and their families ("Disseminating the IT security culture and changing people's behaviour in order to reduce risks").
- Achieve 40 performances (in total, cumulative over 3 years from 2022 to 2024) of cyber exercises aimed at employees of industrial sites of ENDESA ("Execution of cyberexercises involving industrial plants/sites").

3.5.2. Outline the IT security strategy

The cybersecurity strategy sets the cybersecurity goals and priorities with a view to handling and coordinating the initiatives and investment activities for ENDESA as a whole, and to ensuring that cybersecurity policies are complied with, goals and targets are set, management reports are generated and security initiatives underway are constantly monitored.

This process is an ongoing task, led by the Chief Information Security Officer (CISO), and harnesses the close integration and synergy between Global Digital Solutions and the business areas. The parties involved share their needs and training, analyse opportunities, handle any issues and propose initiatives.

Additionally, they analyse the options and initiatives within their business area to determine their viability and achieve consensus and the related financing. The Cybersecurity unit drives the process and, together with all other parties, gradually consolidates aspects such as the future scenario of cybersecurity, the cybersecurity goals and targets and strategic initiatives with an initial budget and top-level prioritisation.

The cybersecurity strategy is defined on the basis of corporate needs and approved by the Cybersecurity Committee, led by the CEO of ENEL Group and made up of senior management members. More specifically, the committee includes the General Manager of Digital Solutions,

the heads of the lines of business and the Manager of Regions and Countries, including ENDESA's CEO, and the Manager of holding functions.

3.5.3. Incident management

The CERT monitoring system collects events from various data sources and, harnessing the automatic analysis, correlates them to log incidents.

These incidents are classified in line with the cyber impact matrices, albeit considering the enhanced event correlation capabilities derived from adopting new security services.

Most incidents are classified as level 0/1 since they have no significant impact on the Group's environments and are resolved on the same day.

Incidents are classified on the basis of diverse criteria. Impacts (assessed as either non-existent or restricted in most incidents, those classed as 0/1) are centred around aspects such as the safety of people, financial losses, loss of operating efficiency, media coverage and any resulting uncertainty.

Incidents classified as level 2/3/4 in the cyber impact matrix vary from potential impact to medium-relevant impact and are all managed by the CERT, with the involvement of all stakeholders.

In 2021, the CERT handled:

- 175 cybersecurity incidents with level 2 impact.
- 31 cybersecurity incidents with level 3 impact.
- 0 cybersecurity incidents with level 4 impact.

In all cases detected, all incident and critical event management procedures were triggered to enable a fast, efficient response and, therefore, minimise the impacts on people, services and assets.

Organisational procedure (OP) 204 "CERT – Cyber Emergency Readiness Team", also via a detailed RACI manual, describes the incident management process.

In order to enhance the ability to detect, prepare and manage cyber-attack events, the CERT runs regular cyber exercises to train the staff involved. A report is generated at the end of each cyber exercise, with a detailed description of the simulation. This report allows us to assess and work on the continuous improvement of:

- Quality and integrity of the material supplied to back the decisions.
- Execution times for each stage.
- Consistency with the procedure.

3.5.3.1. Cybersecurity projects

All projects, programmes and initiatives in the chapter aim to avoid, mitigate or correct cybersecurity risks for ENDESA. As a result, cybersecurity activities (defined with a risk-based approach and as per the principle of security by design) generate a continuous due diligence process, including self-assurance activities.

The Cybersecurity unit implements short- and medium-term initiatives, projects and programmes with short- and long-term impacts and benefits.

More specifically, the technological initiatives underway to strengthen the protection systems and reduce the exposure to risk are focused on Information Technology and Operational Technology industrial environments.

The Cybersecurity units manage the following projects centrally, with deployment to Group areas:

- Adopting Multifactor to strengthen the authentication process and counteract the theft of credentials.
- Implementing Digital Right Management to ensure the correct classification of information.
- The CASB (Cloud Access Security Broker) project to ensure cloud security governance.
- The SEOL (Security Eye on Logging) project to detect any anomaly in the assets and resulting from a breach of data protection regulations.
- The antivirus solution Next Generation End Point Protection.
- The drive encryption solution for workstations.
- "The Red Pill", the Group's platform to run simulated phishing campaigns, awareness, adaptative and active campaigns.
- The Cyber GRC tool to support users in automating and monitoring management of BIA (Business Impact Analysis), RA (Risk Assessment) and *Risk Treatment*.
- The centralised asset management platform for the OT technology environment.
- The implementation of security platforms such as Deep Packet Inspection .
- Drafting agreements with the main OT asset suppliers.
- Research and development in industrial security.

4. INNOVATION



Actions deserving special mention

1. Commitment to external and internal talent through the OpenInnovability.com platform to present innovation and sustainability challenges.
2. Development of the relationship with entrepreneurship ecosystems, with entrepreneurs and start-ups through Innovation Hub Europe.

The scope of the information provided in this chapter covers both ENDESA, S.A. and its investee companies in Spain and Portugal, the same as in the Legal Document reports. For further information, see section 1.2.6. *Organisational structure* in Chapter 1. *About ENDESA*. Variations, if any, to the scope described here are presented throughout the chapter.

4.1. Investing in innovation

3-3 Management, research and development approach

ENDESA is firmly committed to innovation and digitisation, aspects that it considers strategic, to address present and future challenges across all areas of the company. ENDESA's digital transformation encompasses its assets, customers and employees. The pandemic has significantly accelerated innovation and digital transformation, so we are investing considerably in improving platforms, processes, systems and tools, paying as much attention as needed to cybersecurity, the protection of personal data, and of course, raising the standards of security, business continuity and operational efficiency.

Therefore, the company sees innovation as a strategic element to address the challenges faced by all areas of the company, meaning that it must form part of all its activities.

To this end, all of ENDESA's lines of business undertake projects, invest resources and ultimately take the lead in this area.

INVESTMENT IN R&D (MILLIONS OF EUROS)¹

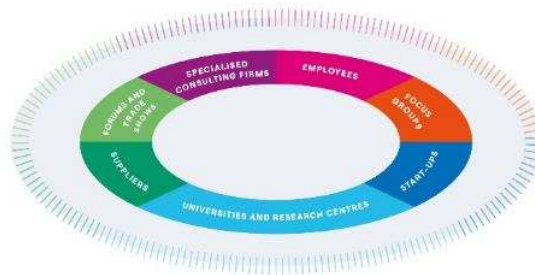
	2019	2020	2021
Supply	0.3	0.5	0.4
Generation	5.1	1.9	1.2
Nuclear	2.1	1.6	1.8
Renewables	0.4	1.8	2.9
Distribution	11.5	7.2	1.0
Total	19.4	13.0	7.3

¹The investments in distribution have dropped when compared with 2020, after the completion of the DIGI&N Iberia project, which received a huge investment in innovation.

4.2. The open innovation model

3-3 EUSS Management, research and development approach

ENDESA is firmly committed to an open innovation model aimed at finding quality ideas that can develop innovative solutions to transform the current energy model. Open innovation is a new model used by companies to interact with external actors (universities, *start-ups*, research centres, employees, suppliers or other companies in the same or a different sector), to promote the collaboration and knowledge sharing.

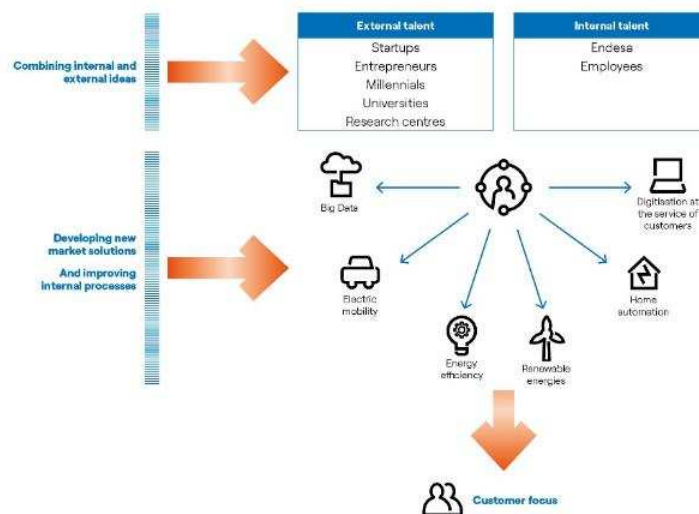


ENDESA's innovation activities are carried out in close collaboration with the rest of the ENEL Group, taking advantage of the Group's success stories in other countries, the Group's laboratories and the best research centres, universities, suppliers and emerging national and international companies.

All businesses take part in this model to ensure constant improvement and growth; from conventional generation, renewable generation, the infrastructures and networks that transport it, to value added products and services for all kinds of customers, whether residential, retail or large companies.

Below is a summary of ENDESA's innovation model:

ENDESA's open innovation approach



4.2.1. Openinnovability.com: our global digital gateway

OPEN INNOVABILITY <https://openinnovability.enel.com/> is the platform used by ENDESA to present innovation and sustainability challenges. This platform can be used by Group employees and *start-ups*, independent innovators, universities, research centres, potential business partners, NGOs or other associations to offer solutions to these challenges. This platform, which is open to the entire ecosystem, boosts the generation of ideas and opportunities for all challenges.

Different challenges were launched during 2021, for example:

CHALLENGE	
Distribution	More circular and sustainable substations have been integrated into rural and urban environments.
	Remote operation of distribution networks and wiring.
Human resources	Improve employee well-being.
Generation	Promote systems to preserve plant biodiversity in renewable energy facilities.
	Give a second life to equipment and components removed from the facilities.
Supply	New ways to leverage internal and external data, with the aim of creating new businesses, products or solutions that can add value.
	Innovative solutions to electrify public transport.
Generation and Supply	More cost-effective and sustainable storage systems.

4.2.2. Attracting external talent: ENDESA and entrepreneurs

ENDESA remains committed to working with entrepreneurs and *start-ups*, given their capacity when it comes to disruptive innovation, their use of technology, their know-how and, most importantly, their agility to develop and bring products and services to market in the shortest possible turnaround time. Our relationship model is mainly based on the development of collaborations aimed at establishing commercial agreements with start-ups, known as "Venture Clients".

ENDESA, as part of the ENEL Group, benefits from the activity of the Group's ten *Innovation Hubs* and specifically from the ENEL Innovation Hub Europe opened in 2017 in Madrid. These *Innovation Hubs* are located at relevant centres of entrepreneurship and in the Group's strategic markets around the world: Spain, Brazil, Chile, Israel, Italy (Milan, Pisa and Catania), Russia and the United States (Boston and Silicon Valley). The ENEL Innovation Hub Europe is responsible for developing the relationship with the relevant entrepreneurial ecosystems in Europe, including the entrepreneurial ecosystems of the Spanish and Portuguese markets, where ENDESA is present, and for prospecting European start-ups and SMEs that can provide a response to the challenges of ENDESA, as well as the rest of the ENEL Group companies.

During 2021, its activity in entrepreneurship ecosystems has increased, taking advantage of digital communication channels and resuming the physical presence in the different ecosystems as the COVID-19 pandemic unfolded.

Among ENDESA's collaborations in 2021 with start-ups and SMEs from various countries, as well as of other ENEL group companies with Spanish and Portuguese start-ups and SMEs, the following stand out:

COLLABORATION		
Alesea	Italy	Smart cable reel monitoring devices.
Appfollow	Finland	Solution for the automatic management of comments received on ENDESA's apps.
Cleanwatts	Portugal	Creation of an energy community with the aim of monetising its energy flexibility.
DAIL Software	Spain	Solution for Trading areas, based on natural language processing (NLP).
EOS Storage	Energy US	Hybrid cathode batteries.
ESS	US	All-iron redox flow batteries.
Hovering	United Kingdom	Robotic inspection of pipes and open channels.

COLLABORATION

Impedance	France	Monitoring the operation of internal combustion engines through torsional vibrations.
Karten Space	Spain	Processing of satellite images with applications in different business areas.
MemTech	Israel	Oily water cleaning system that uses membranes.
Minerva	US	Online sentiment analysis to help and guide customer service agents at call centres.
Nnergix	Spain	Analysis of the impact of atmospheric catastrophes and risk map for distribution infrastructures.
Odit-e	France	Meter mapping algorithm to identify the configuration of the electricity grid.
Omniflow	Portugal	Smart pole that consists of lighting, surveillance and telecommunications services for applications in <i>smart cities</i> .
Optimitive	Spain	Artificial intelligence applied to the optimisation of the combustion process in thermal generation.
Prati Armati	Italy	Protection of slopes and revegetation of damaged soils with selective hydroseeding methods.
ReciclaIía	Spain	Wind turbine blade recycling.
Reiwa	Italy	Autonomous photovoltaic module cleaning robot.
Relogable	Spain	High and medium-voltage network sensor systems for taking line SAG measurements.
Sonobex	United Kingdom	Specialised materials for reducing the noise of HV/MV transformers.
Smapee	Belgium	Monitoring of consumption to reduce the consumption levels and increase energy efficiency.
SMART-i	Italy	Improvement of the active safety of workers through the use of artificial vision systems.
Veridas	Spain	Use of voice biometrics as a customer authentication system in call centres.
Vitirover	France	Autonomous and automatic clearing and stripping robot used in photovoltaic plants.
Weber Solutions	Spain	Analytical tool for monitoring the activities carried out by agents in <i>call centres</i> .
Whisbi	Spain	"One-to-many" video service, delivered on web-based and mobile platforms, which allows ENDESA's products to be presented in real time by interacting with multiple viewers.

In the model that focuses on open innovation and collaboration with start-ups promoted by the ENEL Group, ENDESA acts as a growth platform for start-ups. The constant communication between start-ups and ENDESA's experts during the project development phase has driven the creation of value, as well as new challenges and ideas, in a framework of mutual benefit for both entrepreneurs and the company.

Proof of ENDESA's firm commitment to help entrepreneurs is the sponsorship of the "South Summit" for the eighth year in a row, the largest presentation of innovation and entrepreneur solutions in southern Europe, held from 5 to 7 October 2021. This year's summit received 11,500 visitors, and offered its contents online to achieve greater dissemination and impact. ENDESA organised the "Innovability Challenge" at the 2021 South Summit, with a focus on supporting and contributing to the visibility of start-ups with initiatives related to the Environment, Sustainability and the Circular Economy.



"Innovability Challenge" participants (from left to right) T-Box, Ox Riders, Endesa, Souji, Recircular, Loom, GreeMko and Sustainable Startup & Co.

4.2.3. The culture of innovation at ENDESA: Idea Hub

The culture of innovation among ENDESA employees is a key factor of transformation within the context of energy transition.

In this sense, ENDESA structures innovation with a series of initiatives, grouped in the Idea Hub, with the aim of promoting creativity, the culture of innovation and intrapreneurship within the company, with the use of joint creation methodologies, employee projects and training on specific innovation tools.

This activity is established through different programmes:

- **Make it Happen!:** Intrapreneurship programme that gives ENDESA's employees the possibility of becoming entrepreneurs within the company, with the presentation of projects on new business models or transformation of existing ones. In these cases, ENDESA can choose to fund the projects with the highest value.
- **Business challenge support sessions:** Application of innovative methodologies for the search for solutions to face the company's challenges.
- **Innovation ambassadors:** Global network of energising employees within the company with actions to facilitate, mentor and disseminate innovation.
- **Shakers Community:** Online theme-based community for employees interested in innovation.
- **Innovation Academy:** Training programme specialising in innovation tools.

4.3. Innovation in electricity generation

Within the Generation business, and in line with the dynamics of recent years, innovation is managed under an open innovation model. This model promotes innovation as a key tool in incremental improvement and the development of the entire business value chain in the medium term.

The focus on new innovation projects is an essential part of the company's decarbonisation strategy and is aimed at developing the key levers that can accelerate this process. According to this, innovation is a key tool to streamline the transformation process.

Although this open innovation model applies to all generation lines and technological areas, both in the renewable plant construction and operation phase, a focus was placed on the following strategic areas this year, where a very important part of the main innovation projects of the electricity generation line of business has been implemented:

ENERGY STORAGE

Energy storage is one of the key lines to achieve the decarbonisation of the electricity generation sector. To this end, ENDESA is leading the development of these systems by launching demo projects of different types of energy storage systems.

These projects are pioneering initiatives in Europe and demonstrate ENDESA's commitment to technological development and the search for the most sustainable solutions. These projects are aimed at identifying technological solutions that reduce the costs of energy storage, as well as reducing their environmental impact, either by reducing the use of toxic or flammable substances or by using more easily recyclable solutions.

It is worth highlighting the SELF project in Melilla for the use of second-life electric vehicle batteries as stationary storage systems, the demo vanadium and solid-state all-iron redox flow battery projects developed in Mallorca, the 2 demo all-iron redox flow and hybrid cathode battery projects in the Canary Islands and the project for the development of a long-term energy storage system in Tenerife using liquid air energy storage technology.



SELF Project in Melilla. Energy storage in second-life batteries.

ROBOTIC SOLUTIONS

These initiatives are aimed at introducing new robotics solutions for the inspection of assets and to incorporate autonomous robots as support elements during the tasks associated with the operation of generation plants.

ENDESA has worked hand-in-hand with many different start-ups and technology companies to develop these projects, providing its support during the development of new features and adapting solutions in each use case.

One of the aims of these projects is the improvement of inspection activities during the maintenance tasks in generation plants, with the development of new technical capacities, which allow the inspection of inaccessible areas, and the reduction of risks to people, by limiting their access to areas with intrinsic hazards, such as underwater tasks, confined spaces or high-altitude work.

This line has continued with the deployment of drone-based solutions and underwater robots operated by internal personnel, both during the inspection of conventional power plants and hydraulic plants. The project also involved the validation of advanced solutions based on ground robots and autonomous drones for the inspection of ducts and channels in hydraulic power plants. Finally, the company worked with several *start-ups* on the development of specific solutions for the on-site inspection of wind farm components, such as wind towers and the detection of problems on blades, as well as photovoltaic modules using thermography from autonomous robots and piloted drones.

With regards to the development of operational support robots, specific projects have been developed for the validation of automatic photovoltaic module cleaning solutions and for the automatic clearing and stripping of plants in solar photovoltaic plants.



Automatic photovoltaic module cleaning robot.

CONSTRUCTION OF NEW RENEWABLE GENERATION PLANTS

Different innovative solutions are being developed within this area, with the aim of improving the following aspects:

- The process efficiency, allowing a reduction of development costs and minimising the environmental impact of the processes.
- A reduction of the time required to execute construction works, a key aspect in the accelerated decarbonisation process promoted by the company.
- Improvement in safety aspects for workers on site, reducing existing risks.

Some of the most outstanding activities in this field include the incorporation of virtual site visit monitoring systems, the incorporation of BIM technology and artificial intelligence to monitor the construction process and the use of drones and artificial intelligence to automate these monitoring systems, in addition to the development of semi-automatic solutions that can streamline the construction of new generation plants.



Use of drones to monitor the construction process.

IMPROVING THE END-OF-LIFE OF EQUIPMENT AND SYSTEMS, WITH A CIRCULAR ECONOMY APPROACH

With regards to these types of projects, it is worth mentioning the development of two pioneering projects in Spain, which focus on the end-of-life of wind farm and battery sector assets. Both projects have been designed to develop the first demo recycling plant for these types of materials on the plot of the former Compostilla plant.

The wind turbine blade recycling project focuses on the recovery of the glass and carbon fibres that make up the composites on wind turbine blades. These recovery processes would allow a second use of these materials in other industrial processes such as for the development of construction materials or as raw materials in the ceramic sector.

The second project focuses on the recycling of lithium-ion batteries, paying special attention to batteries sourced from the automotive sector. The project aims to develop the first lithium-ion battery recycling plant in Spain and provide a valid solution for the sector across Spain. These developments would include a battery recycling line for second-life solutions, in order to maximise the use of batteries that still have a residual value after they have been used in electric vehicles.



Recycled fibreglass.

REDUCING THE ENVIRONMENTAL IMPACTS OF GENERATION ACTIVITIES

In this area, it is worth mentioning the pilot agrovoltaic projects that are currently being developed in 5 photovoltaic plants in the Autonomous Communities of Murcia, Extremadura and Andalusia. The aim of these projects is to validate the compatibility of photovoltaic power generation and agricultural production at the same site. Each pilot project is designed and adapted to the soil conditions and the type of traditional crops of each site, as required to ensure that representative results are achieved.

During this year, several activities focusing on the validation of new processes for the treatment of contaminated soils and more environmentally sustainable solutions for use in landfills and thermal power plants being closed have also been launched.

Finally, we should highlight the launch of a new project to improve the protection of birds in the vicinity of wind farms, which involves the validation of up to 4 new bird detection and deterrence systems. These pilot projects will be rolled out at the El Campo, Motilla and La Estanca wind farms.

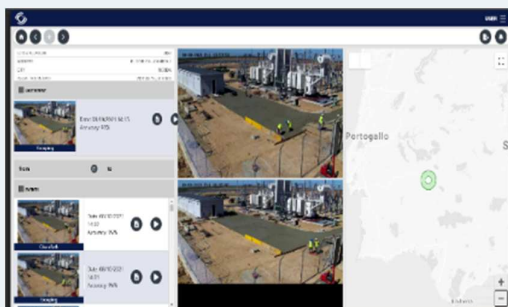


Agrovoltaic project at the Totana photovoltaic plant.

REDUCTION OF OCCUPATIONAL RISKS IN THE NEW PLANT CONSTRUCTION AND OPERATION ACTIVITIES

With regards to these projects, it is worth highlighting this year's use of artificial intelligence technologies and artificial vision for the identification of occupational risks. This system is based on the use of cameras and it can identify and report risks to workers when the safety requirements are not being met.

This development is being validated at two pilot plants, one in a photovoltaic plant under construction in Extremadura and the other in a conventional generation plant in the Canary Islands.



Worker safety system based on artificial vision at the Extremadura photovoltaic plant.

4.3.1. Innovation in generation from nuclear energy

ENDESA has continued to invest in R&D in the field of nuclear power by participating in different programmes. ENDESA is the secretary of the CEIDEN Spanish Nuclear Fission Energy Technology Platform, which coordinates R+D+i activities in the sector. Likewise, through the Nuclear Energy Committee of the Nuclear Forum, the company promotes research projects of interest to its nuclear power plants. The following programmes are of particular relevance:

- EPRI Nuclear Programme, which pursues operational excellence at nuclear power plants.
- €4.7M were invested in the R&D and Technological Innovation (IT) projects of the investee nuclear power plants of Ascó and Vandellós (ANAV); the 2020 tax deductions were allocated to these projects.

ENDESA's nuclear power plants, thanks to investments in innovation, are prepared for long-term safe operation, beyond 40 years. The long-term operation of the plants, which do not emit CO₂ and which have a significant contribution to production in the Spanish electricity system, favours the reduction of greenhouse gas emissions at the national level.

ENDESA, through EPRI, participates in research programmes to improve generation processes in a large number of areas such as: materials management, chemical and fuel treatment, improvement of plant performance and a variety of strategic initiatives. These programmes are developed jointly by all EPRI members across the world.

More details of the programmes that are carried out can be found at <https://www.epri.com/research/sectors/nuclear/programs>.

4.4. Innovation in the electricity distribution network

3-3 EUSS Management, research and development approach

ENDESA considers that innovation is a key element of its electricity distribution network, with a two-fold objective, **to provide a response to the demands of its customers**, increasing the participation of customers, and **to improve energy efficiency** and integrate renewable generation into the grid. The company develops several projects with these objectives, which can be classified according to its scope of action:

4.4.1. Smart Grids/Smart Cities projects

ENDESA is implementing different initiatives for the digitisation of the network, validating technological solutions in Living Labs. These laboratories are real environments, under normal operating conditions and with the presence of end users, where the most common products and services of smart grids are tested and assessed. The aim of these projects is to enable grids to offer an effective response to their users' needs:

- **SmartCity Malaga** project: Smartcity Malaga is a living lab created in 2009 from the funded project of the same name. This initiative, completed in March 2013, marked the beginning of different actions for the development and implementation of different technologies that are closely related to smart grids and smart cities. These include different renewable distributed generation and energy storage solutions, charging infrastructures for electric vehicles, and energy efficiency applications for buildings, companies and homes, with the active participation of end users. In 2017, Smartcity Malaga became a member of the European Network of Living Labs, the world's leading body in the field, in recognition for its operating model, based on experimentation in real conditions on network infrastructures and user involvement in all processes.

The portfolio of projects developed to date in this real laboratory, as a centre for experimentation and development of the electricity distribution technologies of ENDESA and the ENEL Group, includes internationally recognised experiences, such as Green eMotion, ZEM2ALL, VICTORIA and PALOMA, aimed at promoting electric mobility, both private and for passengers, and its efficient integration into the distribution network; MONICA and PASTORA, focusing on the improvement of the network's operation and maintenance through the application of innovative *big data* and artificial intelligence techniques; and Flexiciency and COORDINET, which address the flexibility of the distribution network.

- Preventive Analysis Project for Smart Networks with Operation in Real Time and Integration of Renewable Assets (**PASTORA**): Complementary project as part of the Monitoring and Advanced Control Project for Medium and Low-Voltage Distribution Networks (MONICA). In 2021, the work on the development of the linking algorithm was continued and a network monitoring application (ADMS) was developed. In addition,

Smart transformers and Smart distribution panels were installed at the Living Lab training centres. In addition, a pilot proof of concept was conducted to analyse faults and anomalies in transformers using thermography imaging systems.

- **Smart5Grid project:** the Spanish demo project is in the Ecogarraf substation (66 kV) of the Garraf Natural Park in Barcelona. The aim is to establish a safe area in volumetric terms, so that field technicians will be monitored by a real-time tracking system that will use a private 5G network. The project uses alarm signals to warn and make sure that no operators are near energised elements of the substation.
- **"Aerial-Core" project.** The aim of this project is to develop central technology modules and an integrated aerial cognitive robotic system with unprecedented capabilities in its range of operation and safety in terms of interaction with humans (aerial robots). The solution involves using UAVs (drones) with robotic arms on power lines and infrastructures. They will be used to increase the autonomy during the inspection and maintenance of large infrastructures, as well as to help human workers with air support. The project will be rolled out at the ATLAS Test Centre facilities in Villacarrillo (Jaén), a centre with 1,000 km² of available airspace, up to 5,000 feet. The project started in December 2019 and will end on 1 December 2023 (4 years).

4.4.2. Flexibility projects

The aim is to develop projects that create the network and platform conditions, which will allow customers to take advantage of the flexibility of small generators and the demand of small generators, injecting unused electricity into the system while improving the network stability. This category includes the CoordiNet and Microgrid Blue initiatives.

- **"CoordiNet" project:** Creation of a European energy platform to open new markets to consumers, taking advantage of the flexibility of small and large generators, in addition to demand, so that they can provide new services to system operators. The development of the flexibility platform started in 2021, which together with the installation of low-voltage sensor system tools will allow the first demos in real scenarios in Malaga and Cádiz.
- **Microgrid Blue project:** This Smart Microgrids project involves the mass integration of renewable energies distributed in the electricity systems of the Canary Islands and West Africa. It involves developing tools to help manage electricity grids and operate island systems in scenarios of mass penetration of low-power renewable sources.

4.5. Innovation in energy supply

The Supply business executes proofs of concept and pilot projects with the validation of basic ideas to new technology tests in real environments, new work approaches looking for areas of improvement and the optimisation of processes, focusing on the improvement of the value proposition to our customers.

Joining Valuable500 has allowed ENDESA to work on projects to improve its customer communication channels. The company is collaborating with start-ups to improve the face-to-face service channels, the telephone and digital service channels, in collaboration with Fundación Ilunion, as well as improving the products and services offered to its customers so that they are accessible to the largest possible number of people and especially to those groups of persons with disabilities.

During the year, ENDESA has successfully completed the development of the Confia project, an Agile project for the improvement of the management of vulnerable customers with blockchain. This is an example of open innovation in which ENDESA has made available to public administrations a tool to improve the communication and management of vulnerable customers.

In a context of high volatility in energy prices, Única has become ENDESA's firm commitment to offer energy to its customers at stable prices in the long term. Thanks to digitisation and big data, ENDESA offers a personalised individual price to each customer, without penalties, with 100% renewable electricity and neutral gas emissions, 100% digital, and it also includes a challenge plan that rewards efficient consumption.

It is worth highlighting the Social and Environmental Innovation project for ENDESA's customers, allowing them to choose the initiatives that they would like the company to support. Some of the initiatives promoted include the support for families with members suffering from Jacobsen Syndrome, Food Banks, support for the Endesa Forest and Training for the employment of people at a risk of Social Exclusion.

During the 2021 financial year, the main innovation projects in the supply area were:

Projects	Description
Confia project	Project aimed at improving vulnerable customer management using "blockchain". This is an example of open innovation developed with the "agile" methodology in which ENDESA, the Malaga City Council, the University of Malaga and several collaborators have developed a pioneering project in the world that allows improving the exchange of information between the Public Administrations, social services and energy companies. Blockchain technology allows the creation of a shared, reliable, immutable, traceable and secure grid that prevents power cuts to vulnerable customers. This project combines ENDESA's social commitment, technological innovation and the constant search for efficient processes.
"Única": First energy subscription model	Única has become one of ENDESA's firm commitments. With this proposal, ENDESA also offers additional services that can be included in "Única", such as annual maintenance inspections, repairs or third-party services at discounted prices (for example: Netflix). It seeks to make life easier at homes, thanks to the use of new technologies.
GEA project	Social and Environmental Innovation project for ENDESA's customers, allowing them to choose the initiatives that they would like the company to support. Some of the initiatives promoted include the support for families with members suffering from Jacobsen Syndrome, Food Banks, support for the Endesa Forest and Training for the employment of people at a risk of Social Exclusion.
Valuable500	By joining the Valuable 500 initiative, ENDESA will conduct an in-depth review of the accessibility of all its processes and service channels. In particular, the company is working on improving the face-to-face service channels, the telephone and digital service channels, in collaboration with Fundación Ilunion, as well as improving the products and services offered to its customers so that they are accessible to the largest possible number of people and especially to those groups of persons with disabilities.
RC4ALL	The RC4ALL (Responsible Consumption 4 ALL) project uses Artificial Intelligence and Big Data techniques to generate personalised recommendations for Customers, with the aim of improving consumption efficiency, promoting responsible and efficient consumption, reducing energy consumed and unused, contributing to the decarbonisation of society and meeting the UN's Sustainable Development Goals. This project is funded by the Ministry of Science and Innovation and is carried out jointly by ENDESA and Comillas-IIT (Institute of Technological Research).
Voice biometrics at Call Centres	Pilot project that uses voice biometrics for customer authentication purposes at call centres, facilitating the validation of security policies in their interactions with ENDESA, through a two-step process: 1. Enrolment. Customer request, after completing a transaction via Watson (AI) to create the customer's voiceprint after recording the conversation with an agent. 2. Authentication. Identification of the telephone number used by the customer to call us and check the customer's voice (if enrolled) against the voiceprint assigned to this number.
Sales certification via WhatsApp	Use of WhatsApp by ENDESA's customers for the certification of the energy products for which they sign up, eliminating the barriers to sign up for new products and services with a new user-friendly channel, with the legal guarantees that protect both the customer and ENDESA against potential fraud.
Analysis of delays in claims with Graph Databases	With the analysis of the life cycle of a claim, from its registration to its resolution, a solution based on graph database technology has been implemented, which has allowed the company to identify those points in which the flow of the claim creates bottlenecks, as well as other additional findings in which problems are found.

4.6. Solutions for citizens: ENDESA X

Transforming cities to improve citizens' quality of life.

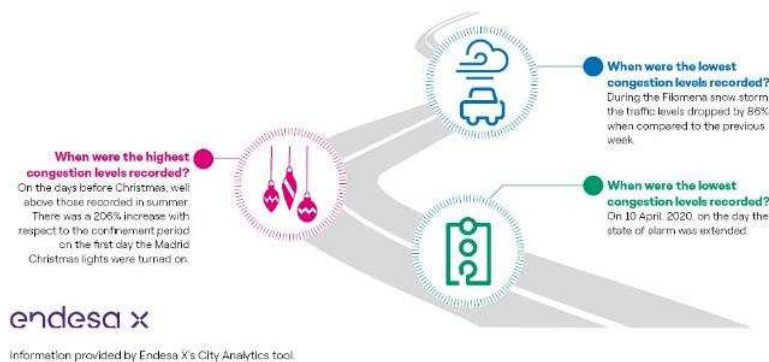
Innovation projects in cities aim to facilitate access to better and faster services, creating a cleaner and more sustainable urban environment, in short, improving citizens' quality of life. Among the main innovation projects carried out in 2021, we can highlight the following:

City Analytics

ENDESA X is aware of the need to manage huge volumes of information related to mobility in local cities, so authorities can adopt smart measures. To this end, it has developed City Analytics, a solution that displays data and monitors pedestrian and vehicular mobility flows from the anonymised data of mobile phone users on Spanish streets and roads.

City Analytics - Mobility Map is a software tool that provides information on the traffic situation to users during emergencies (such as the Filomena snow storm or the containment of the pandemic). City Analytics - Mobility Map not only provides the still photo in real time, updated every day by Autonomous Communities and provinces, but also allows users to compare the routes with those of the same day of the previous week, and with those of the previous weeks. It also provides data on the variation of the average distance travelled between periods, as well as the arrival and departure flows of vehicles in a reference area, also at the Autonomous Community and provincial level. This project was designed for Public Administrations, Civil Protection and State Security Bodies, and is part of ENDESA X's commitment to the Smart City model. Big Data, at the service of society.

How do we move?



By how much did the congestion levels drop in Spain during the Holy Week?



5. CIRCULAR ECONOMY



Line of action	2019	2020	2021	2021-2023 target	2022-2024 Sustainability Plan (PES)	
					2022 target	2024 target
To drive a change in culture that boosts the development of the Circular Economy (number of external people who have participated in Circular Economy promotion activities)	-	-	Creation of the Circular Economy Academy and addition of a Circular Economy course in ENDESA's training portfolio	Creation of the Circular Economy Academy in 2021 and addition of a Circular Economy course in ENDESA's 2021 training portfolio	60	60
Circular Economy solution proposals. Identification and feasibility analysis of Circular Economy solutions and new business models that focus on key technologies, in collaboration with different business areas. (number of proposed solutions)	-	-	3	3	4	6
Partnerships with companies	-	-	Partnership design	Strengthening partnerships with leading companies in the Circular Economy from different sectors, from the design of the partnership with 6 companies in 2021 to the incorporation of companies to the partnership in 2023		
Strengthening agreements with cities and other public entities on matters related to the Circular Economy (NEW)	-	-	-	-	1 agreement per year over the 2022-2024 period	
Improvement of the circularity of generation facilities (reduction of materials and fuel vs 2015) ¹ (NEW)	-	-	66%	-	-	72%
No. of Futur-e projects	-	5	5	5	6	4

¹Reduction in the use of materials and fuel at the generation facilities throughout the life cycle, as compared to 2025 (nuclear generation activities are not included).

Main actions

1. In 2021, we launched the "eCityMalaga" initiative, which will be developed in the Malaga TechPark, applying to this space the benefits of applying the principles of the circular economy, such as sustainability and competitiveness.
2. In 2021, 27,522 tons of non-hazardous waste were recycled after dismantling plants.

The scope of the information provided in this chapter covers both ENDESA, S.A. and its investee companies in Spain and Portugal, the same as in the Legal Document reports. For further information, see section 1.2.6. *Organisational structure* in Chapter 1. *About ENDESA*. Variations, if any, to the scope described here are presented throughout the chapter.

5.1. A circular approach for a sector with a bright future ahead

The firm commitment to the generation of energy from renewable sources, the development of a smart and flexible grid that facilitates the penetration of distributed generation, and the electrification of end uses describe ENDESA's approach towards the decarbonisation of the economy and society. Recent studies show that the circular economy makes up nearly half of the

worldwide effort to deliver decarbonisation targets. Accordingly, the circular economy provides an opportunity for complementing the decarbonisation process and tackling the current environmental alert more effectively.

ENDESA started on the path towards the consolidation of the circular economy a few years ago and this is now a key strategic and driving agent in its business, as well as an accelerator of growth across the entire value chain.

The transition towards a circular economy requires a complete systemic change. It requires a new relationship model, since the circular economy is transversal to all areas of the Company. This means a governance model must be put in place that facilitates the multidimensional implementation of the circular economy. To achieve this, ENDESA has set up a specific circular economy unit, with a lean structure to drive the Company's positioning with transversal actions. It provides support to the rest of the Company's areas and paves the way for embracing the principles of the circular economy.

With this new approach, ENDESA reassesses business across the value chain to implement the circular economy, by means of applying innovative thinking and considering both energy flow and materials, from the design and procurement phases to end customers, including energy generation, and infrastructures and networks. All this is being applied with specific approaches in the Company's different units.

5.2. Circular activity across the value chain

5.2.1. Circular procurement

The role of procurement is being transformed, increasingly becoming one of the key actors in the implementation of business strategies aimed at the establishment of circular production processes. It is necessary to apply an approach based on "circularity by design" to redesign the value chain, in collaboration with suppliers. In other words, the valuable materials contained in products must shape and determine their design, not only their purpose, to maximise their capacity to be reused and recycled.

With this in mind, ENDESA is working to prioritise the acquisition of goods, projects and services that minimise the negative environmental impacts and the generation of waste during its life cycle. In addition, to drive the transformation of procurement, those suppliers that stand out in their commitment to the transition to the circular economy will be classified as priority suppliers.

Likewise, the EPD (Environmental Product Declaration) is a certified declaration that establishes the consumption of natural and energy resources, as well as the environmental impacts related to product manufacturing. It is a very useful tool to measure the circularity of products and their impact in terms of environmental, energy and material resources. Therefore, the main equipment installed by ENDESA at its plants, such as photovoltaic panels or wind turbines, is covered by the Environmental Product Declaration.

5.2.2. The Circular Economy in our generation assets

Currently, the huge growth of renewable energy technologies associated with the energy transition poses great challenges in terms of material supply, production and end-of-life management. Hence the importance of addressing the energy transition by incorporating circular economy criteria.

Throughout this process, ENDESA has a special commitment to thermal power plants that are in the final stage, before closing their activities. The dismantling of these plants has been proposed with a global approach. This is part of the framework of the "Futur-e" projects of Andorra (Teruel), Compostilla (León), As Pontes (A Coruña) and Carboneras (Almería), which include the concept of circularity both in terms of reusing facilities and infrastructures, looking for new

reindustrialisation and business development activities in these region, in addition to the dismantling activities.

With regards to new activities, it is a question of taking advantage of the energy possibilities of each site through renewable projects, and when this is not possible, looking for third-party industrial alternatives through a series of international calls for projects to attract economic activity and create jobs in the region, with the possibility of reusing part of the existing facilities and infrastructures.

In relation to the dismantling of the Compostilla, Teruel, As Pontes and Litoral plants, ENDESA applies the principles of the circular economy to bring a second life to equipment and components and to the installation's materials in the "Spare parts and equipment New Life" project. Analysing the possibility of their internal reuse in other company facilities or through their sale to third parties, looking for a second life when these cannot be used internally. In 2021, this activity led to the internal use of 719 warehouse products, saving €467,000 and the re-usage of 499 equipment from the plants, in addition to a reduction in the generation of waste. Moreover, warehouse components and non-reusable plant equipment worth €47,000 were sold internally to third parties.

With regards to equipment and materials that cannot be reused, ENDESA is changing the conception of waste for that of materials, understanding that such waste can be re-used in other production processes, which entails no extraction of new raw materials. This approach is a requirement that the company incorporates into the contractual conditions of the companies awarded with the plant dismantling contracts through a "Circular Decommissioning Plan".

The Circular Dismantling Plan includes a series of indicators, which are reviewed at regular intervals and which can show the results obtained in a simple way, thanks to the measures applied, such as the recovery of more than 90% of the non-hazardous waste at the end of the construction project. Specifically, in 2021, 23,155 tons of non-hazardous waste were recovered after the dismantling of power plants.

In addition, in the field of Operation and Maintenance, ENDESA applies the philosophy of extending the useful life of the components of the wind turbines installed in its wind farms. In other words, its maintenance strategy is based on repairing, restoring and reusing wind turbine components that break down instead of replacing them, extending their useful life. In 2021, the Company saved €7M after repairing and recovering 2,907 components and preventing their replacement. Moreover, economic activity is generated in the areas where the specialised companies responsible for the repair work operate: Galicia, Aragon, Castile and León, Madrid and the Canary Islands.

5.2.3. The Circular Economy in our infrastructures

ENDESA is redesigning its processes related to infrastructure and networks to reduce its environmental impact by maximising the recovery of products and materials at the end of their life cycle.

Based on the concept of urban mining, which considers urban centres as mines from which existing resources and materials can be used at the end of the useful life of products, avoiding as much as possible the extraction of new resources, ENDESA is developing the "Grid Mining" concept. "Grid Mining" is the extension of the concept of urban mining, created in the context of the circular economy, applied to electrical infrastructures. Therefore, it tries to model the characteristics and composition of the mine's resources, and to understand how the flow of materials behaves. The idea behind the "Grid Mining" programme is to roll out actions in the different stages of the value chain, aimed at retaining the value of the material that makes up ENDESA's distribution network: From procurement, including circular economy criteria that increase the percentages of recycled and recyclable materials, to the end-of-life stage, incorporating reverse logistics actions with suppliers or better treatment methods that increase the recovery percentages.

The distribution network is made up of lines, metal towers, transformers and other elements. From the point of view of materials, it mainly contains metals (copper, aluminium, iron and steel) in addition to plastics and ceramics.

In particular, about 100% of the metal waste generated is recovered. In 2021, 3,493 tons of metal waste were recovered, with the resulting reduction in the use of raw materials, energy and lower CO₂ emissions.

Endesa was "Zero Waste" certified by AENOR for waste generated in the activities carried out by its distribution subsidiary, e-distribution, in Aragon, Castilla y León and Galicia. This certification involves assessing and documenting the traceability of more than 90% of the waste from the production centre to the final destination.

5.2.4. The Circular Economy for customers

ENDESA aims to become a driver and accelerator of customer circularity, based on a wide range of solutions, fulfilling an innovative role in the market.

ENDESA's solutions aimed at customers, such as photovoltaic systems, heating, ventilation and air-conditioning systems, public lighting, energy management systems or electric vehicle charging stations, promote a new energy model based on renewable energies, energy efficiency and the electrification of key sectors, such as transport and buildings. In addition, the incorporation of business models based on servitisation and the improvement of the final product phase are key strategies to facilitate the transition towards a circular model.

5.3. Circular cities

Cities are responsible for approximately 80% of the global GDP, and are also the areas where global challenges are most critical, contributing to more than two-thirds of global emissions and consumption of natural resources. Therefore, they represent a laboratory for the definition and implementation of solutions to face the current global challenges.

The circular city is a development of the smart city concept. It is all about a change in perception: we move from an outlook that focused on new technologies and energy services on to a holistic approach that takes into account all the resources consumed by a city: energy, raw materials and water, among others, while generating emissions and waste due to the corporate and economic activity. With this new approach, technology will continue to play a pivotal role. For instance, infrastructures are transversal to other areas of operations; e.g. the increasingly digitalised electricity grid or lighting.

ENDESA's focus on circular cities aims to maximise the synergies between decarbonisation and the circular economy. It is essential to manage raw materials and bio-resources to achieve the circular transformation of a city, while acting on the electrification of demand.

In 2021, we launched the "eCityMalaga" initiative, which will be developed in the Malaga TechPark, applying to this space the benefits of applying the principles of the circular economy, such as sustainability and competitiveness. The aim is to create an urban benchmark in construction, transport and the management of resources (e.g. energy, water and materials), supported by digital technology. The project will be carried out over the coming years through a public-private partnership between the Málaga TechPark, Málaga City Council, ENDESA and other entities and companies located in the park.

5.4. A new circular economy culture.

ENDESA is working actively on promoting both an internal and external circular culture. Within the company, ENDESA is raising awareness about the circular economy among employees through a variety of initiatives; e.g. online courses, ad hoc training sessions for specific functions that play a role in key activities related to the circular economy, podcasts or internal communications. The “Endesa Circular Economic Academy” was created in line with this goal, an internal school for training employees on the circular economy. In 2021, a total of 63 students took part in the two editions of 37 hours of training given by four universities, with internal and external speakers. The training programme was designed taking into account inclusion of cross-cutting matters (e.g. finance and procurement) and participation by all business units, with the aim of sparking discussion on technological, process and business model aspects, and contractual, regulatory and institutional matters, etc.

Another key element was the launch of the "e-circular" platform, an internal platform designed to provide support during the development of the "circular" behaviour of employees, thus also projecting how ENDESA approaches business on a personal level. Employees can use the platform to make available: their skills (e.g. language exchange), personal items or search for other items. The platform is a focal point for circular initiatives driven through information, news and multimedia content related to the circular economy.

Moreover, ENDESA also challenges children in the circular economy and innovation through two programmes, “PlayEnergy” and “We are Energy”, aimed at developing and promoting young talent.

LET'S TAKE CARE OF THE PLANET

1. Environment

1. THE ENVIRONMENT



Line of action		2019	2020	2021	2021-2023 target	2022-2024 Sustainability Plan (PES)	
						2022 target	2024 target
Environmental sustainability	Implementation of ISO 14001-certified environmental management systems (% of facilities)	100%	100%	100%	100%	100%	100%
	Reduction of the environmental footprint (% reduction)	10,833.0	6,098.0	5,910.0	32% reduction in 2023	5% reduction in 2024 (vs 2021)	
	Promote the minimisation of waste generated in the electricity generation process ¹ (Tons)	32,895.0	30,958.0	15,475.0	< 20,000 tonnes in 2023	< 18,000 tonnes in 2024	
	Water collected for industrial use in the electricity generation process (m ³ /MWh)	0.37	90.69	79.4	345.0	108.0	95.0
	SO ₂ emissions (g/kWhbc)	0.43	0.17	0.13	0.28	0.17	0.14
	NO _x emissions (g/kWhbc)	0.94	0.77	0.75	0.87	0.77	0.71
	Particle emissions (g/kWh)	0.02	0.01	0.01	0.02	0.013	0.012
	Mercury emissions (mg/kWh)	0,001	0,0003	0,00014	0,00052	0,00005	0,00001
	Implementation of biodiversity conservation programme (number of actions)	26	26	29	> 20	> 20 actions carried out each year in the 2022-2024 period	
	Certification in environmental energy management and indoor air quality in offices ² (% surface area)	57%	53%	54%	50% of the surface area of offices certified in 2023	54%	54%
	Reduction of energy consumption ² in offices (% of annual reduction)	8.0%	17.6%	10.6%	0.5% vs. previous year in the 2021-2023 period	0.5% vs. previous year in the 2022-2024 period	
	Reduction of water consumption ² in offices (% of annual reduction)	- 4.5%	26.6%	24.8%	0.5% vs. previous year in the 2021-2023 period	0.5% vs. previous year in the 2022-2024 period	
	Reduction in the generation of waste paper and cardboard in offices (% reduction)	23.0%	0.50%	30.8%	3% in the 2021-2023 period	3% in the 2022-2024 period	
	Reduction in the generation of single-use plastics in offices (% reduction)	45.0%	64.0%	31.0%	65.0%	70.0%	75.0%
	Reduction of space in all ENDESA buildings (reduction in m ²)	10,829.0	1,252.0	7,734.0	10,219 m ² reduced in the 2021-2022 period	8,900 m ² reduced in the 2022-2024 period	
Reduction of CO ₂ emissions in buildings ³ (% reduction vs 2020)	7,944.0	4,719.0	4,348.0 ⁴	7% reduction in 2023	6% reduction in 2024		
Development of actions with social function on patrimonial assets (number of actions per year)	9	8	8	10	8 annual actions in the 2022-2024 period		

Line of action	2019	2020	2021	2021-2023 target	2022-2024 Sustainability Plan (PES)	
					2022 target	2024 target
Office transformation and improvement (millions of euros)	-	2.5	8.5	-	> 9.5 employees in the period 2022-2023	
Sustainable fleet management: electrification and optimisation: electric vehicles (% vehicles in the fleet)	4.5%	9.0%	9.5%	11% of electric vehicles in the fleet in 2023	13% of electric vehicles in the fleet in 2024	
Sustainable fleet management: electrification and optimisation: plug-in hybrid vehicles (% of vehicles in the fleet)	-	26.0%	28.0%	49% plug-in hybrid vehicles in the fleet in 2023	61% plug-in hybrid vehicles in the fleet in 2024	
Sustainable fleet management: electrification and optimisation: hybrid vehicles (% vehicles in the fleet)	27.0%	9.0%	6.5%	16% hybrid vehicles in the fleet in 2023	6% hybrid vehicles in the fleet in 2024	
Sustainable fleet management: electrification and optimisation: fossil fuel vehicles (% vehicles in the fleet)	68.5%	56.0%	56.0%	24% fossil fuel vehicles in the fleet in 2023	20% fossil fuel vehicles in the fleet in 2024	
Reduction of CO ₂ emissions in the management of ENDESA's fleets (% reduction vs. 2021)	5,076.0 ⁴	4,136.0 ⁴	3,886.0 ⁴	24% reduction in the 2021-2023 period	29.5% reduction in 2024	
Electrification of car parks at HQs (No of places) ⁵	558.0	719.0	899.0	820 places for electric vehicles in 2023	1,000 electrified places in 2024	
Responsible management of taxi use: Shared taxi (% of employees) ⁶	41.0%	38.0%	32.0%	40% employees in shared taxi in 2023	35.0%	45.0%
Responsible management of taxi use: % km travelled in environmentally-friendly taxis ⁷	74.0%	72.0%	70.0%	74% km travelled in environmentally-friendly taxis in 2023	71.0%	73.0%
Promotion of the e-carsharing service (km travelled) ⁸	108,767.0	5,645.0	16,265.0	70,000 km in the 2021-2023 period	140,000 km in the 2022-2024 period	
E-bike service (km travelled) ⁹	-	4,095.0	0	30,000 km in the 2021-2023 period	30,000 km in the 2022-2024 period	
Electric scooter service (km travelled) ⁹	-	989.0	0	7,000 km in the 2021-2023 period	7,000 km in the 2022-2024 period	
Transport card (number of employees)	827.0	831.0	494.0	> 900 employees in 2023	543.0	627.0

¹ Hazardous and non-hazardous waste.

² Only SIGAEC environmentally-certified buildings are included.

³ The reduction of emissions is determined by the reduction of energy consumption and of office space.

⁴ Data in metric tons of CO₂.

⁵ The figure refers to the places that have an electric vehicle recharging system installed.

⁶ % of the total number of employees who use the taxi for their business travel.

⁷ Ecotaxis use one of the following technologies: hybrid, electric, LPG or CNG.

⁸ Service relaunched at the end of 2021.

⁹ Service suspended temporarily due to the pandemic.

Actions to be highlighted:

1. Update to ENDESA's Environmental Policy in June 2021, approved by its Board of Directors.
2. Certification of its environmental management system for all its generation and distribution facilities, in addition to all supply activities.

3. AENOR "Zero Waste" certificate in the Distribution business for the activities performed in Aragon, Castile and León and Galicia.
4. Implementation of a range of initiatives at thermal generation and combined cycle plants with a view to reducing water consumption as part of the internal WAVE project.
5. Renewal of the "Leadership" status, the highest category in water resources management in the CDP Water Disclosure.
6. Continued reduction in the number of fossil fuel vehicles, promoting pools and car sharing schemes involving electric vehicles in the main headquarters.

The scope of the information provided in this chapter covers 100% of the facilities in which ENDESA has a majority shareholding and, therefore, operational responsibility (control). It also includes data relating to facilities in which ENDESA does not have control in proportion to its shareholding, as is the case of nuclear facilities. Variations, if any, to the scope described here are presented throughout the chapter.

For more information see the section 2. *Report boundary* in *ANNEX I: Methodology for preparing the report*.

1.1. Environmental management

3-3 Material Management Approach/Energy Management Approach

Sustainable development is one of the main pillars of ENDESA's strategy and environmental protection and care for natural capital are amongst the Company's most important commitments. This stance sets ENDESA apart from other companies as it is a positive difference that shapes the Company's behaviour and is expressly included in its corporate values and reflected in its strategic plan.

Through its commitment, ENDESA aims to minimise the impact of its activities on the natural environment where it operates. It encompasses initiatives primarily related to air quality, exemplary management of waste, caring for biodiversity, minimising emissions and discharges and managing contaminated land among others.

Furthermore, ENDESA's approach to environmental management seeks to ensure the sustainable use of energy and water resources as well as raw materials, committing to the protection and promotion of the biodiversity of ecosystems in the environments in which it operates, in addition to restoring environments where its operations have ceased, to foster their natural capital.

Assessment of the environmental risks inherent in the Company's activities and the environmental certifications obtained from external agents help ensure excellence in ENDESA's environmental management and demonstrate that it is fully integrated into and aligned with the Company's corporate strategy.

1.1.1. ENDESA's Environmental Policy

3-3 Material Management Approach/Energy Management Approach/Environmental Compliance Approach/2-23

ENDESA considers environmental excellence as a core value of its business culture, and formalises its commitment through the Environmental Policy, which was revised and updated again by the Board of Directors in June 2021, to adapt it to the current context and the requirements entailed by its commitment to combating global warming. ENDESA carries on its activities respecting the environment and in accordance with the sustainable development goals

(SDGs), and is firmly committed to the conservation and sustainable use of resources in line with the principles of the circular economy, always applying criteria of excellence.

In fulfilling its environmental commitments, ENDESA identifies, evaluates and manages the environmental aspects and impacts deriving from its activities, striving to minimise the negative and maximise the positive effects, as indicated in its Environmental Policy: https://www.endesa.com/content/dam/enel-es/endesa-en/home/investors/corporategovernance/corporatepolicies/documents/POLITICA-MEDIOAMBIENTAL-ENDESA-21_06_21_EN.pdf

1.1.2. Environmental objectives

3-3 Energy Management Approach/EU12

ENDESA is aware of the environmental impact of its activities, which is why the company pays particular attention to environmental protection and the efficient use of natural resources. ENDESA goes about its business in a way that is respectful of the environment, going beyond mere compliance with the legal requirements, adopting more ambitious environmental requirements and objectives, involving suppliers, working with different stakeholders and promoting the responsible use of energy.

ENDESA annually reviews the environmental objectives established within the Sustainability Plan in order to update its ambition and match it with the expectations of its stakeholders. The consultations carried out in the framework of the 2021 materiality study have revealed that the most relevant environmental issues when it comes to promoting a sustainable business model are decarbonising the energy mix and preserving ecosystems by pursuing appropriate environmental management. Consequently, ENDESA includes specific objectives for these areas in its Sustainability Plan.

For further information, see section 4.2. *ENDESA's Sustainability Plan 2022-2024* in chapter 4. *Sustainable strategy*.

1.1.3. Significant investments

3-3 Energy Management Approach

ENDESA invests heavily to achieve excellence in environmental management.

ENVIRONMENT INVESTMENT AND COST (millions of euros)			
	2019	2020	2021
Investment	131	61	41
Cost	177	238	88

1.1.4. Managing environmental risks and impacts

201-2

Resources dedicated to the prevention of environmental risks

ENDESA is subject to environmental regulations, which affect both the normal course of its operations and the development of its projects, leading to increased risks and costs. Furthermore, ENDESA is exposed to environmental risks which are inherent in its business, including those relating to the management of waste, spillages and emissions generated by all its activities and therefore, for which it can be declared as being responsible for environmental damage.

To comply with the obligations deriving from the Spanish Environmental Responsibility Law, ENDESA has developed the MIRAT Project, based on a methodology developed at sector level and approved by the current Ministry of Ecological Transition and the Demographic Challenge,

the objective of which was to establish the mandatory financial guarantee required by this Law for conventional thermal and combined cycle power plants with a thermal capacity of more than 50 MW through an environmental risk analysis. In view of the results of the environmental risk analyses of all conventional thermal and combined cycle power plants, the corresponding formal statements were submitted to the Administration.

The company also has an environmental responsibility policy that covers personal and/or material damage to third parties, and also covers damage to Biodiversity according to EU Directive 35/2004 and equivalent National Legislation (Law 26/2007 on Environmental Responsibility).

During 2021, ENDESA has implemented a tool developed by the ENEL Group to analyse environmental aspects, impacts and risks, known as ERA, which collates and analyses the environmental risks associated with the Group's different businesses. In addition to the results of the assessment and the significance of the environmental aspects identified, the methodology includes organisational, strategic, economic and reputational aspects associated with the businesses' different activities and infrastructures. The ERA tool also assesses legal compliance, as well as the effectiveness of the operational controls implemented, to obtain a "residual risk" assessment inherent to each facility. Depending on the results returned, specific action plans may be required to mitigate the environmental risks associated with the activity. The results of the assessments performed in ERA make it possible to compare the environmental risk associated with the different facilities and technologies.

The most relevant results obtained using the tool include:

- **Renewable generation:** the most notable impact is the impact on birdlife caused by wind technology. With a view to mitigating this risk, work has started to install systems to detect and mitigate possible birdlife and bat collisions at the most conflictive wind farms, constantly revising the list of work with developers to actively search for the best technological systems on the market and implement them. Furthermore, the Company closely collaborates with expert associations to implement projects to recover the most affected species.
- **Thermal generation:** a reputational risk related has been identified in relation to climate change, mainly associated with coal-powered thermal generation, which is mitigated to a large extent by the planned closure plans for coal plants and the planned growth in energy from renewable sources.
- **Electricity distribution:** the results obtained were consistent with the objective significance of environmental aspects, reinforcing the trend of greater restrictions and demands in relation to the impact of infrastructure on preserving biodiversity.

Furthermore, as part of its commitment to protecting the environment, ENDESA feels obliged to eliminate environmental liabilities, and, therefore, each facility identifies these liabilities and addresses them within the framework of their environmental management programmes, which may be reflected in their elimination, disposal or reuse.

ENDESA's activity is also affected by the risks associated with climate change, which are described in detail in section 1.4. *Risk management* in Chapter 1. *Decarbonisation*.

1.1.5. Environmental management systems

3-3 Energy Management Approach

The commitments acquired under the Environmental Policy are reflected in the Environmental Management Systems of ENDESA's different businesses. These systems make it possible to align the environmental aspects of the company's sustainability model, including the Sustainable Development Goals and coordinating the mechanisms for measuring and assessing

environmental performance through a series of indicators that take the life cycle into consideration and thus include the concepts of the circular economy and natural capital into management.

The indicators include the facilities' impact on all aspects of the environment and enable compliance with all existing legal obligations regarding environmental matters in relation to the business operations to be verified, as well as alignment with the path laid out by ENDESA to evaluate the degree to which the strategic objectives and goals defined.

ENDESA is committed to achieving excellence in the environmental management of its business activities throughout the chain of value, which is why it has released the new 2021-2023 Sustainability Plan with a view to maintaining 100% of its generation and distribution facilities ISO 14001-certified. This aim was achieved in 2021 and with a view to maintaining this commitment, it has been included in the new 2022-2024 PES.

Certification of environmental management systems

ENDESA's environmental management systems are supported by international standards and procedures that are audited by independent institutions of recognised prestige and ensure periodic and systematic identification, evaluation and control of the environmental impacts that its facilities and operations may generate. Currently, the company has the following environmental certifications:

CERTIFICATIONS		
Activity	STANDARD	% certified in 2021
Electricity generation (thermal, hydraulic and renewable)	ISO14001:2015,	100%
	9001	100%
	50001	3 Thermal power plants
	EMAS	12 Thermal power plants (74% of the net installed capacity)
Electricity distribution	14001, 9001, 50001	100%
	Zero Waste	100% of the activity performed in Aragon, Castile and León and Galicia
Port terminals	14001, 9001, EMAS, Zero Waste	100%
Corporate headquarters and office buildings	14001, 50001, UNE-EN 171,330-3	5 main offices
ENDESA Energía	9001, 14001	100% of its activity
ENDESA X	9001, 14001	100% of its activity

As regards the most recent certifications obtained by the company in 2021, worth particular mention is the AENOR "Zero Waste" certificate in the Distribution business for the activities performed in Aragon, Castile and León and Galicia. This is the first time that an electricity distributor in Spain has received this certification, which recognises organisations that are committed to sustainability when undertaking their activity and that recover and document the traceability of more than 90% of the waste they generate, from their production to the final destination.

1.1.6. Management of nuclear activity

ENDESA is firmly committed to the safe management of its nuclear activity, as expressed in the Nuclear Policy approved by the Board of Directors in 2011 and published on the website of the companies that conduct this activity.

This policy establishes the commitment to act in such a way that, in all nuclear activities, whether ENDESA is a majority or minority shareholder, the main priorities are: The safety and protection of workers, the public and the environment, as well as the promotion of excellence in all activities, going beyond mere compliance with legal requirements.

1.1.6.1. Risk prevention and management

3-3 Spill and waste management approach EUSS

ENDESA supervises compliance by investee nuclear power plants with the nuclear policy, which includes minimising discharges of effluent into the environment and the generation of radioactive waste.

In line with the technical specifications of each facility, ENDESA nuclear power plants continuously monitor and control liquid and gaseous discharges, with very strict limits established by the regulatory body, the Nuclear Safety Council, in order to avoid affecting the environment and the population. In addition, as provided in said specifications, radiological surveillance of the surrounding environment is carried out, including numerous air, water and soil analyses, as well as extensive sampling and analysis of food. These environmental controls are also monitored and inspected by the regulatory body.

1.1.6.2. Emergency management

3-3 Disasters/Emergency planning and response management approach EUSS/EU21

ENDESA's nuclear power plants are prepared to face emergency situations with the resources and procedures defined in:

- The Interior Nuclear Emergency Plan (PEI), which is structured according to the regulations on nuclear and radioactive facilities (state regulations). Each nuclear power plant has a specific PEI that details the actions, measures and responsibilities for preparing and responding to the accident conditions, in order to mitigate its consequences, protect the facility personnel and immediately notify the competent authorities, including the initial assessment of the potential consequences of the emergency. In addition, the PEIs establish the actions planned by the licensee to assist in protection interventions outside the facility, as established by the Basic Nuclear Emergency Plan (PLABEN).
- The Exterior Nuclear Emergency Plan (PEN) aims to avoid, or at least reduce as much as possible, the adverse effects of ionising radiation on the population and the environment. They are based on the standards and criteria established by PLABEN and assign responsibilities to public entities or bodies, with the collaboration of the owners of the facilities.

The emergencies that are declared to deal with possible accidents in the nuclear power plants are classified into four categories depending on the severity of the event and the nature and amount of radioactive material that may be released (from Pre-alert to General Emergency). The measures to protect the population in the event of a real emergency are defined by state authorities following the guidelines of the Nuclear Safety Council based on the information provided continuously by the emergency centres of the affected nuclear power plant and its own information systems.

Emergency preparedness is ensured through periodic exercises (drills) and specific training for all personnel involved. The drills are supervised by the Nuclear Safety Council, as well as by duly trained personnel belonging to the organisation itself in order to identify areas for improvement within the continuous improvement process. Preparedness for emergencies is periodically inspected by the Nuclear Safety Council and periodically audited by the organisation itself. In addition, it is periodically evaluated by the World Association of Nuclear Operators (WANO),

against the highest industry standards. The identified improvement areas are processed and incorporated, as part of the continuous improvement process.

Stress tests on the safety of nuclear power plants, which were carried out in Spain and throughout Europe immediately after the Fukushima accident, determined safety margins in extreme scenarios (earthquakes, floods, failure of all sources of electrical energy or absence of water to cool the reactors) to check the response of the plants and whether measures were required to increase their robustness to cope with these scenarios.

As a result of this exercise, a series of improvements have been made that have been implemented by all ENDESA plants. These include the availability of portable pumping and power generation equipment that can be easily connected to the plant in the event of a total loss of electrical energy; the installation of passive hydrogen recombiners in the containment building; construction of a new centre for emergency management, and venting systems filtering the atmosphere of the containment building.

The recovery phase, after an emergency, is covered by the Nuclear Emergency Plans. Recovery measures are mainly directed towards the physical environment and the restoration of normal living conditions. Their purpose is to reduce:

- External irradiation due to the radioactive substances deposited,
- The transmission of radioactive substances to people, animals and food,
- The resuspension of radioactive substances.

All this, through the Internal Nuclear Emergency Plans (PEI), responsibility of the owner of the facility and regulated by the regulations on nuclear and radioactive facilities (state regulations); of the Exterior Nuclear Emergency Plans (PEN), based on the standards and criteria established by the Basic Nuclear Emergency Plan, assigning responsibilities to public entities or bodies; and of the local Information Committees, in which the Regulator, the Ministry, the Town Councils of the areas affected by the nuclear power plants and the representatives of the facilities participate, to coordinate aspects at the local level.

The regulatory body maintains a plant safety supervision system, called SISC, the results of which are updated quarterly with the results published on its website (https://www.csn.es/sisc/index_i.do) along with the rating of each of the plants. One of the areas under evaluation is emergency preparedness, with three indicators called E1, E2 and E3 that characterise the situation of each plant in this area.

1.1.6.3. Dismantling

3-3 Plant dismantling Management Approach EUSS

In Spain, the dismantling of nuclear power plants and the management of radioactive waste, including spent nuclear fuel, is the responsibility of the State. This responsibility is assigned to ENRESA, a state-owned company. <https://www.enresa.es/eng/index/about-enresa/creation-of-enresa>

The General Radioactive Waste Plan, an official document approved by the Ministry of Industry that is currently in its sixth edition, describes the scope, planning and economic assumptions for the provisions of the fund for the dismantling and management of radioactive waste from all Spanish nuclear power plants. This fund is fed by a tax on the monthly contributions of nuclear power plant owners.

In March 2020, ENRESA sent the Ministry a draft of the 7th General Radioactive Waste Plan for study and processing.

1.1.7. Environmental sanctions

2-27

Environmental sanctions can be consulted in section 2.2.6. *Litigation* in chapter 2.2 *Ethical Conduct and Compliance*.

ENDESA has insurance coverage of an environmental nature, which is included in the global civil liability insurance policy. The environmental section covers ENDESA's liability in accordance with European Directive 35/2004 on environmental liability, as well as its transpositions to the national legislation of the countries where ENDESA is present and any other judicial decision related to environmental damage. The general limit of the policy is Euros 150 million and the general deductible limit is 250,000 euros.

1.2. ENDESA's environmental footprint

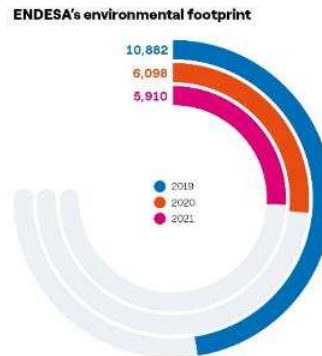
3-3 Energy Management Approach

ENDESA calculates its environmental footprint using a methodology based on the most relevant international references, including the guidelines developed by the European Union to calculate the environmental footprint of its organisations and products. The environmental footprint is a multi-criteria measure of the company's environmental behaviour with the perspective of the entire life cycle analysis, or "cradle to grave analysis"; this means looking at all stages from the extraction of raw materials to how products are managed at the end of their useful life, as well as the production and use stages.

During 2021, ENDESA has maintained its commitment to excellence in environmental sustainability while easily meeting the decarbonisation targets set out in its Strategic Plan. All this has helped the organisation to reduce its footprint by 3.1% compared to 2020.

DIRECT SUB-FOOTPRINTS (FOOTPRINT UNITS)

	2019	2020	2021
Atmospheric footprint	7,184.6	4,039.2	3,687.6
Water footprint	2,101.9	1,153.2	1,324.2
Carbon footprint	937.0	535.9	562.6
Resource consumption footprint	1.8	1.8	1.8
Residue footprint	639.2	349.8	315.3
Noise footprint	12.6	12.6	12.6
Flora and fauna footprint	5.8	5.8	5.8
ENDESA's environmental footprint	10,882.8	6,098.1 (-44%)	5,909.7 (-3.1%)
2023 target			5,784.5 (-2.1%)



1.2.1. Energy resources

3-3 Energy Management Approach

ENDESA maintains its commitment to energy efficiency, which includes optimising generation processes, reducing losses in distribution networks and the energy consumption of the buildings and facilities, and offering a wide range of efficient products and services to its customers. ENDESA also promotes efficiency via communication and raising awareness among society and participates, both in Spain and abroad, in the main forums for knowledge and dissemination of energy efficiency.

1.2.1.1. Electricity consumption

3-3 Energy Management Approach/302-1

The electricity consumed at generation facilities is supplied by the company itself, so its value is not reported to avoid double counting.

1.2.1.2. Fuel consumption

3-3 Energy Management Approach/301-1/302-1

The materials used to produce electricity are mainly fossil fuels. There has been a reduction in the consumption of coal, fuel oil and uranium, associated with a lower performance of generation technologies consuming these fuels during the year.

The table includes fuels consumed in all ENDESA activities. It is worth mentioning the use in electricity generation (all fuels), electricity distribution (diesel) and to a lesser extent in buildings (diesel and natural gas) and vehicle fleet (diesel).

CONSUMPTION OF MATERIALS

Type of fuel	2019	2020	2021
Coal (kt)	4,040.0	907.0	412.0
Fuel oil (kt)	1,187.0	867.0	792.0
Diesel (kt)	794.0	809.0	861.0
Natural gas (10 ⁶ m ³)	1,721.0	1,585.0	2,148.0
Uranium (t equivalent of uranium)	54.3	62.1	67.5

1.2.1.3. Energy consumption

3-3 Energy Management Approach

Internal energy consumption

The organisation's energy consumption is associated with the fuels consumed for electricity generation, distribution and commercialisation processes. Electricity self-consumption has not been considered since installations are supplied by electricity produced by the organisation itself.

There has been a slight increase in total energy consumption, mainly on account of the higher performance of combined cycle power plants during 2021 to respond to demand for electricity.

INTERNAL ENERGY CONSUMPTION BY PRIMARY ENERGY SOURCE (TJ)¹

Type of fuel	2019	2020	2021
Coal	81,527	17,529	8,315
Fuel oil	47,755	34,873	31,877
Gas oil	34,357	35,040	37,334
Natural gas	64,932	59,791	81,025
Uranium	279,042	273,845	270,605
Total	507,614	421,078	429,156

¹TJ: Terajoules.

External energy consumption

302-2

For 2021, external energy consumption was estimated at 51.87 TJ, considering the fuel expenditure of the vehicles of the suppliers that work regularly with ENDESA, and considering the same perimeter as in previous years. The calculation is made based on the carbon footprint tool that is verified by AENOR according to UNE EN ISO 14064. The data are subject to some modification because at the time of preparation of this publication, the external verification process was being carried out according to the requirements of the UNE EN ISO 14064 standard.

For furthermore, information consult section 1.5.1 *Carbon footprint* in the *Decarbonisation* chapter.

Energy efficiency in internal processes

Within the process of continuous improvement, ENDESA is immersed in a global process of digitisation of all the processes involved in its activity, pursuant to the objectives of the 2022-2024 Strategic Plan. During 2021, ENDESA intensified this digitisation process to improve the environmental protection and control processes. The most notable projects in this area are:

PROJECT	DEVELOPMENT
Improvements in emission and discharge data acquisition systems	Optimisation of the systems for the acquisition of data on emissions, air quality and discharges of the facilities, improving the communication of remote stations, taking advantage of CLOUD-type storage available on the market and facilitating the adaptation of calculation processes to emerging environmental legislation.
Digital Waste Project	Digitisation of waste management in generation plants, creating a platform that helps in the logistics management of waste storage, and a document control platform that will speed up waste management procedures with authorised managers.

PROJECT	DEVELOPMENT
EDEN Project	Development of the digital platform for the treatment of environmental information for its internal and external reporting. It will facilitate the collection of information and will ensure the reliability of the information provided and its subsequent analysis for the management of environmental improvements.
DIMAS project	Design of a customised internal platform for the integrated management system of the facilities (environment, safety and quality). Facilitates the better control of the evaluation of environmental aspects, setting of objectives and goals for continuous improvement, identification and evaluation of legal compliance, as well as the resolution of non-conformities and observations occurring day-to-day is maintained.
HEQ4U Project	Development of a platform that allows all plant personnel to register potential environmental or security incidents (" <i>Near Miss</i> "), which makes it possible to detect situations that may pose a potential risk to the environment or security before the incident occurs, so that improvement actions can be implemented in time to prevent their occurrence.

Reduction of energy consumption - Energy saving.

302-4

In 2021 ENDESA has saved 233,413 GJ of energy thanks to the development of energy efficiency improvement programmes. This year, the actions regarding the redesign of processes in the thermal power plants are also of great importance, particularly the savings obtained in the Cas Tresorer thermal power plant due to improvements in the performance of the cycle at partial loads, improving the functioning of equipment and managing to reduce the consumption of fuel. In the same way, within the programmes focused on the conservation and adaptations of the equipment, the modifications in the lighting systems that have been transformed to LED systems in various buildings and facilities stand out. Furthermore, significant efficiency improvements have been achieved thanks to the optimisation of schedules and functional surface areas, both in terms of lighting and climate control, in response to the needs of the company's office buildings. This energy saving means a reduction in the carbon footprint of the company and contributes to the reduction of the operating costs of the business.

ENERGY SAVINGS DUE TO CONSERVATION AND IMPROVEMENTS IN EFFICIENCY (GJ)

Types of improvements	2019	2020	2021
Redesign of processes	10,181	1,802,006	230,070
Conservation and equipment adaptations	7,665	5,948	3,343
Total	17,846	1,807,954	233,413

Energy intensity

302-3

Energy intensity has been calculated considering internal energy consumption. The energy intensity value is affected by the proportion in the different generation technologies and the operation of each of them in the year. There was a decrease in the company's energy intensity, the result of the changes in the electricity generation mix (replacement of the least efficient technologies) and, additionally, continuous improvement actions that the company is applying in all its processes.

ENERGY INTENSITY

Classification	2019	2020	2021
Total energy consumption (TJ)	507,614	421,574	429,156
Net production (GWh)	61,402	56,269	57,592
Energy intensity (TJ/GWh)	8.3	7.5	7.5

1.2.1.4. Other consumption

3-3 Energy Management Approach

ENDESA uses other resources that are necessary in production. In 2021, total consumption was 11,551 tonnes (kt), 54% less than in 2020 (25,005 tonnes), once again, mainly due to the reduced operation of coal-fired power plants and consequently the reduced consumption of limestone for the flue-gas desulphurisation process.

ENDESA RESOURCES USED (t)

Types	2019	2020	2021
Lime	487.0	490.4	306.2
Iron chloride	294.4	213.3	144.0
Ammonia	822.4	96.1	451.6
Caustic soda	474.2	480.6	169.5
Sulphuric acid and chlorhydric acid	961.7	671.1	532.3
Sodium hypochlorite	549.1	709.0	800.0
Chlorine dioxide	0.0	2.8	0.7
Magnesium oxide	0.0	55.4	33.8
Limestone used for combustion-gas desulphurisation	174,491.6	16,212.5	3,260.4
Lubricating oil	198.5	4,253.3	4,479.9
Dielectric oil	85.7	658.1	154.9
Other*	739.4	1,097.7	1,218.0
Total	179,104.0	24,940.3	11,551.3

*Includes rarely used chemical compounds.

301-2

USE OF RECYCLED MATERIALS (tonnes)

Materials	2019	2020	2021
Lubricating oil filtered and reused	6.4	79.0	461.6
Reused dielectric oil	-	262.5	103.3
Recycled paper	9.3	1.4	0.1
Total recycled	15.7	342.9	565.0

1.2.1.5. Energy efficiency and unavailability in electricity generation

EU11/EU30/3-3 System Efficiency Management Approach EUSS

ENDESA is firmly committed to energy efficiency in its generation business, the energy return obtained from the natural resources used being key. In this regard, the efficiency of ENDESA's thermal power plants in 2021 remained similar to the levels seen the previous year, with a slight

increase in the efficiency of coal-fired power plants and non-peninsular plants, which has helped to increase the average performance of thermal power plants year on year.

ENERGY EFFICIENCY OF THERMAL POWER PLANTS (%)

Type of plant	2019	2020	2021
Coal-fired thermal power plants	35.3	29.9	35.2
Mainland combined cycle thermal power plants	54.4	54.5	51.7
Non-mainland thermal power plants	40.0	41.4	42.1
Average value	41.5	43.4	44.9

AVAILABILITY FACTOR AT THERMAL POWER PLANTS (%)

Type of plant	2019	2020	2021
Coal-fired thermal power plants	9.3	6.4	4.5 ¹
Mainland combined cycle thermal power plants	10	14.3 ¹	15
Non-mainland thermal power plants	6.4	5.8	6.7
Average value	8.6	8.7	10.1

¹Figures without the impact of groups 3 and 4 at As Pontes throughout the year, groups 1 and 2 at As Pontes since April 2021 and Litoral since July 2021.

The availability of combined cycle thermal power plants has been affected by the major overhaul of the Besós thermal power plant, at which the turbines have been modernised. In terms of the non-mainland plants, the impact can be attributed to the major reviews of the steam units at the Granadilla and Barranco de Tirajana thermal power plants, where projects have been undertaken to adapt the units to the Industrial Emissions Directive.

For calculating the parameters of efficiency and non-availability the different regulatory regimes are considered separately as required by the GRI standard. Details of the criteria used for the calculation are:

- Coal-fired thermal power plants: includes coal-fired power plants on the Spanish mainland and the Balearic Islands. Consideration must be given to the fact that in 2021, several plants had only just been commissioned, with many on an ad-hoc basis or using partial loads.
- Mainland combined cycle thermal power plants: includes combined cycle power plants located on the Spanish mainland.
- Non-mainland thermal power plants: includes all thermal power plants located in non-mainland territories, for all technologies except for coal.

EU30

ENERGY EFFICIENCY OF NUCLEAR POWER PLANTS (%)

Type of plant	2019	2020	2021
Nuclear power stations	35.3	35.4	35.3

AVAILABILITY FACTOR OF NUCLEAR POWER PLANTS (%)

Type of plant	2019	2020	2021
Nuclear power stations	9.6	10.3	12.0

1.2.2. Air quality.

3-3 Emissions Management Approach/305-7

ENDESA TRENDS IN ABSOLUTE EMISSIONS OF SO₂, NO_x AND PARTICLES (t)

Emission type	2019	2020	2021
SO ₂	26,492	9,550	7,591
NO _x	57,811	43,139	43,413
Particles	1,035	757	703

ENDESA'S PERFORMANCE IN RELATION TO SPECIFIC SO₂, NO_x, AND PARTICLE EMISSIONS (g/kWh)

Emission type	2019	2020	2021
SO ₂	0.43	0.17	0.13
NO _x	0.94	0.77	0.75
Particles	0.02	0.01	0.01

As part of its climate action, ENDESA has set itself the ambitious target of reducing emissions by dismantling its thermal power facilities to achieve the total decarbonisation of its generation mix by 2040.

During 2021, work has continued to decrease pollutant emissions, to a large extent thanks to the decrease in operations at thermal power plants, with the closure of coal-fired power stations worth particular mention, although additionally thanks to the implementation and roll out of different environmental protection and efficiency measures at the company's facilities.

ENDESA has an exhaustive control system in place for all its emissions to monitor them in real time, making it possible to ensure compliance with the emission thresholds of each of its facilities at all times, in addition to environmental air quality. To this end, it carries out an exhaustive control and maintenance of chimney measurement equipment, and subjects them to annual inspections carried out by accredited external laboratories. The Company meets the parameters required by the regulations applicable, implements technology to minimise emissions, and applies corrective measures to the impacts generated. The company has protocols corresponding to access to the facilities by external entities that adopt work procedures to ensure the safety of both external and internal personnel; in 2021, these made it possible to continue with the inspection and quality assurance processes of the facilities' environmental control equipment, as well as the taking of samples to ensure compliance with the environmental requirements deriving from current legislation.

In 2021, ENDESA has performed a variety of actions and procedures at different thermal power plants with a view to ensuring compliance with the legal limits set out in Directive 2010/75 on industrial emissions and BREF (EU Best Available Techniques reference documents). These include the servicing of SCR denitrification systems at the Granadilla (Tenerife) and Barranco de Tirajana (Gran Canaria) facilities to reduce NO_x emissions or water injection in the turbines at the Mahón facility (Menorca), harnessing the wastewater from the water treatment plant in the neighbouring city of Mahón, thus promoting water savings.

Furthermore, the company continues to make progress and perform actions with a view to achieving the total decarbonisation of its generation mix by 2040, such as obtaining authorisation to close the Coast coal-fired power station, awaiting the decision regarding the request to close the coal-fired power station in As Pontes, or the study for the use of new fuels, such as natural gas for electricity generation at non-mainland systems (Canary Islands, Ceuta and Melilla) or the study to replace liquid fuel with natural gas in these systems.

In 2021, modifications have continued to be made within the continuous improvement process in order to optimise and reduce emission control systems. In the field of automatic measurement systems, work has continued with the constant renewal of fleet analysers, replacing older ones with more modern ones or installing them to continuously monitor emissions in areas not legally required, such as at the Ceuta Thermal Power Plant.

The success of the implementation of all the mentioned measures is observed in the results obtained for the environmental indicators related to air pollution in 2021.

1.2.3. Emissions of ozone-depleting substances

305-6/305-7/3-3 Emissions Management Approach

In 2021, no ozone-depleting substances were produced.

1.2.4. Noise and light pollution.

3-3 Emissions Management Approach

The limit values under which both the noise and light pollution parameters must be found are established in the environmental legislation and, in a consistent manner, the applicable limits are included in the authorisations of the different ENDESA facilities. Assurance of maintenance of the values within regulated margins is achieved through environmental management systems certified by independent third parties.

1.2.5. Water resources

3-3 Water and Effluents Management Approach/Water and Effluents Management Approach EUSS

Integrated water management is a strategic matter for ENDESA. In the interest of preserving water quality and maintaining continuous improvement in its interaction with this resource, ENDESA carries out its abstractions efficiently and responsibly, always complying with the regulations in force and in accordance with the principles of the environmental management system implemented in all facilities. All uses of water by the generation facilities have been granted taking into account their compatibility with pre-existing users. Plants always operate in coordination with catchment bodies to ensure compliance with easements, maintain environmental flows and encourage the most rational use of the resource. Water is always discharged in compliance with the applicable regulations and according to the environmental management system implemented, which determines the discharge conditions for each facility.

The facilities built for power generation allow a greater availability of water for other purposes such as irrigation, supply, or conservation of ecosystems. This availability is optimised through cooperation with watershed organisations.

Hydroelectric infrastructures have various ecosystem services associated with them that are of benefit to society, including provision services, services for the regulation of flows, maintenance of the environment for humans, and cultural services, all maintained over time in a sustainable manner. In 2021, a series of activities were performed in relation to the management of water resources at hydroelectric plants:

- Actions established to minimise the impact of withdrawals from reservoirs and measures against their siltation, such as bathymetry activities to control sedimentation or environmental oversight plans as part of withdrawal activities.
- Continuation of the process to switch Kaplan turbines to oil-free systems to eliminate the risk of spills at the plants in Ribarroja and Flix.
- Actions at dams requiring greater control over ecological flows.

- Implementation of measures to prevent animals falling into dams or facilitating their escape in channels that pose a risk to wildlife.

ENDESA annually sets objectives to improve its interactions with water, as part of its environmental management system. To address these objectives, the company exhaustively and continuously analyses each impact and objective, implementing different solutions: water consumption control systems, reuse of rainwater for irrigation, continuous improvement of water quality through control of discharges and wastewater and preservation of the ecological status of reservoirs and associated regulated river sections. Within this improvement process, it is worth highlighting the WAVE project, an ambition project that seeks to find and implement improvements for reducing the consumption of fresh process water, especially in those geographical areas affected by greater water stress. In this regard, the action of the Mahón thermal power plant stands out, to reuse the water from the sewage treatment plant as a contribution to the plant, as does the project to detect and repair leaks in the system of underground water pipes of the fire protection system that is supplied with water from the public network at the TP in Alcudia. Furthermore, in 2021, a new project was drawn up for the As Pontes Combined Cycle water withdrawal plant including the reuse of rainwater and the purge of boils as water contributed to the process. This addresses the reduction of water consumption in the very initial design phases.

CDP Water Disclosure

ENDESA participated in the CDP Water Disclosure project for the twelfth year running. This initiative requires companies to report and reduce their environmental impact in relation to water resource management. This is done in accordance with the requirements of institutional investors and companies with a high purchasing power. In 2021, ENDESA renewed its “Leadership” status, the highest category in water resources management.

1.2.5.1. Water withdrawal

303-1/303-3/303-5/3-3 Management approach Water and effluents EUSS

Comprehensive water management is one of ENDESA's priority concerns. The main lines of action implemented by ENDESA focus on efficient consumption, improvement of water quality in water withdrawal bodies by controlling spillages and waste water, and reservoir management, assessing the ecological potential to provide shelter for birdlife, the possibilities to control invasive species and their permanent monitoring to prevent the existence of dried up sections of regulated rivers.

In 2021, 38,443 m³ of residual water were reused in processes, which represents 0.8% of the total volume of water abstracted for industrial use.

99% of the water abstracted by ENDESA for use at its plants is returned to the environment to be reused.

PROCESS WATER WITHDRAWAL (hm³)

Type of process	2019	2020	2021
Thermal power unit (UPT)	20.5	3.4	2.9
Nuclear power	2.2	1.7	1.7
Total	22.7	5.1	4.6

VOLUME OF RECYCLED WATER (hm³)

	2019	2020	2021
Recycled water (hm ³)	0.16	0.13	0.04

303-5

Additionally, and to comply with the new water requirements established by the GRI, the following table is provided, which includes water consumption for the different technologies, as well as in the main buildings of the company:

WATER CONSUMPTION (hm³)

Technology type	2019	2020	2021
Thermal power unit (UPT)	6.5	5.9	1.9
Nuclear power	0.3	0	0
Buildings	0.1	0.05	0.04
Total	6.9	5.9	1.9

The specific withdrawal of water for industrial use in the electricity generation process in 2021 came to 79.2 l/MWh.

The following table provides a breakdown of water withdrawal by source, reflecting a drop in all water withdrawal when compared to 2020. Note that the water used for cooling is not actually consumed, meaning it can be returned to the environment in appropriate conditions to guarantee its subsequent uses, and that in volume it represents 99% of the total water collected.

TOTAL WATER WITHDRAWAL BY SOURCES (hm³)

Type of use and source	2019	2020	2021
Freshwater withdrawal	20.1	3.1	2.6
surface water	19.3	2.8	2.0
wells	0.0	0.0	0.0
municipal network	0.8	0.3	0.6
Industrial use			
Seawater withdrawal	0.0	0.1	0.0
Seawater withdrawal (desalinated)	2.6	1.9	1.8
Wastewater withdrawal (internal use)	0.2	0.1	0.1
Number of sources	290	290	290
Cooling use			
Seawater (open cycle)	3,860.7	3,266.7	2,949.3
Surface water (open cycle)	1,628.4	1,943.0	1,679.6
Water (closed cycle)			
volume of water processed	236.4	9.0	230.1
drainage from cooling towers	212.8	0.02	227.5
Number of sources	290	290	290
Engineering use	0.2	0.5	0.5
Total¹	5,724.9	5,215.3	4,861.5

¹The volume of processed water used for closed cycle cooling is not included in the total.

1.2.5.2. Water discharge

3-3 Water and Waste Management Approach/Water and Waste Management Approach EUSS/303-2/303-4

ENDESA has a series of procedures in place to help control and reduce discharges into water systems and improve water quality, mainly through wastewater treatment facilities. In 2021, there was a significant decrease in discharges from thermal power plants compared with 2020 due to their lower level of operation.

INDUSTRIAL DISCHARGES (hm³)

	2019	2020	2021
Thermal power plants	14.1	2,181.4	1,956.8
Nuclear power stations	2.0	1.8	1.8
Total	16.1	2,183.2	1,958.6

In 2020, the criteria for calculating water discharge in thermal power plants changed to include the discharge associated with open-cycle cooling. Based on the criteria used previously, which did not take this into account, the discharge from thermal power plants in 2020 came to 0.99 hm³.

Based on the criteria in the new GRI guidelines, from October 2021 onwards, the destination of water discharges must be broken down, in addition to the type of industrial water discharged and the area in which it is discharged.

DESTINATION INDUSTRIAL DISCHARGES (hm³)

hm ³	2021
Surface water	1,892.3
Groundwater	0.0
Seawater	2,950.2
Water from third parties (total) (where appropriate)	3.6
Water from third parties transferred for use by other organisations	3.6
Total water discharge (Surface water + groundwater + seawater + water from third parties (total))	4,846.1
Total water discharge in areas of water stress	2,151.3

All areas	2021
Freshwater (total dissolved solids ≤ 1000mg/l)	5.0
Other water (total dissolved solids > 1000mg/l)	0.5
All stressed areas	2021
Freshwater (total dissolved solids ≤ 1000mg/l)	0.6
Other water (total dissolved solids > 1000mg/l)	0.3

WATER SOURCES AFFECTED BY DISCHARGES

Water sources affected significantly	2019	2020	2021
Withdrawals that account for 5 percent or more of the annual average volume of a given water source	4	4	4
Withdrawals from sensitive water sources	34	34	34
Withdrawals from a Ramsar-listed wetland or conservation area	3	3	3

WATER SOURCES AFFECTED BY DISCHARGES

Water sources affected significantly	2019	2020	2021
Withdrawals from a nationally proclaimed conservation area	61	61	61
Withdrawals from an internationally proclaimed conservation area	56	56	56
Total number of water sources significantly affected	158	158	158
Characteristics of significantly affected water sources	2019	2020	2021
Volume (m ³)	341,000,000	341,000,000	341,000,000
Flow (m ³ /sec)	1,043.8	1,043.8	1,043.8
Designated as a protected area	60.0	60.0	60.0
Of value due to its biodiversity	59.0	59.0	59.0

As part of the process for continuously improving generation facilities, specific actions are being undertaken with a view to reducing water consumption and improving discharge conditions, including those performed by the hydro production units, which in 2021 restored out-of-use assets to environmentally safe conditions. Work has also continued on the renewal of hydrocarbon detection systems in bilge pits using more modern technology devices.

1.2.5.3. Water stress

3-3 Water and Effluents Management Approach

In 2021, ENDESA once again carried out an analysis to identify which of its facilities that use a significant amount of water are in a water stress zone. It is important to highlight that the water stress of an area is inherent to the area, and is not motivated in any case by the presence of an installation.

The water stress analysis was done using the Aqueduct Water Risk Atlas tools of the World Resources Institute (WRI) and the "Global Water Tool for Power Utilities" (GWT) that ENDESA has been using for years, developed by the World Business Council for Sustainable Development (WBCSD), both of which are aimed at companies and organisations to facilitate the identification and analysis of water consumption during the course of their productive activity, in addition to evaluating the risks related to their global operations and their supply chain in relation to the use of water resources.

The analysis was done on 47 energy production facilities: 30 thermal plants and 17 hydroelectric plants in Iberia.

The conclusions drawn from the study are similar to those of last year:

- A total of 25 facilities are located in areas defined as water resources under stress, which represents 53% of ENDESA's plants. However, it is important to note that 52% of the facilities located in areas under stress do not consume fresh process water, e.g. thermal power plants because they only use salt water, and hydroelectric plants because they use but do not consume fresh water.
- Facilities located in areas with water resources under stress (<1,700 m³/person per year) and with fresh process water consumption account for only 25% of ENDESA's facilities, which produce 9.5% of the energy. The sum of these consumption values is 0.156 hm³.
- ENDESA optimises the use of fresh water in all its facilities, whether located in areas with or without water stress. This is demonstrated by the fact that 77% of the production

centres located in areas with sufficient and abundant water resources also do not consume fresh process water.

The consumption of fresh process water at the Alcudia thermal power plant in the Balearic Islands and the Litoral thermal power plant in Almeria, located in water stress zones, represents 53% of the total consumption of fresh process water by facilities in water stress zones. Currently, the Alcudia thermal power plant is in limited operating conditions, so its water consumption is expected to be greatly reduced over the coming year, and activity at the Litoral thermal power plant have now ceased.

It is also worth highlighting that all the plants have an ISO 14001-certified environmental management system. Many of their environmental management programmes set objectives for reducing water consumption or improving discharges, measures that will reduce the plants' impact the availability of freshwater resources in their respective catchment areas.

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The withdrawal of fresh water for industrial use in thermal power plants located in areas of water stress and that consume part of this freshwater during 2021 was 18% of the total water withdrawn for industrial use. It should be borne in mind that 99% of the water abstracted is returned to the environment in conditions suitable for it to be reused.

The consumption of fresh process water in water stress zones with respect to the total water consumption represents 8%. It should be noted that a large part of the process water used in ENDESA's plants is salt water.

1.2.6. Waste. Waste prevention, recycling and reuse measures and other forms of waste recovery and disposal.

301-2/306-1/306-2/306-3/306-4/306-5/3-3 Material Management Approach EUSS/Waste Management Approach EUSS/Waste Management Approach

ENDESA has environmental management systems in place that include specific operational procedures on the management of waste generated as part of all its activities and that are continuously reviewed to detect and make progress with improvements, in addition to setting of legislative developments that arise on this matter. Waste is managed according to the waste hierarchy (prevention, preparation for reuse, recycling, other types of recovery, including energy, and final disposal), always starting from prevention, and when that is not possible, prioritising the treatments of recovery and recycling of the waste it generates, especially inert waste, as well as the preparation for the reuse of those hazardous wastes that admit it, for example, used oils or cleaning solvents.

Waste management is outsourced to various authorised agents, which are bound by mandatory requirements in terms of documentation, deadlines and operations, prioritising those who recycle and recover waste. To ensure the correct management of waste through to their final treatment, ENDESA requires that all managers have certification of the entire process through to the "end of life" of all waste removed and, in particular, the intermediate treatments generated.

At the same time, pilot projects and studies are being performed to identify feasible alternatives (from a technical and economic perspective) to ensure the recovery of certain types of waste, in line with the principles of the circular economy, which is examined in more detail in Chapter 5. *Circular economy.*

A considerable portion of all the waste recovered by ENDESA in 2021 derived from its external facilities, representing 94% of its total non-hazardous waste and 74% of its total hazardous waste in Spain and Portugal.

In 2021, the waste management framework agreements serving the different business lines were renewed. The new agreements entered into require a minimum recovery percentage, both for hazardous waste and non-hazardous waste, which makes it possible to continue making progress with the waste recovery goals established.

Pursuant to the criteria set out in the new GRI guidelines, from 2020 onwards, a breakdown of the waste generated by composition is required, as is a breakdown of recovery tasks involving waste not destined for disposal and of the disposal tasks involving waste that cannot be recovered.

BREAKDOWN OF SPECIFIC WASTE, BY TYPE

Waste composition (t)	2021		
	Generated	Waste not destined for disposal	Waste destined for disposal
MSW	1,612.9	1,235.0	377.9
Paper and cardboard	135.6	134.8	0.8
Plastic bottles	927.0	6.2	920.8
Metal containers	0.0	0.0	0.0
Paper and cardboard packaging	33.0	33.0	0.0
Total	2,767.8	1,409.0	1,299.5

BREAKDOWN OF RECOVERY TASKS¹

Hazardous waste (HW) (t)	2021
Preparation for reuse	0.0
Recycling	8,763.9
Other recovery tasks	0.0
Total	8,763.9
Non-hazardous waste (NHW) (t)	2021
Preparation for reuse	0.0
Recycling	51,074.6
Other recovery tasks	0.0
Total	51,074.6
Waste avoided	59,838.5

¹This refers to tasks performed outside facilities, as within facilities, none is produced.

BREAKDOWN OF DISPOSAL TASKS¹

Hazardous waste (HW) (t)	2021
Incineration (with energy recovery)	554.0
Incineration (without energy recovery)	6.7
Transfer to landfill	626.1
Other disposal tasks	1,834.9
Total	3,021.7
Non-hazardous waste (NHW) (t)	2021
Incineration (with energy recovery)	53.6
Incineration (without energy recovery)	0.8

BREAKDOWN OF DISPOSAL TASKS¹

Hazardous waste (HW) (t)	2021
Transfer to landfill	1,561.1
Other disposal tasks	781.2
Total	2,396.8

¹This refers to tasks performed outside facilities, as within facilities, none is produced.

NON-HAZARDOUS WASTE (NHW) (t)

	2019		2020		2021	
	Produced	Recovered	Produced	Recovered	Produced	Recovered
Thermal Production Units (UPT)	21,168.1	16,187.8	20,020.5	12,029.1	5,699.9	4,049.6
Hydraulic Units (UPH) Production	423.2	372.4	524.9	71.8	301.7	144.0
Port terminals	402.4	386.78	647.5	633.4	346.6	346.6
Nuclear	2,690.9	2,062.6	2,585.9	2,278.8	2,170.6	2,020.0
Distribution	36,108.2	35,855.3	35,898.0	35,345.2	30,826.0	30,414.2
Renewables (wind, photovoltaic, biomass)	3.8	3.8	6.5	6.4	11.8	11.2
Buildings	304.1	233.3	252.1	132.4	194.8	169.1
Total	61,100.7	55,102.1	59,935.4	50,497.1	39,551.3	37,154.6

HAZARDOUS WASTE (HW) (t)

	2019		2020		2021	
	Produced	Recovered	Produced	Recovered	Produced	Recovered
Thermal Production Units (UPT)	6,253.0	3,918.8	6,859.8	4,179.1	6,433.6	3,997.9
Hydraulic Units (UPH) Production	222.9	162.8	198.8	145.7	234.8	221.4
Port terminals	12.7	12.7	6.6	4.9	5.5	4.6
Nuclear	370.2	114.4	611.9	232.9	479.1	117.6
Distribution	2,318.7	1,959.4	3,270.0	2,936.3	4,488.0	4,294.8
Renewables (wind, photovoltaic, biomass)	143.6	126.3	150.5	126.7	144.1	127.1
Buildings	1.5	1.3	0.4	0.4	0.5	0.5
Total	9,322.6	6,295.5	11,098.0	7,626.0	11,785.6	8,763.9

Recovered waste is considered to be waste delivered to an authorised waste manager to undergo recovery by this company.

PRODUCTION AND MANAGEMENT OF GYPSUM, ASH AND SLAG AT ENDESA'S COAL-FIRED PLANTS (t/year)*

	2019	2020	2021
Ash			
Produced	453,451.0	50,261.6	59,665.9
Recovered	298,284.0	42,085.8	13,306.6
Restored	0.0	0.0	0.0
Landfill	155,167.0	8,175.9	46,359.4
Slag			
Produced	53,005.0	24,168.9	5,710.9
Recovered	38,958.0	10,274.2	506.3
Restored	0.0	0.0	0.0
Landfill	14,048.0	13,894.6	5,204.5
Gypsum			
Produced	391,217.0	69,554.8	5,537.0

PRODUCTION AND MANAGEMENT OF GYPSUM, ASH AND SLAG AT ENDESA'S COAL-FIRED PLANTS (t/year)*

	2019	2020	2021
Recovered	53,623.0	15,767.6	107.2
Landfill	337,594.0	53,787.2	5,429.8
Total percentage recovered (%)	43.5	47.3	19.6

*The cement and construction industries are the main ash and slag recovery markets, while the panel-making sector acts as such for gypsum.

RADIOACTIVE WASTE PRODUCED (m³)

	2019	2020	2021
Liquids	1.6	5.6	0.0
Solids	132.5	136.2	185.4 ¹

¹The variation in the value of radioactive waste is attributable to refuelling activities.

The following table shows the amounts of waste generated at offices:

TYPE OF WASTE GENERATED AT OFFICES (kg)

	2019	2020	2021
MSW	235,874	189,000	135,665
Paper and cardboard	51,700	51,700	37,224
Plastic bottles	15,997	6,800	2,173
Metal containers	480	40	0
Total non-hazardous waste	304,051	247,540	175,062

The waste reported is generated during the operational phase of the company's facilities. The waste corresponding to the plant dismantling phase can be consulted in Chapter 5. *Circular economy*.

1.3. Biodiversity conservation

3-3 Biodiversity Management Approach/3-3 EUSS Biodiversity Management Approach

Biodiversity at ENDESA

The 2020 Report on the status of Natural Heritage and Biodiversity in Spain, published in September 2021, suggests that Spain is home to a variety of different habitats, meaning that the country is the most diverse in terms of species in Europe, accounting for 56% of habitat types identified in the Directive. Forestry ecosystems occupy the greatest surface area in the country, with 37% wooded territory (woodland, pastures). It also highlights, at both a national and international level, the need for better knowledge for the conservation and sustainable use of biodiversity and natural resources, to facilitate the decision-making process, in addition to emphasising the importance of ecosystem services. Furthermore, it highlights the need to protect Spain's geological heritage, which is unique and its loss would be irreparable.

Biodiversity and ecosystems continue to suffer across the EU as a result of anthropological pressure, which is reflected in the significant changes in the use of land and sea, the over-exploitation of resources, climate change, pollution and the propagation of invasive exotic species. As a result, the essential ecosystem services on which mankind depends are in decline. Aware of this, the European Union has published its new 2030 Biodiversity Strategy, which provides for the assessment of the initial impact, the preparation of a draft legal framework for the recovery of nature, setting out binding targets with a view to recovering degraded ecosystems, in particular those with the greatest potential for carbon capture and storage, and preventing and reducing the impact of natural and manmade disasters.

ENDESA is aware of the importance of conserving and preserving biodiversity, natural capital and ecosystem services for the well-being and progress of society; to this end, it works each and every day to analyse and assess its dependencies and impacts in this regard, thus orienting all its activities performed on the mainland towards its ultimate objective of "no net loss of biodiversity".

Furthermore, the result of applying all these principles is directly reflected in the company's strategy, bearing them in mind as part of the decision-making process in relation to new projects and the management and operation of existing assets. This is reflected in **ENDESA's Biodiversity Policy**, approved by the Board of Directors in 2020. It reflects the company's commitment to mitigating the potential impacts on biodiversity and ecosystem services throughout the life cycle of its activities. It can be consulted on the company's website: <https://www.endesa.com/content/dam/enel-es/endesa-en/home/investors/corporategovernance/corporatepolicies/documents/endesa-biodiversity-policy.pdf>

Finally, the important work performed by **ENDESA's Biodiversity Committee is also worth mention**. Set up in 2020, this corporate body is responsible for transferring the objectives of said policy to the company's strategy and decision-making process. It meets every two months and is attended by representatives of all the company's different lines of business. At the sessions, the members review the status of the ongoing projects of the Biodiversity Conservation Plan, present the results of recently completed projects, and propose and evaluate new project proposals. Additionally, current affairs in terms of regulation, agreements and standards in relation to biodiversity, natural capital and ecosystem services affecting the company are presented and analysed.

Taskforce on Nature-related Financial Disclosures (TNFD).

This recent scientific study published by the IPBES in 2019 reports that the loss of biodiversity and ecosystems is reaching the point of no return, at a never-before-seen speed. It has been proved that human activity is destroying the base of the global economy, food security, health and quality of life around the world. It calculates that more than half of the world's population depends on nature and, therefore, concern for nature should have the same priority as concern for climate change.

To improve this situation and help companies to include nature in their non-financial information, the *Taskforce on Nature-related Financial Disclosures* (TNFD) is being developed; this work group is tasked with standardising information processes and actions in response to nature-related risks. The ultimate goal of this initiative is to support a change in global financial flows, in such a way that it has a positive impact on nature, in line with the CDB's Global Biodiversity Framework, the ambitious and much-needed aims of which seek to ensure that there is no net loss of nature in 2030 and that net gains are made by 2050. To this end, during the 2021-2022 period, the framework of the TNFD is due to be defined, with a view to using it as the starting point for work in 2023, with a view to developing the impact reporting framework of organisations on nature and vice versa, i.e., their nature-related impacts and dependencies (TNFD Proposed Technical Scope).

This materiality analysis must be performed structured around short and long-term risks and opportunities. This is precisely what ENDESA has been doing since 2019 in the form of its Natural Capital and Energy Work Group, a global pioneer, fostered in the framework of the Sector Groups of the Natural Capital Factory (the Spanish hub of the Capitals Coalition). In 2021, work was performed on the #NATIVE project, which addressed the definition of a baseline methodology in relation to the impacts/dependencies of the natural capital of renewable technologies and the distribution business in the construction and operation phase of infrastructures (in the case of hydroelectric infrastructures, only during the operation phase). Its aim was to draw up measures to improve and offset these impacts/dependencies on technology with the ultimate goal of avoiding the non-net loss of biodiversity, as reflected in ENDESA's biodiversity policy. It is hoped

that the results obtained will serve the company as a basis for aligning with the approach proposed by the TNFD, structured around four pillars: governance, strategy, risk management and metrics and objectives. Also, the company aims to define, as part of its new #VIBE project (launched at the end of 2021) a 360° biodiversity strategy that makes it possible to include biodiversity in governance, define objectives and monitor their impacts/dependencies on nature to help manage the corresponding risks and opportunities, as is the case with climate change.

1.3.1. Biodiversity Conservation Plan

ENDESA's Biodiversity Conservation Plan (PCBE) is the instrument that implements all biodiversity projects and actions developed by the company. All actions included in the PCBE are voluntary and often aim to go beyond the mandatory environmental requirements.

The main lines of action of the Plan are:

- Restoring the physical environment on the land and at our facilities to increase their capacity for hosting biodiversity.
- Managing the factors in the natural environment surrounding our facilities that contribute to improving the habitats of certain species.
- Recognising natural capital, the natural ecosystems housing it, their value and state of conservation.
- Preserving native species and controlling invasive species at ENDESA facilities and in the surrounding area.

The Biodiversity Conservation Plan ended 2021 with a total of 29 operational actions with the following results: 25 ongoing from previous years (6 of them were completed in 2021 and 19 will continue this year) in addition to making a start on 4 new actions in 2021.

Presentation and assessment of biodiversity

ENDESA has developed a project to assess the potential impact of its assets on biodiversity, for which KPIs have been specifically defined to measure this impact. This will make it possible to establish specific actions to make progress towards the non-net loss of biodiversity.

The table below shows the periodic assessments of the areas occupied by operational activities performed by ENDESA and the implementation of biodiversity management plans to protect and restore habitats.

PERIODIC ASSESSMENTS OF THE AREAS OCCUPIED BY OPERATING ACTIVITIES¹

	Number of sites	Hectares
Number of sites and total surface area occupied by operational activities	1,809	3,601
Assessment		
Sites at which biodiversity impact assessments have been performed over the past five years	1,809	3,601
Exposure		
Sites with a biodiversity impact assessment very close to critical biodiversity and the total surface area of these sites	245	289
Management Plans		
Sites with a biodiversity impact assessment and located very close to critical areas that have a biodiversity management plan and the total surface area of these sites	245	289

¹The above figures take into account all of ENDESA's electricity generation facilities, they do not include the distribution network. The area of dams aged 10 years and older have not been included in the calculation. These data have been obtained from ENDESA's Biodiversity Indicators System.

1.3.2. Highlights

Among the many actions carried out by ENDESA during 2021, the following should be highlighted:

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Classification	Description
Studies and Research	<ul style="list-style-type: none"> ➤ Design of a model for prioritising corrective measures aimed at preventing birdlife accidents on ENDESA's overhead power line supports. ➤ Environmental impact study at photovoltaic solar facilities, in the project planning, construction and operation phases. ➤ Environmental and ecological impact study of invasive algae in the Bay of Cadiz. ➤ National Inventory of damage to holm oaks and cork oaks caused by "La Seca" syndrome.
Birdlife protection actions	<ul style="list-style-type: none"> ➤ Red kite conservation measures through participation in the Life eurokite project. Search for the use of telemetry technology to identify the use of habitat by the target species and quantify the key reasons for mortality of birds of prey species in the European Union. ➤ Eurasian eagle-owl conservation project. ➤ Conservation measures for the population of Osprey (<i>Pandion haliaetus</i>) reintroduced in Cádiz. ➤ Project for the recovery of lesser kestrel populations in Aragón. ➤ Project for tagging and monitoring the black vulture in the International Tagus Natural Park, on the border between Spain and Portugal.
Projects with a socio-environmental component	<ul style="list-style-type: none"> ➤ ENDESA Forest Initiative.
Publications, training and dissemination events	<ul style="list-style-type: none"> ➤ Virtual working breakfast on the natural capital of the Spanish Green Growth Group (GECV) and the Spanish Business and Biodiversity Initiative (IEEB). ➤ 15th National Environmental Conference (CONAMA 2020): ENDESA organised two discussion panels related to biodiversity, one on birdlife: "Birdlife and overhead power lines" and the other on renewable energies: "Biodiversity and renewables". ENDESA also presented its experience at Technical Session 20: Forest management. Woodland and climate change. ➤ PodCast on the environmental website "PodCastidae": Interview in which ENDESA explained its commitment to biodiversity from the perspective of a power company. ➤ Cadena Ser Cataluña and Onda Cero Aragón (La Brújula de Aragón): Endesabats: Project for bat biodiversity at ENDESA's hydraulic generation facilities and the surrounding area. ➤ Workshop's on ENDESA's Participation in the red kite cross-border protection project in Europe by reducing the manmade causes of mortality. ➤ Presentation ceremony of Bosque ENDESA Doñana to the Administration. ➤ Emission Offsetting System Workshops organised by the Andalusian System for Emission Offsetting (SACE). ➤ Awareness raising and training imparted as part of ENDESA's project entitled "Support for the Osprey population". Ornithology and Conservation course for Birds in Cádiz (online format).
Other initiatives	<ul style="list-style-type: none"> ➤ Working Group on the Natural Capital of the Energy Sector in Spain. Development of a participatory process for analysing natural capital in the energy sector with a view to creating a route map for the integration of Natural Capital in the Spanish energy sector. ➤ Spanish Company and Biodiversity Initiative (IEEB) of the Biodiversity Foundation, in cooperation with the business sector, to promote economic development compatible with the preservation of biodiversity, setting up a solid framework of cooperation between major companies, non-government organisations (NGOs), associations and the Administration. ➤ Natural Capital and Biodiversity Work Group. (Spanish Green Growth Group), which pursues the integration of natural capital and biodiversity in the activities and decision-making processes of Spanish companies, in addition to establishing a meeting point between the National Administration and the Spanish business sector to this end. ➤ Biodiversity Standardisation Committee. UNE.CTN 328. UNE, as the Spanish standardisation organisation recognised by the Ministry of Industry and the Spanish representative at international standardisation bodies, has promoted the creation of this new Technical Committee, which serves a dual purpose: the establishment of a new standardisation area at ISO with the new ISO/TC 331 biodiversity and the increasingly important presence of biodiversity in European standardisation forums. The CTN has been created to facilitate the representation of the vision and interests of Spanish institutions in international and European standardisation and to accommodate international initiatives that may arise.

1.3.3. Environmental restoration

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ENDESA's activities, whether voluntary or required to ensure compliance with the regulations, has always been connected to environmental restoration. This activity became particularly relevant from 2016 onwards, when the **ENDESA Forest Initiative** was first launched, which aims to contribute to recovering lost ecosystems. The initiative consists of forest restoration of degraded land that has been burned at the national level through planting and seeding techniques

of native forest species, as they are best adapted to the environment (forests are capable of absorbing and storing greenhouse gases in the atmosphere and are also a niche of biodiversity).

At present, ENDESA several projects under way in Spain, two of them registered in the carbon dioxide (CO₂) sinks section of the National Registry of Carbon Footprint, Compensation and Absorption Projects of the Spanish Office for Climate Change (OECC) under the Ministry for the Ecological Transition and Demographic Challenge, becoming a pioneering initiative in the Energy Sector. These projects are located in Sierra de Madrid (*Bosque ENDESA La Atalaya*) Doñana Natural Park, Huelva (*Bosque ENDESA Doñana*) and the surrounding area of the former thermal power plant in Andorra, Aragón (*Bosque ENDESA Teruel*). The rest of the initiative's projects are in the execution and registration phase in the aforementioned registry; these are the *Bosque ENDESA Baleares* and *Bosque ENDESA Pirineo* (Catalonia).

The exemplary nature of the sustainability initiative is also worth particular mention, as beyond its positive environmental impacts, it is capable of generating a positive impact on economic and social factors, such as:

- **Environmentally:** contributes to generating a positive environmental impact by promoting the adaptation to climate change, promoting the recovery of biodiversity, developing natural capital and ecosystem services, combatting desertification, protecting the water cycle, and curbing soil degradation against runoff, among others.
- **Economically:** by restoring woodland, natural capital and the associated ecosystem services in which populations in the surrounding area of the project often lift (nature tourism, picking fruit, wild mushrooms, hunting, etc.). Therefore, it helps to invigorate the nearby rural environment.
- **Socially:** in the recruitment of staff to carry out forest restoration and maintenance work, priority is given to hiring unemployed people, young people, women, people over 45 years of age or people at risk of social exclusion in the project environment. It also has great potential as a tool to develop environmental awareness, training, dissemination and volunteering activities.

Below is a summary of ENDESA's environmental restoration actions that took place in 2021:

Habitat area (km2):	1.95
Main species conserved/protected:	<i>P.pinea/ P.halepensis/ P.nigra/ Q.suber/ Q.ilex/ Q.faginea/ Sorbus aria/ Hacer monspessulanum/ C.monogyna/ Amelanchier ovalis/ Prunus spinosa/ Olea europaea/ Arbutus unedo/ Myrtus comunis/ Pyrus bourgeana/ Fraxinus angustifolia/ Malus sylvestris/ Prunus spp/ Sorbus spp.</i>
Description of the habitat	Forest/Meadow/Steppe/Sub-steppe
Comparison of the biodiversity of the original habitat before the company's activities with the biodiversity of the offset habitat:	Most of them are forest restorations of burned and/or degraded land in the national territory, through the use of native species, the choice of which takes into account the changes in environmental and climatic parameters in the area where the project is located. In the cases associated with the restoration of spaces related to past mining exploitation (eco-restoration), it does not necessarily have to be forestry, but rather serves the objective of fully reintegrating the restored land with its immediate surroundings.
Work being done to improve the biodiversity of the offset habitat:	Recovery of native fauna/flora and their habitats after a fire/degradation process/mining exploitation in ENDESA's activity environment.
Biodiversity monitoring and notification period at offset sites:	Between 3 and 40 years.

1.3.4. Impacts caused by activities or operations in protected areas

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As a process included in the environmental management systems implemented in ENDESA's business lines, and in accordance with the provisions of the environmental authorisations and environmental monitoring plans applicable in each case, ENDESA monitors all significant environmental aspects and ensures that in each case its environmental impact is minimised and offset. This includes in particular those facilities that are within a protected natural space.

Additionally, as a measure of the impact caused by the mere presence of ENDESA facilities in protected natural areas, the area occupied by the company's centres and infrastructure within spaces belonging to the Natura 2000 Network (ZEC, LIC and ZEPA) has been calculated, coming to a total of 789.22 km². These data have been obtained as part of ENDESA's Biodiversity Indicators System for the year 2021:

THERMAL GENERATION

Surface (km ²) occupied by facilities in Natura 2000 Network spaces	1.6
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RENEWABLE GENERATION

Surface area (km ²) occupied by facilities in Natura 2000 Network spaces (hydroelectric generation)	183.4
Surface area (km ²) occupied by facilities in Natura 2000 Network spaces (wind generation)	0.9
Surface area (km ²) occupied by facilities in Natura 2000 Network spaces (solar generation)	0.8
Surface area (km ²) occupied by facilities in Natura 2000 Network spaces (biomass generation)	0.01

ELECTRICITY DISTRIBUTION

Surface area (km ²) occupied by facilities in Natura 2000 Network spaces (electricity distribution lines)	601.6
Surface area (km ²) occupied by facilities in Natura 2000 Network spaces (electricity distribution substations)	0.9

ENDESA, as reflected in its Biodiversity Policy, is firmly committed to not operating thermal generation facilities in protected natural spaces on the Spanish mainland and to not designing or developing new thermal generation facilities in protected natural spaces in non-mainland territories.

PEOPLE

- 1. Commitment to our employees.**
- 2. Responsible relations with communities.**
- 3. Supply chain.**

1. COMMITMENT TO OUR EMPLOYEES



Line of action		2019	2020	2021	2021-2023 Targets	2022-2024 Sustainability Plan (PES)	
						2022 target	2024 target
Commitment to our employees	To increase the presence of women (% women in the workforce) (NEW)	-	-	25.5%	-	26.0%	27.0%
	To increase the presence of women in positions of responsibility: Manager ¹ and middle manager (CGI+GC0) (% women) (NEW)	-	-	33.0%	-	32.0%	32.0%
	To increase the presence of women in positions of responsibility: Manager ¹	18.7%	19.7%	21.0%	20%	20.0%	20.5%
	To increase the presence of women in positions of responsibility: Middle manager (CGI+GC0) (% female)	32.7%	32.6%	33.8%	33%	32.5%	33.0%
	To increase the presence of women in positions of responsibility: Middle manager (CGI) (% female)	-	27.8%	30.4%	28.8%	29.3%	30.3%
	To increase the presence of women (% women in management positions with revenue-generating roles) (NEW)	-	-	26.2%	-	26.4%	27.0%
	Promoting gender diversity as part of selection processes (% women)	35%	36%	53%	50%	50%	50%
	Promoting gender diversity in the recruitment process (% all women recruited)	38%	32%	37%	38%	38%	42%
	Professional guidance in STEM areas for women	595	572	1,560	> 1,500 women involved in the 2021-2023 period	4,500 women involved in the period 2022-2024	
	Presence of women in STEM positions (% of women) (NEW)	-	-	17.8%	-	18.0%	18.5%
	Disability. Launch of specific campaigns to integrate disabled persons (number of specific communications)	-	2	3	3 campaigns per year in the period 2021-2023	3 campaigns per year in the period 2022-2024	
	Disability Action Plan. Valuable 500 (NEW)	-	-	First year of the Action Plan	-	Design and implementation by 2023 of initiatives to improve the inclusion of people with disabilities, improving and expanding measures relating to digital accessibility, autonomy, mobility, development and employability	
	Promotion of line training for employees (hours/employee)	50.6	42.6	44	39	38.5	39.5
	Skill enhancement and retraining programmes for employees affected by the energy transition (training hours per year/person)	-	122	126	150	50 ²	-
	Training programme for new recruits (number of hours/employee)	-	-	49.6	12 hours per employee per year in the period 2021-2023	12	12
Improvement of work areas in offices (no. employees benefited)	589	701	1,236	1,965 employees in the period 2021-2022	1,712 employees in the period 2022-2024		

Line of action	2019	2020	2021	2021-2023 Targets	2022-2024 Sustainability Plan (PES)	
					2022 target	2024 target
Promotion of services that favour the work-life balance of employees ³ (number of services)	74.0	69.0	68.0	70 services in 2023	70 services in 2024	
To promote the level of employee involvement ⁴ (engagement)	Scope: 100% Satisfaction: 60%	Scope: 100% Satisfaction: 90%	Scope: 100% Satisfaction: 90%	Scope: 100% Satisfaction: 90%	Scope: 100% Satisfaction: 85%	Scope: 100% Satisfaction: 86%
Performance assessment (Open Feedback Evaluation) (% employees)	Scope: 100% Participation: 37%	Scope: 100% Participation: 99.6%	Scope: 100% Participation: 99%	Scope: 100% Participation: 99%	Scope: 100% Participation: 99%	Scope: 100% Participation: 99%
Number of people included in the knowledge transfer initiatives (mentoring, age and gender)	140	120	262	125	130	140
Succession Plan for Managers (% of women among those involved)	-	-	40.6%	-	43.0%	45.0%
Travel safety: Expansion of the e-Travel digital portal to add itinerary planning functions and authorisations for travel with risk	100%	100%	100%	100% of Travel in the period 2021-2023	100% of travel in the period 2022-2024	
Crisis Management – Drill Plan (NEW)	-	-	0	-	1 drill per year over the 2022-2024 period	
Raising awareness of safety (No. of actions)	-	34	38	34	36	40

¹ Manager: TOP 200 + managerial level + Local managers.

² Specific training ends in 2022.

³ The data refer to the total number of services offered in the 7 ENDESA headquarters as a whole, including: financial assessment, nutritionist, travel agency, car hire, vehicle cleaning and repair, dry cleaning, catering, changing room, breast-feeding room, etc.

⁴ Biennial survey. 2020 survey results.

⁵ Eligible and accessible persons who have worked in the Group for at least 3 months.

Actions deserving special mention

1. ENDESA defined a Gender Diversity Action Plan, the follow-up of which was submitted to the Board of Directors' Sustainability and Corporate Governance Committee. It is aligned with the Diversity and Inclusion Policy, aimed at increasing the presence of women in the company, as well as their presence in positions of responsibility and guaranteeing equal pay.
2. ENDESA has started to implement a new learning model, working on the globalisation of processes; in the user experience of employees, the development of new tools, new ways of thinking, new processes, a new culture, a new climate for recognition and motivating leadership.
3. In 2021 ENDESA continued to offer measures that allow the working day to be adapted to requirements, through time flexibility, temporary changes to hours, reductions in working hours, family care leave, paid leave, unpaid leave and absences and working from home.
4. In September 2021, employees returned to working in Endesa's offices.

The information in this chapter includes both the companies managed by ENDESA and those in which it has shares in Spain and Portugal. Employees of investee companies in France, the Netherlands and Germany are also included. For the quantitative information reported by the companies SALIME AND ANAV, the information with regard to the following percentages of the company's participation has been consolidated: 50% for SALIME and 85% for ANAV.

1.1. ENDESA's workforce

The scope of the information presented below will be that of the consolidation. All companies have been included in the percentage of consolidation, none will be excluded in any section.

ENDESA had a workforce of 9,258 employees as at 31 December 2021, of which 9,242 were employed in Spain and 16 in Portugal.

WORKFORCE AS AT 31 DECEMBER

	2019	2020	2021
Spain	9,916	9,577	9,242
Portugal	36	14	16
Total	9,952	9,591	9,258

WORKFORCE BY GENDER

	Men			Women		
	2019	2020	2021	2019	2020	2021
Total	7,573	7,235	6,894	2,379	2,356	2,364
%	76.1	75.4	74.5	23.9	24.6	25.5

AVERAGE WORKFORCE BY GENDER

	2019	2020	2021	% change 2021 vs. 2020
Men	7,472	7,388	6,964	-5.7
Women	2,289	2,333	2,307	-1.1
Total	9,761	9,721	9,271	-4.6

405-1

When breaking down the workforce by age, it can be seen that the largest number of employees, 60.1%, is aged between 30 and 50. The average age of the workforce is 46.6.

WORKFORCE BY AGE

	2019	2020	2021
<30	375	352	506
30-50	5,454	5,264	5,565
>50	4,123	3,975	3,187
Total	9,952	9,591	9,258

WORKFORCE BY AGE AND PROFESSIONAL CATEGORY AS AT 31 DECEMBER 2021

	<30	30-50	>50
Management	0	103	145
Middle Management	240	2,518	898
Administration and Management	231	2,258	1,734
Manual workers	35	686	410
Total	506	5,565	3,187

2-7/405-1

Distribution of the workforce at the end of the year by gender: The workforce consisted of 74.5% men and 25.5% women. With regard to the composition of the workforce by professional category, 46% corresponded to administration and management personnel, followed by the group of middle managers with 39%, manual workers 12% and managers 3%.

DISTRIBUTION OF THE WORKFORCE BY GENDER AND PROFESSIONAL CLASSIFICATION

	Men			Women		
	2019	2020	2021	2019	2020	2021
Management	221	217	196	53	54	52
Middle Management	2,319	2,380	2,421	1,123	1,152	1,236
Administration and Management	3,633	3,441	3,188	1,154	1,109	1,035
Manual Workers	1,400	1,197	1,089	49	41	42
Total	7,573	7,235	6,894	2,379	2,356	2,364

DISTRIBUTION OF THE WORKFORCE AS AT 31 DECEMBER 2021

	Management	Middle Management	Administration and management staff	Manual Workers	Total
Workforce	248	3,657	4,223	1,130	9,258
Average workforce	258	3,534	4,313	1,166	9,271

Breakdown of recruitment

2-7

In 2021, it is worth noting that 97.45% of employment contracts were for an indefinite period, with a total of 9,022 contracts. Fixed-term contracts accounted for 2.55% of the total.

Type of working day: The vast majority of the workforce works full time. The number of employees in full-time employment is 9,256, with 2 in part-time employment.

DISTRIBUTION OF EMPLOYEES BY TYPE OF CONTRACT AND WORKING DAY IN SPAIN AND PORTUGAL AS AT 31 DECEMBER 2021

	Men		Women	
	2020	2021	2020	2021
Open-ended contract	6,720	2,302		
Fixed-term contract	174	62		
Part time	1	1		
Full time	6,893	2,363		

NUMBER OF EMPLOYEES BY TYPE OF CONTRACT AT THE END OF THE YEAR

	Full time			Part time			Total		
	2019	2020	2021	2019	2020	2021	2019	2020	2021
Open-ended	9,561	9,335	9,021	1	7	1	9,562	9,342	9,022
Fixed term	390	249	235	0	0	1	390	249	236
Total	9,951	9,584	9,256	1	7	2	9,952	9,591	9,258

NUMBER OF CONTRACTS BY GENDER – AVERAGE WORKFORCE

	Open-ended contract						Fixed-term contract					
	Full time		Part time		Total		Full time		Part time		Total	
	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021
Women	2,250	2,244	2	1	2,252	2,245	79	62	1	0	80	62
Men	7,138	6,800	4	0	7,142	6,800	247	163	0	1	247	164
Total	9,388	9,044	6	1	9,394	9,045	326	225	1	1	327	226

NUMBER OF CONTRACTS BY AGE – AVERAGE WORKFORCE

	Open-ended contract						Fixed-term contract					
	Full time		Part time		Total		Full time		Part time		Total	
	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021
<30	270	298	0	0	270	298	120	71	0	0	94	71
30-50	5,048	5,215	6	1	5,054	5,216	232	145	1	1	217	146
>50	4,070	3,530	0	0	4,070	3,530	12	10	0	0	16	10
Total	9,388	9,043	6	1	9,394	9,044	364	226	1	1	327	227

NUMBER OF CONTRACTS BY PROFESSIONAL CATEGORY - AVERAGE WORKFORCE

	Open-ended contract						Fixed-term contract					
	Full time		Part time		Total		Full time		Part time		Total	
	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021
Management	275	258	0	0	275	258	0	0	0	0	0	258
Middle Management	3,375	3,487	1	0	3,376	3,487	79	47	0	0	79	3,534
Admin. Management	4,469	4,180	4	1	4,473	4,181	162	131	1	1	163	4,313
Manual Workers	1,269	1,118	1	0	1,270	1,118	85	48	0	0	85	1,166
Total	9,388	9,043	6	1	9,394	9,044	326	226	1	1	327	9,271

The stability of the company's workforce can be seen by the fact that the total number of fixed-term employees represents just 2.44% of the average workforce.

EU15

EMPLOYEES IN SPAIN WITH THE POSSIBILITY OF ACCESS TO RETIREMENT IN THE COMING YEARS BY PROFESSIONAL CATEGORY

	Retirement in the next 5 years		Retirement in the next 10 years	
	2020	2021	2020	2021
Management	2.8%	3.3%	3.0%	4.0%
Middle Management	21.9%	23.6%	23.9%	24.6%
Administration Staff	60.4%	58.7%	59.7%	57.5%
Manual Workers	14.9%	14.3%	13.4%	14.0%
Total	100.0%	100.0%	100.0%	100.0%

401-1

In 2021, 678 people were contracted, 673 of them were new recruits and the remaining five due to reinstatement after leave of absence and for other reasons.

The new recruits constitute an indicator that shows ENDESA as a generator of employment. These figures are important because they represent a thermometer for the renewal of the company and its adaptation to new trends. In this regard, of the 678 new recruits, 68 correspond to internees incorporated in 2021.

NEW RECRUITS

	2017	2018	2019	2020	2021
Total new recruits	256	393	426	253	678
Percentage of open positions that were filled by internal candidates	53.4%	45.7%	45.5%	54.8%	63.9%

CONTRACTING

	Men	Women	Total
<30 years	206	88	294
Between 30 and 50	255	121	376
> 50 years	5	3	8
Total	466	212	678

This year 934 contract terminations have been registered for the following reasons:

CONTRACTS COMING TO AN END

	2019	2020	2021
Voluntary departures	73	34	54
Voluntary redundancy with incentive ¹	11	291	679
Retirements	23	83	87
Layoffs	21	10	10
Others ²	123	178	104
Total	251	596	934

¹Voluntary redundancy with incentive: early retirement included.

²Others: the vast majority are due to contracts coming to an end.

Contract terminations for the last three years, by gender, are as follows:

CONTRACT TERMINATIONS BY GENDER

	2019	2020	2021	
Total number leaving workforce (resignation, redundancy and retirement)	Men	183	498	759
	Women	68	98	175
Total departures as % of total workforce	Men	2.4%	6.9%	11.0%
	Women	2.8%	4.2%	7.4%

401-1

ENDESA aims to be an excellent company to work for, therefore, attention is paid to low staff turnover as an indication of the satisfaction of the people who work for the company. The turnover rate in Spain in 2021 was 10.09%, a figure that falls within the values expected by the company.

TURNOVER RATE FOR EACH GENDER AND AGE SEGMENT

	Women	Men	Total
< 30	6.3%	9.0%	8.1%
30-50	1.9%	1.9%	1.9%
>50	22.5%	25.2%	24.7%
Total	7.4%	11.0%	10.1%

VOLUNTARY TURNOVER RATE

	2017	2018	2019	2020	2021
Percentage of total turnover rate	7.3%	4.6%	2.6%	6.2%	10.1%
Percentage of voluntary turnover rate	0.6%	0.6%	0.4%	0.4%	0.6%

The average time an employee stays with the company is 17.5 years, while 77.46% of the workforce had been working for the company for over 10 years.

AVERAGE LENGTH OF SERVICE IN THE COMPANY

	Number
Employees who have been less than 10 years in the company	2,162
Employees who have been 10-19 years in the company	3,358
Employees who have been 20-29 years in the company	1,915
Employees who have been 30-34 years in the company	1,208
Employees who have been more than 35 years in the company	948

Layoffs

In 2021 there were 10 layoffs in ENDESA, 3 women and 7 men, which represents 0.11% of the total workforce at the end of the reporting period.

		2019	2020	2021
Gender	Women	3	1	3
	Men	18	9	7
Age	<30	2	1	2
	30-50	10	2	7
	>50	9	7	1
Professional category	Management	4	1	0
	Middle Management	3	2	4
	Admin and Management	7	4	3
	Manual workers	7	3	3

1.2. Talent and leadership management

3-3 Approach to the Management of Education and Training

In 2021, whenever the characteristics of their job made it possible, Endesa staff continued to work remotely as they had since the beginning of the health crisis. Since then, ENDESA has launched initiatives to support the leaders of the organisation, such as the "Gentle Leadership" programme aimed at the company's senior managers, as well as the creation and adaptation of programmes to help all ENDESA staff during this time. The digitalisation process and the adoption of new approaches to work, as well as data-driven decision-making, continued to be specially important this year.

Now more than ever, at all levels it has been necessary to demonstrate our commitment to the business project and to continue making progress in achieving the targets and meeting the challenges presented by the environment and the industry. In this regard, there are projects that continued during 2021 such as the "**Cambiamos**" project whose objective is to increase pride of belonging, and with which the company's values are reinforced. There was a partial return to the offices and a pilot scheme undertaken as a thermometer for the well-being of employees.

The response at all levels validated the company's commitment to the adoption of digital and collaborative tools, as well as the importance of trusting people and of their empowerment.

1.2.1. Leadership model

404-3

ENDESA's leadership model is based on the Company's vision, mission, values and codes of conduct. Open Power values (responsibility, innovation, trust and proactivity) are present in all people management processes by means of 15 ENEL Group skills linked to those Open Power values. This enables not just leaders, but everyone within the organisation to have clear guidelines regarding management style and behaviour that is firmly committed to people and their potential. ENDESA has been committed to the coaching culture in the company for many years now. It has reinforced this commitment over the past year by embedding this philosophy into key people in the management processes, emphasising the importance of skills such as feedback and listening.

BEHAVIOURAL EVALUATION SYSTEM (No. EVALUATIONS)			
	2019	2020	2021
Open Feedback Evaluation (OF)	8,443	8,301	7,816

EVALUATION SYSTEM FOR VARIABLE REMUNERATION OBJECTIVES (NO. EVALUATIONS)

	2019	2020	2021
Management by Objectives for Managers (MBO)	262	201	190
Annual Bonus (AB)	2,587	2,725	2,608
Sales Force Objective (SFO)	242	409	405
Other Variable Remuneration systems	-	170	181

In 2021, the existing annual evaluation system developed into a process focussing on developing people and promoting the feedback culture. Open Feedback Evaluation (OFE) is based on 15 ENDESA skills organised into three areas: **Talent, generosity and action**.

- **Talent:** Designed for each person to identify up to three skills in which they believe they excel.
- **Generosity:** This is aimed at each person giving and asking for feedback from colleagues to recognise and drive their development.
- **Action:** The person responsible assigns professional goals to their team members.

The process has developed into a 360° feedback process, available to the entire organisation to foster the culture of exchanging *feedback* at all levels.

In addition to this process, there are the Management By Objectives (MBO) and the Annual Bonus (AB) systems, which apply respectively to managers and employees who receive variable remuneration and the Sales Force Objectives system, which affects all salespeople receiving variable remuneration, excluding the MBO and AB and other Remuneration by Objectives systems in force.

36.6% of employees participated in the evaluation of objectives with variable remuneration in 2021.

404-3
EVALUATIONS BY PROFESSIONAL CATEGORY AND GENDER

	2019				2020				2021			
	Evaluation of objectives		Evaluation of behaviours		Evaluation of objectives		Evaluation of behaviours		Evaluation of objectives		Evaluation of behaviours	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
Management	217	52	190	44	214	53	174	47	181	50	179	50
Middle Management	1,857	876	3,213	998	2,019	939	2,135	1,067	1,968	951	2,152	1,108
Administration and management staff	174	65	1,977	986	191	89	3,068	980	158	76	2,733	890
Manual workers	0	1	1,008	27	0	0	809	21	0	0	687	17
Total	2,248	994	6,388	2,055	2,424	1,081	6,186	2,115	2,307	1,077	5,751	2,065

PERCENTAGE OF EVALUATIONS BY PROFESSIONAL CATEGORY AND GENDER

	2019				2020				2021			
	Evaluation of objectives		Evaluation of behaviours		Evaluation of objectives		Evaluation of behaviours		Evaluation of objectives		Evaluation of behaviours	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
Management	10%	5%	3%	2%	9%	5%	3%	2%	8%	5%	3.1%	2.4%
Middle Management	83%	88%	50%	49%	83%	87%	35%	50%	85%	88%	37.4%	53.7%
Administration and management staff	8%	7%	31%	48%	8%	8%	50%	46%	7%	7%	47.5%	43.1%
Manual workers	0%	0%	16%	1%	0%	0%	13%	1%	0%	0%	11.9%	0.8%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

1.2.2. Talent development

404-2

ENDESA is committed to talent development, and personal and professional growth as part of a business strategy focussed on the sustainability of human capital:

A number of these actions are detailed below:

- **Onboarding:** This process aims to facilitate the incorporation of new recruits into the organisation and transmit ENDESA's values and culture to them. The process is automated and digitalised, with the use of digital signatures, the synchronisation of information between systems, management via mobile devices and the coordination of actions for new employees joining the organisation and undertaking the training required in line with their position.
- **Coaching:** ENDESA remains strongly committed to coaching via individual or team initiatives undertaken through the in-house coaching network in which over 50 in-house coaches - more than 25 are also team coaches - assist ENDESA's professionals. The coaching team is one area where ENDESA is considered to be a benchmark among IBEX-35 companies.

The internal *coaching* network maintains high quality standards and undertakes continuous training, as well as supervision of group competitions on a quarterly basis. The network is a key group that not only organises coaching *processes*, it also provides internal training to transfer *coaching* skills to daily management.

ENDESA was again awarded the third place prize in the "2021 Coaching Culture in the Company" awards by the Spanish Association of Executive and Organisational Coaching (AECOP). This prize is in addition to the first prize awarded to ENDESA in this category in 2019. In 2020, it won first place in the Expocoaching "Best Practice in the Workplace" award.

- **Skills Workshops:** ENDESA has an itinerary of courses aimed at the development of skills, abilities and tools linked to coaching.

The catalogue of workshops related to coaching was enriched in 2021 by adding the challenge of bringing coaching closer to the company. This gave rise to the "Growing with Coaching" initiative, aimed at raising awareness about coaching and bringing it closer to all employees. In the same vein, a "Coaching Tools for your Development" workshop was organised internally by the In-house Coaching Network. It was for any employee wishing to learn how to implement coaching skills in their daily work. These workshops are in addition to the "Coach Manager" and "Coach Manager+" courses for people managers. As part of its commitment to the feedback culture, coaching tools contribute in a positive way to team management in high-efficiency environments.

- **Mentoring:** Knowledge transfer project in which leading professionals in a specific skill or area of knowledge mentor and mentor other colleagues for a period of 3 to 6 months. In 2021, a new edition of Women Mentoring was begun aimed at giving visibility to and empowering the Company's female talent.
- **Job Shadowing:** Development action aimed at getting to know another area of the company that consists of choosing a colleague for a certain period of time, accompanying him/her in his/her daily work and sharing experiences and points of view. Anyone in the organisation interested in the programme was given the chance to participate in 2021.

- **Reinforcing the role of the People Business Partner (PBP):** Within the framework of the MEWE transformation project aimed at supporting People Business Partners (PBP) in their transformation towards a role that is more focused on being closer to people and fostering key coaching skills such as listening, empathy and feedback. With this in mind, all PBPs underwent a development process based on coaching tools.
- **Consultancy for People and Organisation:** One of the great achievements in the area of talent development is being able to put in place tailor-made solutions for businesses that need it. In 2021, ENDESA further reinforced a line of internal consultancy that provides ad hoc solutions to needs expressed by businesses.
- **Succession Plans:** In 2021, ENDESA continued with the management of succession plans to identify people who are prepared for succession in the short and medium-long term, for positions of greater managerial responsibility. Identification is governed by a series of criteria, including the requirement that women should account for at least half of the candidates for succession as a means of contributing to the achievement of the gender diversity goals to which ENDESA is firmly committed.

DEVELOPMENT ACTIONS (N° Participants)

	2020	2021
Active mentoring	88	100
Active Coaching	137	238
Active Job Shadowing	N/A	78
Manager Coach and Manager Coach + workshops	219	407
Growing with coaching and Coaching Tools for your development	N/A	746
PBP empowerment processes	N/A	86

1.2.3. Attracting and retaining talent

In 2021 ENDESA participated both in events specialising in digital profiles and in different employment fairs to offer vacancies to young recent graduates and especially to those with STEM profiles. A dozen or so workshops were held for secondary school and university students to spark interest in STEM training and to promote the ENDESA brand.

During the year, approximately 200 young talents took part in "Recruiting Day" actions which involved young people taking part in individual and group activities to showcase their skills, passions and career interests in a natural and fluid manner. The candidates themselves appreciate these activities immensely from the point of view of selection and employer branding. Most of the candidates selected using this methodology are awarded a scholarship under the ENDESA Scholarship Programme. In other cases, they may be considered for vacancies.

In 2021, over 220 young graduates were included in this scholarship programme (25% more than in previous years). The training projects associated with the scholarships enabled students to maximise their development and raise their level of employability to continue on their career path. There is a commitment to trying to recruit as many scholarship students as possible. Interns at ENDESA are given the opportunity to learn and gain experience and knowledge that will be useful in helping them find their first job.

1.2.3.1. International mobility

In 2021, ENDESA maintained its international mobility programmes for employees to contribute to their development in international arenas, widen their global business vision and enhance their technical knowledge. As a result of the pandemic, many of the employees in international mobility have physically returned to their countries of origin, but have maintained their activity and

development in the destination companies through an international remote working model. As these health restrictions have been eased, these employees have been returning for short periods or definitively to their countries of international assignment.

As a result of the success in the international remote working activity, in 2021 ENDESA began to structure the international remote working process. This process will make it possible to complete the experiences of international development offered by traditional expatriation, with a new model for development through international assignment without actually moving. This new model will increase international development for ENDESA employees by making it easier for workers to achieve work-life balance by not having to move physically to another country, and as a result reducing the logistical and administrative costs borne by the Company associated with traditional expatriation.

In 2021, ENDESA managed 49 processes for expatriate employees and 10 for employees returning. These are mobility programmes that promote global careers and foster a multinational culture. In these processes, special attention is paid to the following aspects:

- Ensuring that expatriate staff maintain living conditions similar to those of the country of origin.
- Compensating for difficulties related to expatriation.
- Offering a significant package of employee benefits.

Within the framework of compliance with the Diversity Policy, special attention is paid to the integration of expatriates at their destination, by assigning them a tutor/mentor during the expatriation period.

1.2.3.2. Recruitment

202-2/3-3 Market Presence Management Approach

The objective of the selection process is to fill each vacancy with the most suitable candidate for the required profile. The profile not only takes into account the technical aspect of the position, but also abilities in line with corporate values.

ENDESA promotes the participation of employees in the selection processes in order to favour internal mobility and provide development and learning opportunities for employees.

In cases where ENDESA is unable to make use of internal mobility, it seeks to recruit people directly linked to the company's activities through internships, grants and specific fixed-term contracts. Job vacancies are also posted on ENDESA's and employment websites.

ENDESA has globally applicable guidelines and the ENDESA Collective Agreement sets out the specific features of the process for filling vacancies.

EMPLOYEES RECRUITED

	2019	2020	2021
Total local employees joining the workforce over the course of the year	375	223	634
Total local Senior Manager (managers + middle managers) joining the workforce over the course of the year	174	132	271

In 2021, local recruitment increased significantly compared to previous years. The needs to cover vacancies are aligned with the investment and growth of the company in the country.

Most of the senior management come from the local community, 13 members of the Executive Management Committee out of a total of 16.

1.2.3.3 Rejection of forced and child labour

3-3 Child Labour Management Approach/Forced Labour Management Approach/408-1/409-1

ENDESA expressly condemns child labour and forced labour in its Code of Ethics and in its Human Rights Policy, with a commitment to rigorous compliance with international standards such as the UN Global Compact, with the aim of creating a working environment that is respectful of Human Rights in all the countries in which it operates. It should also be noted that ENDESA operates in an environment (Spain and Portugal) where there is a regulatory framework that establishes the necessary guarantees to ensure that there are no violations with regard to child or forced labour. ENDESA has the most advanced prevention, control and monitoring mechanisms in place to guarantee strict compliance with current legislation, international standards and ILO principles with regard to this. As a result, there were no complaints with regard to this in 2021.

This approach is also extended to all contractor companies and suppliers with which it maintains a relationship. To this end, it incorporates Human Rights clauses in the general contracting conditions, evaluates human rights aspects in the supplier qualification system and undertakes social audits to verify compliance.

For more information, see section 3.3.2 *Compliance with Human Rights* in the 3. *Supply Chain* chapter.

1.2.3.4. Remuneration policy

3-3 Market Presence Management Approach

ENDESA's remuneration policy is aligned with Spanish and international regulatory recommendations in the area of Corporate Governance. The main objective is to retain, attract and motivate the best talent, prioritising internal equality, external competitiveness and establishing remuneration in line with the best practices used on the market.

ENDESA's remuneration policy ensures competitive and fair remuneration for its employees. Remuneration is determined following an analysis of external competitiveness based on wage surveys in the market by employing a job valuation methodology with criteria used by similar companies in terms of number of employees and turnover.

ENDESA's remuneration policy is also merit-based. In 2021, as in previous years, the individual salary review process was carried out for all employees in all professional categories. The main purpose of these processes is to acknowledge the efforts, responsibility and commitment of the Company's employees, adjusting remuneration on a case-by-case basis, which guarantees the minimums established in the V ENDESA Framework Collective Bargaining Agreement.

In 2021, there continued to be transparency of communication to the staff during the salary review process. The budget, the launch of the process, as well as the result are communicated, with special emphasis on the gender perspective.

In order to minimise unconscious biases in meritocracy processes, digital tools are used to simulate the impact of the proposals on the gender gap value. This action, together with the dissemination of gap reports, is a result of ENDESA's commitment to conscious decision-making focussed on reducing the gap value.

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SOCIAL BENEFITS NOT REQUIRED BY LAW (THOUSANDS OF EUROS)

	2019	2020	2021
Medical care	3,611	1,724	906
Cultural and recreational activities	1,042	1,031	971
Financing of electricity consumption	15,828	10,309	6,702

SOCIAL BENEFITS NOT REQUIRED BY LAW (THOUSANDS OF EUROS)

	2019	2020	2021
Non-occupational accident insurance	853	1,206	826
Pension funds	43,243	55,498	51,712
Others (for example: seniority bonus, wedding and housing allowances, etc.)	15,122	15,895	10,408
Number of employees included in benefits plan: (expressed in number of employees)	9,952	9,591	9,258

Flexible Remuneration

In 2021 51.35%, of ENDESA employees adhered to the Flexible Remuneration plan (4,754 employees). This is a remuneration system through which each employee voluntarily decides how to receive part of their monetary remuneration to suit their personal and family needs at all times. ENDESA's plan includes Health Insurance, Childcare Ticket, Food Card, Transportation Card and Training products.

Working overtime

The Management of the Company and the Social Representatives reached a number of Collective Agreements on the need to reduce working overtime to the minimum necessary through the establishment of work organisation tools and systems that enable a permanent improvement of the efficiency of the Organisation, in any case respecting current legislation and in particular, the provisions of Royal Decree 1561/1995, of 21 September 1995. The Collective Agreement establishes that, where overtime needs to be worked, employees may choose between financial compensation mechanisms or mixed compensation mechanisms (financial and rest hours).

Remuneration of Managers and Employees.

Here follows a breakdown of the average salaries and their development by gender, age and professional classification. Fixed salaries, variable remuneration and social benefits are taken into consideration.

AVERAGE REMUNERATION BY AGE: FIXED SALARY + VARIABLE REMUNERATION+ SOCIAL BENEFITS (EUROS)

	2019	2020	2021
<30	34,785.01	41,380.66	40,267.89
30-50	57,070.49	62,600.03	62,308.86
>50	74,767.60	81,065.62	82,302.04

AVERAGE REMUNERATION BY PROFESSIONAL CATEGORY AND GENDER: FIXED SALARY + VARIABLE REMUNERATION+ SOCIAL BENEFITS (EUROS)

	Management			Middle Management			Administrative and office staff			Manual workers			Average		
	2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021
Men	200,544	204,209	205,894	76,721	79,674	76,593	57,857	61,308	59,869	54,407	58,765	59,153	67,240	70,888	69,495
Women	171,476	174,203	174,273	67,913	71,268	68,907	50,646	54,283	52,563	57,838	58,456	58,696	61,565	65,366	63,863
Average	195,189	197,953	198,972	73,864	76,927	73,999	56,134	59,603	58,087	54,518	58,754	59,136	65,901	69,532	68,060

AVERAGE REMUNERATION BY PROFESSIONAL CATEGORY AND GENDER: FIXED SALARY (EUROS)

	Management			Middle Management			Administrative and office staff			Manual workers			Average		
	2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021
Men	142,488	149,884	154,400	68,293	71,807	70,174	54,760	59,271	57,724	50,492	58,114	57,890	60,709	65,713	64,682
Women	126,651	133,142	136,204	62,135	65,440	64,096	48,843	52,863	51,369	51,907	58,453	58,591	56,859	60,924	59,996
Average	139,570	146,394	150,417	66,295	69,727	68,123	53,346	57,716	56,174	50,538	58,125	57,916	59,801	64,537	63,488

Wage gap

In 2021, a detailed study was made on the salaries of employees and the differences between men and women, and two types of indicators, the average and the median, were analysed to get a better understanding of their causes.

2021 was marked by variations in the workforce that caused the average remuneration of both genders to decrease.

- 678 people were recruited (253 in 2020), as is the general rule in a company with an average seniority of 17.5 years, the recruitments led to a decrease in average salaries and, in this case, the effort made to incorporate more women in all professional categories, a commitment included in ENDESA's Sustainability Plan, had a greater impact on the average salary for women.
- As a result of the energy transition, in 2021 a total of 934 people, 759 men and 175 women, left the company through the Voluntary Redundancy Agreement. Those who left the company were mostly over 58 years of age and this caused the average salaries for both women and men in ENDESA to fall this year compared to the previous year. As the percentage of women with higher seniority was lower than that for men, these redundancies had a greater impact on their average salary.

These variations in the workforce had the following effect on the value of the gap:

	Gap 2021	VRA Departure Effect ¹	Recruitment effect	Gap for 2021 (eliminating recruitments and VRA departures ¹)	Gap 2020
Total gap	8.1%	0.2%	0.2%	7.7%	7.8%

¹Voluntary Redundancy Agreements (VRA).

Endesa's average wages for men and women went from 7.8% to 8.1%.

If we eliminate the effects of the departures and recruitments in 2021, we observe that the remuneration policies (general increases, meritocracy, promotions, etc.) improved the value of the average from 7.8% to 7.7%.

In 2019, the *Conscious Decisions* programme was created through which the *Gap Calculator* is used to visualise the impact that Salary Review decisions have on the gap for each unit. This has enabled ENDESA to include the variable for gender diversity in the decision-making process in order to consciously manage its reduction.

Comparative analyses were made of positions of the same value, segregated by activity, and this showed that the few cases with the greatest difference are explained by the number of years they have been in the company, as a result of recruitment under different collective agreements and by the lower presence of women in certain positions of high technical content.

It may be concluded that, at ENDESA, wage discrimination is not responsible for the wage gap.

To understand the existence of this inequality in the composition of the ENDESA staff, several factors need to be taken into account:

- The company's industrial character.
- The low rate of turnover in the workforce.
- Historical cultural and sociodemographic factors have led to a historical gender composition in the company which translates into a higher average seniority for men compared to women (18.2 average seniority for men; 15.4 average seniority for women).
- There are other variables, also historical, such as the conditions for agreements of origin.

The median was analysed as an indicator for the wage gap in ENDESA. This indicator avoids the impact of the most extreme values on the results and yields specific information on wage discrimination details as it is not affected by the number of people in each group. The values located in the middle zone show a 4% gap in 2021, thus confirming the absence of wage discrimination.

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GENDER SALARY INDICATORS

	Average salary for women 2020	Average salary for women 2021	Average salary for men 2020	Average salary for men 2021
Executive level ¹ (basic salary only)	133,142	136,204	149,884	154,400
Executive level ¹ (basic salary + other cash incentives)	174,203	174,273	204,209	205,894
Management level ² (basic salary only)	65,440	64,096	71,807	70,174
Management level ² (basic salary + other cash incentives)	71,268	68,907	79,674	76,593
Non-managerial level ³ (basic salary only)	53,075	51,369	58,972	57,274

¹Executive level – Manager.

²Management level – Middle Manager.

³Non-managerial level – White collar & blue collar.

AVERAGE FIXED SALARY + VARIABLE REMUNERATION + SOCIAL BENEFITS

	Salary gap ¹ Women vs. Men 2019	Salary gap ¹ Women vs. Men 2020	Salary gap ¹ Women vs. Men 2021
Management	14.5%	14.7%	15.4%
Middle Management	11.5%	10.6%	10%
Administrative staff	12.5%	11.5%	12.2%
Manual workers	-6.3%	0.5%	0.8%
Average¹	8.4%	7.8%	8.1%

¹The difference between the **average salary** for men and women, as a percentage of the **average salary** for men, taking into account fixed salary, variable remuneration and social benefits, in accordance with Law 11/2018, of 28 December. ENDESA, S.A.

MEDIAN FIXED SALARY + VARIABLE REMUNERATION + SOCIAL BENEFITS

	Salary gap ¹ Women vs. Men 2019	Salary gap ¹ Women vs. Men 2020	Salary gap ¹ Women vs. Men 2021
Management	4.9%	6.3%	5.8%
Middle Management	11.7%	10.7%	9.2%
Administrative staff	15.4%	13.2%	12.4%
Manual workers	1.7%	0.1%	3.3%
Median ²	2.5%	3.0%	3.9%

¹The difference between the **salary median** for men and women, as a percentage of the **salary median** for men, taking into account fixed salary, variable remuneration and social benefits, in accordance with Law 11/2018, of 28 December. ENDESA, S.A.

FIXED SALARY MEDIAN+ VARIABLE REMUNERATION (EUROS)

	Men 2020	Women 2020	Men 2021	Women 2021	Median by professional category 2021
Management	166,433	155,878	164,196	154,681	160,384
Middle Management	75,467	67,383	71,647	65,064	68,726
Administrative staff	59,305	51,459	57,311	50,211	55,312
Manual workers	55,062	55,028	55,396	53,588	55,352
Total median	62,798	60,911	61,772	59,332	61,103

AVERAGE FIXED SALARY+ VARIABLE REMUNERATION (EUROS)

	Men 2020	Women 2020	Men 2021	Women 2021	Average by professional category 2021
Management	204,209	174,203	205,894	174,273	198,972
Middle Management	79,674	71,268	76,593	68,907	73,999
Administrative staff	61,308	54,283	59,869	52,563	58,087
Manual workers	58,765	58,456	59,153	58,696	59,136
Total average	70,888	65,366	69,495	63,683	68,060

AVERAGE FIXED SALARY (EUROS)

	Men 2020	Women 2020	Men 2021	Women 2021	Average by professional category 2021
Management	149,884	133,142	154,400	136,204	150,417
Middle Management	71,807	65,440	70,174	64,096	68,123
Administrative staff	59,271	52,863	57,724	51,369	56,174
Manual workers	58,114	58,453	57,890	58,591	57,916
Total average	65,713	60,924	64,682	59,996	63,488

Relationship between initial remuneration and minimum remuneration

202-1

The ratio of the initial salary at ENDESA to the legal minimum salary in Spain, which in 2021 stood at 1.89, is in accordance with the company's remuneration policy, which seeks to apply the best market practices, ensuring external competitiveness, in order to attract, retain, and motivate the best professionals.

RELATIONSHIP BETWEEN INITIAL REMUNERATION AND MINIMUM REMUNERATION

	2019		2020		2021	
	Women	Men	Women	Men	Women	Men
Initial remuneration (euros)	23,680.92	23,680.92	24,762.50	24,762.50	25,134	25,134
Minimum remuneration Spain (euros)	12,600	12,600	13,300	13,300	13,300	13,300
Relationship between initial remuneration and minimum remuneration	1.88	1.88	1.86	1.86	1.89	1.89

1.2.3.5. Social welfare

201-3

All ENDESA employees participate in the Pension Plan, unless they expressly opt out. With the signing of the first Framework Agreement on 25 October 2000, a defined contribution pension scheme was established for retirement, and a defined benefit scheme for death and incapacity. In 2021, A total of 9,988 people (active employees and staff in pre-retirement or VRA) had an individual pension fund sponsored by the company.

A scheme involving combined contributions by the company and the employee was established, with a maximum 6% of pensionable remuneration being borne by the Company and 3% of the same remuneration by the employee. Additionally, there are workers affected by original agreements who have a defined contribution for retirement but defined benefit for death and disability and with a benefit system and a contribution system different from the one described above, with details varying depending on the origin.

The company's contribution to the pension plan in 2021 for the entire Defined Contribution group was €33.8 million and the employees' contribution was €12.5 million.

There are also two large groups of workers affected by original agreements with Defined Benefit Plans for retirement, death and disability:

- Electrical Ordinance Workers for the former ENDESA. Closed group, in which the predetermined nature of the retirement benefit and its full insurance eliminate any risk.

The company's contribution in 2021 amounted to €4.1 million for a total of 1,063 people.

- Workers in the Fecsa/Enher/HidroEmpordá area. Closed group, in which the benefit is linked to developments in the Consumer Price Index (CPI) and is not insured except for the benefits incurred until 31 December 2011, at which time an insurance policy was signed to implement these benefits, by means of which any future obligation with respect to this group is eliminated. For this group, there is a provision in the internal fund that amounts to €164.2 million, calculated in accordance with International Accounting Standards, which together with the plan's assets currently cover 100% of the present obligation.

The company's contribution in 2021 amounted to €1.8 million for a total of 699 people. Additionally, in 2021 a total of €15 million was paid due to a deficit in the plan.

ENDESA's pension plans are administered in accordance with the general restrictions on management and risk assumption in the respective laws and regulations in force and applicable in Spain.

At present, the pension fund which manages the pension schemes promoted by ENDESA companies assumes the risks that are inherent in the assets in which it is invested. These risks are mainly the following: Interest rate risk, credit quality risk, leverage through derivatives, foreign currency risk, liquidity risk and valuation risks.

ENDESA's pension plan is operated by a manager that takes socially responsible investment criteria into account. This involves manager preparing and approving a Declaration of Socially Responsible Investment Policy that summarises the framework in which the activity of the company in this regard is developed with the assets under management. The Plan manager incorporates environmental, social and good governance (ESG) issues in the investment analysis and decision-making processes.

The Pension Fund is developing its own sustainability policy and its conceptual framework rests on three main pillars: The SDGs, commitment through a policy of specific involvement and voting and finally the exclusions.

1.3. Training

3-3 Education and Training Management Approach

As part of its commitment to people, ENDESA's learning strategy focusses on people by offering a comprehensive catalogue of training activities to equip them with and improve the technical skills they need to perform their duties and enhance their personal development. A fully updated catalogue with courses on the skills and techniques most demanded that encourages their curiosity with regard to the most avant-garde topics and to care for and reinforce the integral well-being of people.

There has been consolidation in the transformation of training that develops towards learning. The person now plays a leading role as a promoter in their training. A new way of learning to which learning communities are added on the eDucation digital learning platform, in order to share knowledge and develop the social aspect as a meeting point for people. The content transcends the strictly professional with the development of new tools and skills to face the new paradigm of hybrid work and a new gentle leadership.

There is evidence of a complete transformation of traditional in-person courses into virtual courses which are accessible from anywhere through all types of devices, with formats that have a shorter duration and adapted dynamics. There has been an increase in online learning content.

Training has been used to promote a policy for the adaptation of online courses that ensures their accessibility to people with visual and hearing disabilities.

Training actions in 2021 addressed the needs uncovered as a result of a number of processes undertaken to ascertain training requirements in order to ensure continuous and updated learning in the different categories defined and classified as "upskilling" and "reskilling": Skills, Technique, Safety and Prescriptive.

1.3.1. Main dimensions and significant aspects

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TRAINING IN ENDESA

	2020	2021
Employees trained (n°)	9,444	8,876
Percentage of staff trained (%)	98.47	95.87
Number of training events (n°)	4,418	5,387
Total hours of training (hr)	348,700	406,917
Direct and indirect investment (€ million)	30.8	34.31
Direct costs (€ million)	12.37	12.60

To undertake this activity, ENDESA invested €34.31 million in 2021, of which €12.6 million came in the form of direct costs for training activities.

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In 2021, ENDESA held 5,387 training sessions in which 8,876 employees participated. This activity involved 406,917 hours of training, with an average of 43.95 hours per employee.

NUMBER OF HOURS OF TRAINING BY TYPE OF TRAINING

	2019	2020	2021
Online management training	18,604	94,074	113,252
In-person management training	169,952	54,617	8,177
Online technical/specific training	81,945	142,631	228,826
In-person technical/specific training	132,452	57,378	56,662
Total hours of training	402,953	348,700	406,917

NUMBER OF TRAINING COURSES BY TEACHING SOURCE

	2019	2020	2021
In-house training	945	3,046	3,383
External training	212	1,372	2,004

AVERAGE AND N° HOURS OF TRAINING BROKEN DOWN BY GENDER AND PROFESSIONAL CATEGORY

	Management						Middle Management					
	Average			Total hours			Average			Total hours		
	2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021
Men	62.7	30.7	31.1	14,390	6,692	6,100	46	34.2	42.1	106,202	81,548	102,005
Women	52.4	41.4	38.8	2,764	2,223	2,007	43	34.9	39.7	48,284	40,183	49,046
Total	60.8	32.8	32.7	17,154	8,914	8,107	45	34.5	41.3	154,486	121,731	151,052
	Administrative and office staff						Manual workers					
	Average			Total hours			Average			Total hours		
	2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021
Men	37.3	34.9	49.4	135,376	120,155	157,340	45	55.8	50.31	62,891	66,907	54,780
Women	26.9	25.4	32.4	31,003	28,139	33,549	42	68.5	50.10	2,043	2,853	2,089
Total	34.8	32.6	45.2	166,379	148,294	190,889	45	56.2	50.30	64,934	69,760	56,869

1.3.2. Training type and content

404-2/3-3 EUSS Education and Training Management Approach/EUSS Employment Management Approach/205-2/EU14

The most significant training programmes undertaken in 2021 include the following:

MOST SIGNIFICANT PROGRAMMES

Occupational health and safety	<ul style="list-style-type: none"> ➤ First aid. ➤ ISO 45001.
Environment	<ul style="list-style-type: none"> ➤ ISO 14001. ➤ Environmental awareness-raising.
Sustainability	<ul style="list-style-type: none"> ➤ ENDESA Circular Economy Academy. ➤ Circular Economy: General concept and application to business.
Digitalisation	<ul style="list-style-type: none"> ➤ Digital Routines in 21 days (R21D). ➤ enData. ➤ In 2021, a total of 36,251 hours of training in digital skills were given.
Technical	<ul style="list-style-type: none"> ➤ Open portal. ➤ Grid Blue sky. ➤ Finance and economics for sales managers. ➤ E4E. ➤ Training in commercial systems.
Compliance	<ul style="list-style-type: none"> ➤ Criminal Risk Prevention and Anti-bribery. ➤ Tax Compliance Management System. ➤ Risk of illegal transfer of workers.
Other training activities	<ul style="list-style-type: none"> ➤ Inclusion programmes: Valuable 500: Let's talk about disabilities. ➤ Empowerment and transformation programmes: Rebirth in relationships. ➤ Agile methodology programmes: Let's talk about agile, Scrum master. Product owner. ➤ New work methodologies: design thinking, visual thinking, creative problem solving. ➤ Languages.

Training in sustainability

A commitment to sustainable development is a core aspect of ENDESA's activity. Training in this area is important, with the design, development and implementation of courses aimed at ensuring ENDESA employees take on board sustainability principles in their private and professional activities, and by changing their energy behaviour they become examples for society to follow.

In 2021, the Circular Economy programme deserves special mention: General concepts and its application to business help us understand how Sustainability has become a core aspect of the business; in addition to the inclusion of learning in the circular economy, as an essential aspect for looking confidently towards the future and overcoming the transition towards increasingly sustainable and competitive models. There should also be special mention of the awareness and orientation course on disability undertaken with the collaboration of the Adecco Foundation, with the participation of more than 1,720 employees.

TRAINING BY THEME OR TYPE

	2019		2020		2021	
	Hours	Number of employees	Hours	Number of employees	Hours	Number of employees
Occupational health and safety	107,740	6,521	59,186	5,755	47,888	5,824
Environment	2,074	557	2,463	835	1,540	610
Code of Ethics	140	110	1,530	1,787	199	195
Anti-corruption	2,179	3,506	1,134	2,035	5,447	3,678
Diversity	527	79	1,772	1,190	993	1,159
Relationship with communities	183	7	34	4	268	29
Human Rights	422	1,280	196	594	782	1,027
Total	113,265	12,206	66,315	12,200	57,112	12,993

Security personnel training

410-1/3-3 Security Management Approach

Physical security services in installations (surveillance) are provided by external personnel and their organisation adapts to the need to cover the services necessary to safeguard the company's assets at all times.

In any case, these services are provided by professionals who are duly accredited and authorised by the Ministry of the Interior. Their training includes aspects of Private Security legislation, basic rights of people and Human Rights.

Training of employees in Human Rights policies and procedures

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There is an online Human Rights course available to all the workforce for the purpose of disseminating our commitment, knowledge about human rights and the actions that ENDESA undertakes to respect these rights.

With this training, ENDESA promotes knowledge, not only of its human rights policy and related implementation practices, but also of the due diligence process to identify, prevent, mitigate and report on the potential risks and consequences arising from the daily action of the employees.

HUMAN RIGHTS TRAINING

	2019	2020	2021
Employee training hours on policies and procedures relating to human rights associated with their activities	423	196	782
Number of employees who received human rights training	1,280	594	1,027
Total number of employees	9,952	9,591	9,258
Percentage of employees who received human rights training (%)	13.0	6.2	11.1

1.4. Social dialogue

2-30/407-1/3-3 Freedom of Association and Collective Bargaining Management Approach/Worker Relations Management Approach

Within the framework of ENDESA's labour regulations and the provisions of Title III of the Workers' Statute, and in order to implement labour relations based on dialogue and agreement with the Trade Union Sections that signed ENDESA's Collective Agreements as interlocutors required to facilitate the resolution of any conflicts that may arise in the social-labour dynamics of ENDESA.

The consultation and participation of workers in occupational health and safety issues is now an instrumental feature by virtue of the provisions of Articles 115 et seq of the 5th ENDESA Collective Agreement.

Collective working conditions in Spain are regulated in ENDESA through the different Collective Bargaining Agreements, the terms of which are more favourable than those required by labour legislation in each area in which the company operates. ENDESA guarantees the right to freedom of association for its employees and for all its contractors, suppliers and business partners. In Portugal, working conditions are established in the employment contract.

With regard to collective bargaining procedures, in 2021 they were undertaken in strict accordance with Spanish and ENDESA regulations regarding the reorganisation, transfer of workers between Group companies, etc.

For those employees not covered by a collective agreement, their working and employment conditions are based on Collective Agreements, however, due to the special nature of this group there are conditions that are exclusively applicable to it and that are agreed individually.

2-30

In ENDESA there were 2 collective agreements in force at the end of 2021, affecting 8,255 employees, 89.2% of the workforce. In 2021, no Collective Agreement has been signed.

ENDESA EMPLOYEES

Spain	Employees		%		Portugal	Employees		%		Total Spain and Portugal 2021	
	2020	2021	2020	2021		2020	2021	2020	2021	employees	%
Staff covered by collective agreement	8,562	8,255	89.4	89.3	Staff covered by collective agreement	0	0	0	0	8,255	89.2
Staff outside collective agreement	1,015	987	10.6	10.7	Staff outside collective agreement	14	16	100	100	1,003	10.9
Total Spain	9,577	9,242	100	100.0	Total Portugal	14	16	100	100	9,258	100

402-1/3-3 Management of Relations between Workers and Management Approach/Freedom of Association and Collective Negotiation Management Approach

Pursuant to Spanish and ENDESA labour regulations in 2021, the criteria to be followed in the event of business reorganisation and corporate restructuring were established, whereby Union representatives will be informed at least 30 days before any such corporate restructuring and reorganisation is actually implemented.

The most important actions with regard to collective bargaining in 2021 were as follows:

- Agreement to pool together the agreements for the Power Generation hydraulic production units.
- Agreement to amend working conditions for the procedure for managing the relocation of surplus workers: CT Ibiza and Unification of Gran Canaria and Tenerife Flexible Control and Operation Centres.
- Agreement on the Rules of Operation applicable to the Occupational Health and Safety Committees envisaged in the V ENDESA Collective Agreement.
- Agreement on the transfer of workers to ENEL Iberia, SRL and Endesa Medios y Sistemas, SL.
- Agreement on the transfer of workers to EDistribución Redes Digitales, SL.
- Agreement on the transfer of workers to ENEL Iberia SRL.
- Agreement for assigning works from the B2C Unit to different companies or Organisational Units as a result of the organisational changes in ENDESA X.

43.49% of employees were affiliated to a union at the end of 2021.

Spain has been an ILO signatory since its foundation, and ENDESA's conventional regulations meet the existing Conventions ratified by Spain.

Organisation of working time

The annual working day is established in accordance with the terms laid down in the ENDESA regulations.

HOURS WORKED BY GENDER

	Spain		Portugal		Total	
	2020	2021	2020	2021	2020	2021
Workforce as at 31 December	9,577	9,242	14	16	9,591	9,258
Men	12,370,186	11,519,296	11,520	13,440	12,381,706	11,384,646
Women	3,843,303	3,727,550	15,360	15,360	3,858,663	3,771,278
Total hours worked in the year	16,213,489	15,246,845	26,880	28,800	16,240,369	15,155,924

The total number of hours worked with regard to contractors in 2021 amounted to 35,080,804.

Policy on the right to disconnect from work

ENDESA recognises the right to disconnect, given the risk that the impact of technology on the company and its influence on new forms of existing flexible work may have an impact on work-life balance. That is why a more detailed digital disconnection policy is being developed.

In this regard, following the approval at the end of 2018 of Organic Law 3/1028 of 5 December on the "Protection of Personal Data and guarantee of digital rights", ENDESA identified the need to advance in the preventive field and address new measures that reduce or mitigate possible cases of computer stress or fatigue in line with the provisions of said regulations and under the terms established in Article 46 of the 5th ENDESA Framework Collective Agreement, for which the Company will prepare an internal Policy in which the procedures for exercising the right to digital disconnection and the training and awareness actions of workers on the reasonable use of technological tools will be defined to avoid the risk of computer fatigue.

Currently, an Internal Policy is pending and which will define the modalities for the exercise of the right to digital disconnection and the training and awareness actions of workers on the reasonable use of technological tools that avoid the risk of computer fatigue, although there are already measures to reconcile personal and family life that try to favour it.

1.5. Working climate

3-3 Employment Management Approach

Given the ongoing health crisis in 2021, ENDESA had to continue promoting a new work model, with some workers returning to the office. A number of surveys, interviews, focus groups and initiatives were undertaken at different levels within the organisation to gauge how employees felt and how they were adapting to remote working and the partial return to on-site work. These included questions about workload, leadership, and their motivation and commitment to the company.

To build a Global Wellbeing Plan, employees' needs were heard through a wellbeing survey launched in early October 2021; the level of employee satisfaction was 3.6 out of 5.

The initiatives undertaken in 2021 remained focussed on leveraging ENDESA's strengths and values to address the identified areas for improvement. A large number of these were aimed at further improving management skills in increasingly digital, flexible and diverse environments. Another group of measures is aimed at encouraging employee participation in decision-making activities in projects and processes, to help develop the values of trust, proactivity, responsibility and innovation underpinning ENDESA's management model.

Notable examples of actions included in these employee climate action plans: Employee companionship actions (the "We're Still Together" snacks started at the beginning of 2021),

actions relating to leadership, time management and emotional management, and projects to increase pride in belonging (the Cambiamos project continued throughout 2021), which reinforced the company's values. With the partial return of employees to offices there were communications and a "Welcome Pack" when they returned. A pilot test was also conducted to gauge employees' wellbeing, with a cutting-edge initiative: "Stop and feel", employees were asked each day how they felt. They could answer using a physical device in the office or online. The test brought over 7,000 responses (with 68% participation online and 32% via a physical device), with a 52% satisfaction index.

All climate action plans undertaken in 2021 were monitored regularly to ensure that they conformed to the planning and targets set.

1.6. Responsible people management at ENDESA

3-3 Employment Management Approach

1.6.1. ENDESA's commitment to diversity

3-3 Non-discrimination Management Approach/Diversity and Equal Opportunities Management Approach/Employment Management Approach

ENDESA believes in diversity among its employees as an enriching element for the Company. The progressive increase of women in the workforce, the recruitment of people from other nationalities, the recruitment of young people to rejuvenate the workforce, the recognition of the longest serving members of staff, as well as the integration of people with disabilities are a sign of respect for the different aspects that serve as the basis for its Diversity and Inclusion Policy (age, gender, culture and disability).

As proof of ENDESA's firm commitment to diversity, the functions of the Sustainability and Corporate Governance Committee include the review of the definition and modification of the policies on diversity and integration, equal opportunities and work-life balance, and the supervision of the information on their monitoring, in such a way that it enables periodic assessment of their degree of compliance.

1.6.1.1. The Diversity and Inclusion Policy

ENDESA, as part of its Diversity and Inclusion Policy and the company's Human Rights policy, rejects all forms of discrimination and is committed to ensuring and promoting diversity, inclusion and equal opportunities. ENDESA spares no efforts in fostering and maintaining a climate of respect for personal dignity and individuality, ensuring the highest standards of confidentiality as regards any information related to the private life of employees that it may become aware of. Therefore, as part of its compliance with the values and principles set out in the ENDESA Code of Ethics, and as part of this Code, the company adheres to the following core principles:

- Non-discrimination.
- Equal opportunities and dignity for all forms of diversity.
- Inclusion.
- Striking a balance between personal, family and professional life.

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Based on the above principles, ENDESA undertakes to implement specific actions to promote non-discrimination and inclusion in the dimensions that make up its Diversity Policy, as well as to periodically monitor the actions and the different indicators. In 2021 there were no incidents of discrimination at ENDESA, a figure that the company periodically reports to the Workers' Representatives.

As basic principles of the Action Protocol for the prevention and eradication of sexual harassment, the following deserve special mention:

- ENDESA and its workers express their full and resounding rejection of any conduct that involves sexual, gender and workplace harassment, committing to work together to prevent, detect, correct and punish this type of behaviour.
- The Management of ENDESA guarantees the activation of an appropriate procedure to manage situations where there is a complaint of sexual, gender or workplace harassment.
- The Protocol details a procedure that includes guaranteeing confidentiality and the protection of the privacy and dignity of the persons involved; the preservation of the identity and circumstances of the complainant; urgent processing and a professional and thorough investigation of the facts reported.
- The Protocol expressly provides for the adoption of all kinds of measures, including, where appropriate, those of a disciplinary nature, against a person or persons (a) whose sexual, gender or workplace harassment is established; as well as (b) in relation to whoever makes a false accusation or complaint, especially when it is proven to be in bad faith, without prejudice to safeguarding the legal actions that the complainant may follow.
- ENDESA and its workers undertake to conduct information campaigns, training and awareness-raising actions on the problem of sexual, gender and workplace harassment to prevent and eradicate this type of behaviour.

1.6.1.2. Promoting gender equality

DIVERSITY

	2019	2020	2021
Women in the workforce (%)	24.6%	24.6%	25.5%
Women in middle management positions (%)	32.6%	32.6%	33.8%
Women in management positions (%)	19.2%	19.8%	20.8%
Women in management positions with revenue-generating roles (%)	27.3%	26.0%	26.2%
Women in STEM positions (%)	16.7%	16.7%	17.8%

All the diversity objectives for 2021 were met and all indicators increased compared to the previous year: The number of women in the workforce increased by 1%, the number of women in managerial positions by 1.1%, 1.2% in the case of women in middle management positions, and the number of women on the Board of Directors also increased by 5.7%.

Diversity Thermometer
OUR COMMITMENT TO DIVERSITY



Data: December 2021.
Endesa corporate perimeter.

In 2021, the percentage of women recruited totalled 37% (5 percentage points above the previous year) although lower than the target set by one percentage point.

ENDESA's commitment to diversity was rewarded with its inclusion for the third consecutive year in the Bloomberg Gender Equity Index, where Equal Pay remains the best valued concept.

Voluntary commitments to the Administration and other entities

Within the framework of voluntary commitments acquired by ENDESA with the Ministry of Health, Social Services and Equality (hereinafter the Ministry), the following are worth special mention:

➤ **Company Equality Certification.**

As part of ENDESA's commitment to equality, in 2010 the Ministry awarded ENDESA the "Company Equality" certificate, and it has been renewed every three years ever since. Each year, the corresponding follow-up reports, which are required to maintain the award are presented and in 2021 the third extension of the certification was obtained. ENDESA also forms part of the Network of Companies that are certified on account of their Equality efforts and has actively participated in the different initiatives performed by this Network.

➤ **"More Women, Better Companies" initiative.**

As part of the "More Women, Better Companies" initiative, with which ENDESA has been collaborating since 2014, its affiliation to the 2019-2023 Protocol remains in force with a view to promoting the balanced participation of women and men in pre-executive and executive positions and on management committees. The Protocol contains quantitative objectives related to the presence of women in positions of responsibility, as well as qualitative commitments related to the promotion of technological vocations in girls, female leadership development programmes, employee awareness, measures to support parenthood, and visibility of female talent inside and outside the company. The targets established in this Protocol are monitored as part of biannual reports.

➤ **"For a society free of gender-based violence" initiative".**

The Company has also made commitments to other institutions and targets are reported publicly:

➤ **CEOs in support of Diversity.**

In addition to the commitments assumed before the Ministry, ENDESA has been a member of the CEOs Alliance for Diversity since 2019, promoted by Adecco and CEOE foundations. On joining the Alliance, Endesa's CEO's recognised diversity, equity and inclusion as core values that enrich companies and strengthen their competitiveness. ENDESA is also committed to promoting diversity strategies, involving its Management Committees and creating a common vision in terms of diversity.

Policy enforcement

ENDESA has an Equality Plan that sets up a framework of action to promote effective equality, equity, development, work-life balance and joint responsibility among all professionals, and which is part of the 5th Framework Agreement.

Equality Plan in the Bargaining Agreement

3-3-Employment Management Approach

ENDESA has an Equality Plan that sets out the Human Resources Policies for promoting the implementation of the actions required to facilitate the inclusion of women into decision-making positions with a greater level of responsibility.

The plan was negotiated and agreed with the Workers' Representatives and its implementation is monitored as part of the work undertaken by the Equality Committee. It is divided into four sections:

- Measures for promoting equal treatment and opportunities between men and women.
- Measures on striking a work/life balance.
- Specific measures providing protection during pregnancy to mothers, the partner of the mother and to the new-born baby.
- Special measures for the protection of victims of gender-based violence and victims of terrorism.

The Plan ensures the effective application of the principle of equal remuneration for work of equal value and, in particular, that there no differences in pay on the grounds of gender.

The Plan also sets out the possibility of adapting the working day by applying flexitime, a temporary change in working hours, reduced working hours and leave to take care of relatives. It also includes specific measures for protection during pregnancy and maternity, and special measures for the protection of victims of gender-based violence. As a tool for helping with the care of children, for both mothers and fathers, the Plan provides for the establishment of agreements with nurseries and awareness in relation to equality through information and communication.

Thus, all the measures set out in the Equality Plan have been implemented in Spain. This Plan is evaluated and monitored by company management and trade unions through the joint equal opportunities commission provided for in the collective bargaining agreement.

We also defined a Gender Diversity Action Plan, in line with our Diversity and Inclusion Policy, aimed at achieving three main targets: Increasing the presence of women at the company, increasing the presence of women in positions of responsibility and ensuring wage equality. To

achieve these goals, a number of initiatives are being developed structured around three pillars: Attracting talent, raising awareness and boosting female leadership. Complementary communication initiatives are also organised, external commitments are made and the development of actions and their impact is monitored.

Pillars and actions for the 2021 Gender Plan:



The inclusion of LGBTI employees adds to the wealth of diversities represented at ENDESA where talent is valued regardless of identity, gender expression or sexual orientation.

In 2021, with the aim of promoting an inclusive and respectful work environment, ENDESA joined REDI: The first and broadest network of companies and professionals in Spain in favour of diversity and the inclusion of LGBTI staff in the workplace. To celebrate this, an awareness event was held for all employees.

PROGRAMMES

- | | |
|------------|---|
| Disability | <ul style="list-style-type: none"> ➤ Valuable 500: ENDESA has positioned itself as the first Spanish company in the energy sector to join the global initiative to integrate disability into the business world. The implementation of this commitment came through the creation of an Action Plan with a degree of implementation of more than 50% in 2021 which was its first year. For more information go to section 4.5 <i>Valuable 500</i> in chapter 4. <i>Sustainability strategy</i>. ➤ Family Plan: The Adecco Foundation Family Plan includes counselling and assistance therapies for family members with disabilities. ➤ Specialist confidential consultation service: Information and counselling on disability from the Randstad Foundation. ➤ Training for people in the People and Organisation function: To broaden knowledge about disability and raise awareness about the importance of their labour inclusion and all current regulations in this regard. ➤ Raising awareness among all ENDESA staff: Organising Diversity Days with awareness workshops for all ENDESA staff. |
|------------|---|

1.6.1.3. Promotion of other issues with regard to diversity (age, nationality and disability)

Promotion of disability

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The company has provided support service for the 76 employees with disabilities employed by ENDESA this year, which would represent 0.8% of the total workforce.

PERSONS WITH DISABILITIES RECRUITED

2019	2020	2021
79	82	76

BREAKDOWN OF EMPLOYEES WITH DISABILITIES BY CATEGORY

Management	Middle Management	Administrative and office staff	Manual workers	Total 2021
1	23	47	5	76

ENDESA complies with the current regulations on disability, as set out in the General Law on Disability, and as a sign of its commitment to the inclusion of people with disabilities, ENDESA signed up to "Valuable 500", an initiative that targets 500 private sector companies with a view to promoting and integrating the business, social and economic value of people with different abilities around the world. The company, which already has disability on the agenda of its Board of Directors's, has thus demonstrated its public commitment to action with regard to people with disabilities. For more information go to section 4.5 *Valuable 500* in the chapter on *Sustainable Strategy*.

Integration and universal accessibility for people with disabilities

ENDESA complies with all local regulations and building codes applicable in the countries in which it operates in terms of accessibility to its installations for people with disabilities. In this regard, ENDESA applies Operational Instruction 715 of the Comprehensive Office Improvement Project, in whose Manual of Construction Standards for ENDESA offices, it is established that "It is essential that in all buildings access and use is facilitated and this should be non-discriminatory, independent and safe for people with disabilities", defining the parameters of accessibility that, apart from current legislation, should be mandatory in all company buildings. The valuable 500 action plan also includes a number of actions that were developed in 2021 to promote the integration of people with disabilities (adaptation of all evacuation protocols in the buildings for people with disabilities, validation of risk reports in accordance with AESPLA guidelines with recommendations beyond those required by law including the adaptation of medical check-ups for people with disabilities, etc).

Promotion of other diversities (age and nationality)

PROGRAMMES

Age	<ul style="list-style-type: none"> ➤ Onboarding new recruits: this initiative supports employees during the main transition period and especially following their recruitment to the company. ➤ Knowledge transfers: This includes mentoring programmes and internal training initiatives. ➤ Our greatest values: An initiative that recognises the career path for the more elderly workers.
Nationality	<ul style="list-style-type: none"> ➤ Tutoring for expatriates: Assignment of a tutor from the country of destination to help and support them during their expatriation period.

Here follows a breakdown of ENDESA's workforce by nationality.

INCLUSION

	% of the total workforce 2020	% of total management positions 2020	% of the total workforce 2021	% of total management positions 2021
Spanish	97.6%	94.9%	97.4%	94.9%
Portuguese	0.7%	1.6%	0.8%	1.8%
Italian	0.5%	1.0%	0.4%	0.8%
French	0.4%	0.8%	0.5%	1.0%
Brazilian	0.1%	0.2%	0.0%	0.1%
German	0.1%	0.2%	0.1%	0.1%
Venezuelan	0.1%	0.2%	0.2%	0.2%

1.6.2. Striking a balance between professional, personal and family life

3-3 Employment Management Approach

ENDESA continued to undertake a number of initiatives to foster a flexible working environment and help employees achieve a balance between their personal, family and professional lives. The measures that the Company is taking to facilitate work-life balance fall into five main groups: Job quality (open-ended contracts, pension plans, health and well-being, support for expats, etc.), personal and work time flexibility (reduced working days, leave, paid leave from work, etc.), family support (leave, paid leave from work and work schedule flexibility to care for relatives, aid to dependant elderly persons, etc.), professional development (professional, technical, skill, language training, volunteer programmes, coaching, etc.) and equal opportunities (professional assistance for victims of gender violence, medical advice, etc.).

NUMBER OF EMPLOYEES WHO BENEFITED FROM A LINE OF ACTION AIMED AT BALANCE IN THEIR PROFESSIONAL, PERSONAL AND FAMILY LIVES

	2019	2020	2021
Women	2,020	2,218	2,203
Men	4,805	5,365	5,104
Total	6,825	7,583	7,307

These measures include ENDESA continuing to promote the "Work Out of the Office" project. In 2021, employees were allowed to continue working remotely where possible to keep them safe from the spread of the virus. We accompanied them to maintain their motivation and performance.

The "Days without School" programmes and camps continued to offer the children of employees a leisure alternative to provide solutions on days or holidays when employees had to work and needed to balance their professional, personal and family life.

The Barcelona, Madrid and Seville offices continued to offer a breastfeeding room service in order to favour women who had recently become mothers.

As a company firmly committed to employees' health, ENDESA has been promoting the Train Yourself Programme since 2011. This programme encourages the practice of sport, through a company subsidy to employees for a maximum of €25 per month. In 2021, a total of 4,052 employees 2,814 men and 1,238 women took part in the programme.

TOTAL NUMBER OF PEOPLE BY TYPE OF WORK-LIFE BALANCE MEASURE

	2019	2020	2021
Work away from the Office	2,399	6,180	6,407
Fitness Programme	4,297	4,650	4,052
Work-life balance	1413	2,152	2,209

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EMPLOYEES RETURNING TO WORK AND RETAINED FOLLOWING MATERNITY OR PATERNITY LEAVE, BREAKDOWN BY GENDER (Nº)

	2019		2020		2021	
	Paternity	Maternity	Paternity	Maternity	Paternity	Maternity
Employees taking leave	265	82	237	89	293	75
Employees who returned to their jobs after taking leave	262	67	235	82	291	75
Employees who returned to work after their leave ended and who remained in their posts for twelve months after returning to work	230	96	260	67	237	79

2. RESPONSIBLE RELATIONS WITH COMMUNITIES



Line of action	2019	2020	2021	2021 target	2022 target	Accumulated 2015-2021	Target 2015-2030 ¹
Access to energy (no. beneficiaries)	423,468	225,563	245,307	225,000	225,000	2,115,018	3,100,000
Education (no. beneficiaries)	73,267	112,365	87,111	52,000	57,000	393,561	870,000
Socio-economic development (no. beneficiaries)	133,052	139,228	273,242	130,000	130,000	925,159	1,900,000

¹This target refers to the accumulated between 2015-2030.

Actions to be highlighted:

1. During 2021, ENDESA continued with the execution of the second phase of the Public Responsibility Plan for COVID-19, focused on supporting vulnerable people and companies especially affected by the pandemic.
2. In addition to the above, ENDESA has implemented 258 social projects, mainly aimed at socio-economic development initiatives and support for local communities.
3. ENDESA continues with the purpose of Creating Shared Value in the local environments where its projects and business assets are located, through action plans that are proposed in a participatory way with social agents. In addition, it implements the Future Plans in the environment of the coal plants being closed for mitigation of impacts.

The scope of the information provided in this chapter corresponds to the activities carried out by ENDESA, its Foundation and its subsidiaries in Spain and Portugal.

2.1. Acting under the CSV approach

203-1/203-2/413-1/413-2 Approach to managing Indirect economic impacts / Approach to managing local communities

ENDESA's commitment to the development of the communities is part of the Company's *Creating Shared Value* (CSV) Policy, which establishes the general principles and the methodology for implementing actions that maximise the value that business assets and projects can contribute to local communities.

This perspective makes it possible to combine company's objectives with the priorities of local stakeholders, strengthening local projects and assets through roots and acceptance to allow for the long-term sustainability of the business. It therefore builds a business model that is integrated with society, creating profitable solutions, addressing social needs and fostering mutually beneficial relationships with social agents, making sure no one is left out.

CSV methodology



ENDESA, since 2016, has been in a process of integrating sustainability into business operations under the **CSV approach**. To this end, an exhaustive and rigorous accompanying methodology is applied to the Company's assets and projects in all phases of the value chain.

The application of the **CSV Process** has four phases that begin with an analysis of the local environment where the asset or project is located. This is followed by a dialogue with local stakeholders to show them the asset or project and get feedback on their perceptions and sensitivities. Through a participatory process we move to phase 3, where the CSV plan is prepared jointly with the stakeholders, and whose objective is to maximise the positive impacts that the project or asset can have on the local environment, while minimising the negative impact. Finally, in phase 4, monitoring and updating of the initiatives in the CSV plan are carried out, with the required frequency according to the nature of the actions and changes in the environment.

Since 2016, there have been 342 applications of the CSV model in 351 of the company's facilities at different stages of the value chain. Of which, 98 were carried out in 2021.

CSV processes in ENDESA*

	Thermal generation	Renewable generation	Infrastructure and networks	Total
Business development	2	18	0	20
Engineering and construction	3	27	1	31
Operation	21	264	0	285
Close	6	0	0	6
Total	32	309	1	342

* Application of a CSV process is considered to mean the use of at least one CSV tool in relation to an asset or project. CSV applications in the "Business Development" or "Engineering and Construction" phase may be related to assets in operation where modernisation projects are being carried out.

Active CSV processes 2021*

	Thermal generation	Renewable generation	Infrastructure and networks	Total
Business development	1	15	0	16
Engineering and construction	2	25	1	28
Operation	19	30	0	49
Close	5	0	0	5
Total	27	70	1	98

* Application of a CSV process is considered to mean the use of at least one CSV tool in relation to an asset or project. CSV applications in the "Business Development" or "Engineering and Construction" phase may be related to assets in operation where modernisation projects are being carried out.

Further, in the application of the model in 2021, 495 meetings have been held with 282 stakeholders, 38% of which have been with City Councils and other public institutions, 24% with local companies and 15% with associations. More than half (55%) have been face-to-face and the other online.

2.1.1. CSV approach for Generation projects

203-2/413-2

In its Strategic Plan, ENDESA has set an increasingly demanding road map towards decarbonisation. The latest plan brings forward the target of becoming a Net Zero Emissions company by 10 years relative to the previous plan (from 2050 to 2040). This implies a change in the energy model, with a complete restructuring of the generation mix. This is being carried out in a responsible way with local communities. Each renewable construction project is accompanied by a specific CSV plan to maximise its value for the local environment. All projects for closing coal plants are accompanied by a Future Plan, presented voluntarily to the competent Ministry and aimed at mitigating the impact on the local community.

2.1.1.1. CSV in the construction of new renewable energy plants

It is proposed with the aim of promoting the link of the asset with the local community from the earliest phase of the asset, with the construction project, which then continues during the more than 25 years of the plants in operation. These are carried out through CSV plans, which in this engineering and construction phase have 3 lines of action:

Examples of CSV Plans in renewable construction projects

SUSTAINABLE CONSTRUCTION	TRAINING AND LOCAL EMPLOYMENT	SUSTAINABLE TOWNS
<ul style="list-style-type: none"> • Autonomous photovoltaic panels with donation for public use*. • Rainwater collection tanks, with future donation for public use. • Efficient lighting. • Recycling of waste and composting of the organic fraction. • Electric vehicles for E&C equipment charging stations*. • Defibrillators. • Early communication of the project to the community (panel site and open day). <p>* Climate Projects</p>	<ul style="list-style-type: none"> • Training of local population in: <ul style="list-style-type: none"> – assembly of panels (solar). – operation of renewable plants. – Customer Recovery Project in the construction sector • Promotion of local-based hiring for jobs on construction projects. • Facilitation of purchases to local SMEs and services in the area (catering, hospitality). <p>In closures: Promotion of local-based activity associated with a second use of the site. Futur E.</p> <p>In renewables: Promotion of primary sector activities with local stakeholders for land sharing (agrovoltaic, beekeeping, livestock).</p>	<ul style="list-style-type: none"> • Energy efficiency measures in the town. <ul style="list-style-type: none"> – LED lighting. – Efficient lighting in public buildings. – Energy audits. – Solar panels for self-consumption and pumping. – Electric mobility. – Digitalisation systems. • Energy advisors in schools in the area. • Training for NGOs and social services for efficient uses. • Actions to support forest management and mitigation of fire risks in the area.

- The first line is committed to **engineering and sustainable construction**, with initiatives that go beyond what the environmental legislation obliges the company in the construction of renewable energy plants. The tenders of the construction project include technical specifications of sustainability such as the installation of photovoltaic panels in the construction sheds for self-consumption, use of defibrillators, use of electric vehicles by the engineering teams, efficient lighting on site, etc. Some of this material is later donated to the community once the work is completed.
- As a second line, the **local socio-economic development**, with training actions, incentive to local-based hiring for projects through tenders to contractors and promotion of primary or tertiary sector initiatives linked to renewable projects, which can generate greater employment in the area and fixation of the rural population. For examples, see Access to Energy - Promoting Employability and Job Creation projects.

- The CSV plans also have third line of **sustainable towns** with energy efficiency and self-consumption measures in the communities where the projects are located, which allow them to become reference models in energy transition, with the incorporation of energy monitoring systems, LED lighting, installation of solar panels, electric vehicles, etc.

2.1.1.2. CSV approach for facilities in operation

CSV approach for the generation plants is part of the implementation of the Sustainable Plant model, which consists of defining a set of sustainability measures that is subsequently adapted at the technology level and incorporated into each plant. It combines measures of energy efficiency, biodiversity, reduction of emissions, waste and materials, efficient use of water and care of people. It is also proposed with a focus on the rapprochement and participation of local communities, to develop the integration of the asset with its environment, strive local development and promote a long-term sustainable relationship.

- In 2021, the implementation of CSV processes was launched in 30 renewable energy plants (7 hydroelectric, 15 wind and 8 solar plants) carrying out the analysis of the plant environment context, establishing contact with stakeholders, sharing and comparing the sustainable plant actions of the plants and collecting and analysing new initiatives aimed to improve the sustainability profile of these facilities.
- Likewise, in thermal generation, in addition to continuing with the progress and implementation of CSV processes in the facilities of the Canary and Balearic Islands territories, new CSV processes have also been launched in the thermal plants of Andalusia, Catalonia, Ceuta and Melilla.

2.1.1.3. Approach for decarbonisation projects: Futur-e Plans

Given its commitment to local communities, together with the request for closure of the facilities affected by its decarbonisation process, ENDESA has voluntarily presented Future Plans that contribute to the mitigation of the negative impacts arising from the closure in the affected areas.

Future Plans have 4 main lines of action:

- Proactive job search for directly affected employees. ENDESA respects the jobs of all employees of the plants, and try to minimise their geographical mobility. Furthermore, the company prioritises the hiring of local personnel to carry out the dismantling of the plants, as well as the development of new renewable energy facilities.
- Promotion of economic activity and employment: With a commitment for developing local community with a focus on attracting investment and generating employment in the areas of the closures, through own investment in renewable generation in those sites where it is viable and/or the search for alternative uses to the site in those locations where the prior is not feasible. The latter is managed through an ideas contest, so that companies, institutions and other public and private agents can submit viable alternatives, through a participatory, transparent and open process, to seek for investment and job creation projects in the site of the plants or in their surrounding areas.
 - Regarding local employment, the company prioritises the hiring of local personnel to carry out the dismantling of the plants, as well as the development of new renewable energy facilities. Thus, the company incorporates mandatory local hiring clauses in the dismantling contracts, obtaining the commitment for a minimum hiring of 30% of unemployed people in the areas affected by the closures. In addition, regarding this local hiring, incentives are offered to bidders who manage to reach higher quotas, up to a maximum of 80% of local labour hiring. Proof of this are the more than 250 local workers who have participated in

the dismantling of Compostilla and Teruel during 2021. See more information in section 3.2.2. *Selection process* in chapter 3. *Supply Chain*.

- Training and qualification for the improvement of employability: Aimed at the population in the local area and focused on training in skills required for the dismantling of the plants and construction and operation of the new renewable energy plants. It is planned to provide training to 2,400 people in the closure areas. During 2021, eight courses on risk prevention in the dismantling of plants in Compostilla and Teruel and two courses on the operation and maintenance of wind farms in Compostilla were organised, having reached the 460 beneficiaries of this training. For examples, see Socio-economic Development - Employability projects.
- Sustainability within the municipality: Intended to mitigate the impact resultant from the closure, mainly regarding economic matters, in the municipality where the plant is located. In addition, energy efficiency is promoted.

2.1.2. CSV approach for Distribution projects

The first CSV pilot project for the construction of a primary substation in Las Cabezas de San Juan, in Seville, is in the pipeline, with prioritisation of sustainable construction actions, training and local employability, which will be developed in 2022.

In addition, in 2021 the first CSV monitoring pilot project for a low voltage distribution project was initiated. The aim of the project is the renovation of the grid in buildings in the Zaragoza downtown to improve the quality of supply and the security of the grid in a block where the power cables, very old, crosses the courtyards by air. Through the CSV methodology, after carrying out a study of the environment, a series of actions have been carried out to bring the project closer to local stakeholders in order to facilitate its implementation.

2.1.3. CSV approach for Suppliers projects

- **ENDESA Energía and Energía XXI:** With a main focus on energy poverty, initiatives are being managed in three main areas: Training in energy bills, energy efficiency and social bonus for groups in vulnerable situations; Establishment of agreements with NGOs and public institutions for the interruption of the supply disconnection to vulnerable customers beyond what is required by law; and provision of assistance and guidance to Organisations and Associations on energy issues and regulatory developments in the sector.
- **ENDESA X:** A product has been selected as a pilot project for implementation of the CSV model for the promotion of social inclusion in the product offer, which will be developed in 2022.

2.2. ENDESA response to emergencies

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ENDESA's commitment to the communities is reflected not only in the continuous social development actions it carries out in the exercise of its activities, but also in the provision of solutions that alleviate critical situations derived from extraordinary events that occurred in the area, which significantly affect the local community. With regard to this, we highlight two of the contingency plans carried out by the company regarding social, environmental and economic crises in 2021 in Spain:

2.2.1. ENDESA Public Responsibility Plan in response to COVID-19

ENDESA, in its commitment to the society and given the health, economic and social emergency situation in which the society was immersed in 2020 due to the pandemic, initiated a Public Responsibility Plan, setting aside provisions of 25 million euros, with a view to alleviating different aspects of the crisis. In this regard, the company turned over its financial, technical and human capabilities to society in the implementation of the Public Responsibility Plan, which features two separate phases:

Phase I: Immediate response to urgent needs: Launched in March 2020, when the unprecedented health emergency required immediate aid. It consisted of three lines of action: Purchase and donation of sanitary equipment and material; Special conditions for the supply of energy to field hospitals and hotels converted into medical facilities; and Financial donations to public institutions, NGOs and foundations. In total, 57 projects managed with more than 575 institutions and about 1.4 million beneficiaries.

Phase II: Social and economic reactivation: Launched in June 2020 and under management during 2021, this phase aimed at supporting people and companies especially affected by the pandemic. Its objectives were the coverage of basic needs, the minimization of the digital divide for students and teachers, training for employment and employability and advice, digitalisation and support for SMEs, micro-SMEs and the self employed as a cornerstone of the Spanish business fabric. In total it had 93 projects (63 of which managed in 2021) managed with more than 200 institutions and about 144,000 beneficiaries (139,000 in 2021).

For further information, see section 4.6. *Our response to COVID-19* in chapter 4. *Sustainable Strategy*.

2.2.2. Contingency plan La Palma Volcano (Canary Islands)

On September 19, the Cumbre Vieja volcano on the island of La Palma (Canary Islands) started an eruption that lasted just over 85 days. More than 1,600 buildings have been destroyed with some 2,800 homes, at least 12 square kilometres of land have been buried and, according to the initial estimates, the value of the damage caused by the volcano amounts to more than 500 million euros. The advance of lava and the accumulation of ash have caused damages on buildings, farmland, communications and essential infrastructures. For example, 120 kilometres of power lines, 85 medium voltage towers, 1,490 low-voltage wooden poles and 19 distribution centres owned by ENDESA have disappeared.

ENDESA immediately launched a series of actions to guarantee the supply, alleviate the impact on those affected, ensure the health of people and collaborate with local institutions to minimize the social, environmental and economic footprint caused by this natural disaster in the community.

In this regard, measures have been undertaken in three main areas:

Measures for strengthening of infrastructures	Measures associated with invoicing	Other measures
<ul style="list-style-type: none"> ➤ 10 generator sets for essential supplies on the island and another 40 available in 24h. ➤ 67,000 metres of MV and LV cables, ➤ Team of up to 40 people including company staff and from contractors. ➤ Assistance to the committees of the PEVOLCA plan of the Government of the Canary Islands and collaboration with public institutions and security forces. ➤ Installation of 12 remote controls to overcome mobility problems in case of manoeuvres or incidents. 	<ul style="list-style-type: none"> ➤ Reinforcement of customer service. ➤ Discount of 50% in the tariff for the citizens of the island. ➤ Freezing supply cuts. ➤ RDL-20/2021: Termination of contracts and cancellation of invoices for devastated homes. ➤ Cancellation of bills for evicted homes (maintaining the supply to allow irrigation or services in visits when possible, thus facilitating the return to normality). 	<ul style="list-style-type: none"> ➤ Installation of two 9 and 4 MW portable emergency plants in the north and south of the lava flows to improve the response in the event of incidents. ➤ Support in the facilities for the supply of desalination plants and pumping stations for the irrigation of banana plantations. ➤ Loan of air quality measurement equipment. ➤ Collaboration associated with the supply to homes of those affected. ➤ Collaboration with the Government in the future reconstruction plan.

2.3. Sustainability projects: Categorisation

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Sustainability projects are initiatives that are promoted, supported, managed and/or subsidised by the Company voluntarily and aligned with the needs of the environment that generate a benefit for the society in which it operates beyond the normal management of the business, or that promote efficiency or improvements in the management of the company internally.

This approach allows responding to the strategic priority of "responsible relations with communities" and addressing three critical factors identified in the 2021 materiality survey:

- The role that ENDESA can play in society as a key agent for its development, with electricity as an essential element for the maintenance of social well-being and the socio-economic development of communities.
- Growing concern for the conservation of the environment: Growing social awareness, implying a paradigm shift in the management of the sector (decarbonisation, distributed generation, sustainable mobility, energy efficiency, circular economy, etc.).
- Concern for the protection of the health and safety of the communities, in the second year governed by an unprecedented health, economic and social impact derived from the COVID-19 pandemic.

To meet these challenges, three areas of action have been identified:

- Promotion of active listening to social and institutional agents, establishing collaborative alliances and creating shared value that promote local roots and social trust.
- Implementation of sustainability initiatives and projects aligned with materiality and with the commitments to the UN Sustainable Development Goals made by ENDESA, reporting appropriately and rigorously to society on its performance and thus bringing the business closer to citizens.
- Execution of the second phase of the ENDESA Public Responsibility Plan in response to COVID-19, endowed in 2020 with 25 million euros, focused on mitigating the social and economic crisis in which the country has been immersed due to the COVID-19 pandemic. For more information see section 2.2. ENDESA response to emergencies, in this chapter.

ENDESA's Sustainability projects and initiatives are implemented in the different territories where the company operates and for each of the Business areas, in addition to the ENDESA Foundation.

The sustainability projects are projects:

- That follow the business, generating value for the local community, with response to the material aspects in the social sphere of stakeholders.
- With a focus specifically on vulnerable groups (vulnerable families, children and young people, elderly, unemployed, people with disabilities, new entrepreneurs, etc.).
- Managed in collaboration with the social representatives of communities involved in the project, are sustainable over time and able to replicate the most successful measures.
- With obvious and measurable benefits for society and returns in the company and with a systematic, and transparent accountability adequately communicated to the society.

Regarding the implemented categorisation of projects, 4 groups of projects with impact on the communities are established, and a fifth group, related to internal sustainability projects, examples of which have already been provided in section "2.1. Acting under the CSV approach (CSV in the construction of new renewable energy plants: Line 1; o Internal efficiency measures in the section CSV monitoring of plants in operation). So, from now on, the analysis focuses on categories 1 to 4.

Social projects focused on communities				Domestic projects
1	2	3	4	5
Access to energy	Socio-economic development	Education	Support for communities	Domestic sustainability projects
<p>Projects related to the energy they provide:</p> <ul style="list-style-type: none"> Minimisation of economic barriers to vulnerable groups. Training and qualification on energy. Technological or infrastructure accessibility. Promoting energy efficiency. Promotion of knowledge on energy. 	<p>Projects that promote the economic development of communities such as:</p> <ul style="list-style-type: none"> Improvement of employability. Development of infrastructures. Transfer of skills and knowledge to communities. Support for local business activities. Community network. 	<p>Activities involving children, schools, institutes, universities, research and development centres, etc. (Not related to energy).</p>	<p>Activities unrelated to energy or economic development that help communities and promote their well-being:</p> <ul style="list-style-type: none"> Support for the family and social services. Investment in local events and initiatives. Promotion of culture. Promotion of sports. Promotion of health and safety. Protection of the environment and biodiversity. 	<p>Projects unrelated to normal business operations, but to initiatives that provide internal efficiency under a sustainable approach, having defined its scope, measurement, result and value created:</p> <ul style="list-style-type: none"> Efficient use of energy. Efficient use of information technologies. Efficient use of water resources. Disability and inclusion. Corporate life (conciliation, diversity, etc.).

2.4. Details of the sustainability projects

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2.4.1. Access to Energy Projects

Commitment 2015-2030	Achievements 2015-2021	SDG
Promotion of access to sustainable, affordable and modern energy, benefiting 4.1 million beneficiaries	2.1 million beneficiaries	

ENDESA is committed to the development and well-being of society, which is impossible without basic goods like energy. In this sense, the company promotes initiatives, in line with its “core business”, that minimise the economic barriers faced by vulnerable groups, offer energy training and education, ensure access to technology or infrastructure and promote energy efficiency and raise awareness about its use. In this way ENDESA contributes to the Sustainable Development Goal 7, establishing a public commitment of 4.1 million beneficiaries in this type of project for the period 2015-2030.

In 2021 and according to LBG methodology, ENDESA invested more than 2.5 million euros in social projects in this area, with the management of 41 initiatives that benefited more than 245,000 people.

It is worth noting that 16 of these projects were focused at minimizing economic barriers preventing access to energy for vulnerable groups, as a result of the commitment to alleviate

situations of energy poverty through training, advice and freezing supply cuts for people with payment defaults, beyond what is required by law. In 2021, more than 206,000 people benefited from this type of actions.

Also, in the category of "Access to energy", we promote initiatives such as employability and job creation in the energy sector: the subcategory "Training and training in the field of energy" includes courses, internships and creation of professional opportunities for unemployed people. In 2021, we have invested more than 634,000 euros in 15 projects of this type that have benefited more than 8,000 people.

Some of the most important projects include:

Subcategory	Project	Description	2021 Results	Scope	Volunteer programmes	Project partners
Removing economic barriers	Freezing supply cuts due to payment defaults	Freezing supply cuts, beyond what is required by law, to customers in a vulnerable situation with payment defaults and protected by public institutions and NGOs. The cut is delayed for an additional 60 days to the required by the regulations.	146,490 beneficiaries	Andalusia, Aragon, Balearic Islands, Catalonia, Canary Islands and other regions		Public institutions and NGOs
	Energy volunteer programmes	Aimed at households in energy poverty, spanning two levels of action: Recommendations to families on how to optimise their electricity bill and reduce their energy consumption, including the distribution of efficiency kits for DIY and the identification of risks involving the electrical installations of the most vulnerable households, subsequently fixed by certified installers.	1,645 families advised; 205 workshops held with 752 participants; 62 home rehabilitations; 121 household appliances and 1,501 efficiency kits delivered.	Aragon, Catalonia, Andalusia, Northwest, Canary Islands, Balearic Islands	83 ENDESA employees 1,660 business hours	Red Cross Ecodes
	Training in efficient energy consumption habits and invoice optimisation	Training courses aimed at the employees of social entities addressing topics including saving measures and energy efficiency, the new Social Bonus, the optimisation of electricity bills or protection against power cuts in order to improve the performance of participants in terms of the advice and support offered to vulnerable families.	206 institutions 35,320 people in energy poverty benefited Course rating: 4.5/5	Andalusia, Aragon, Balearic Islands, Canary Islands, Castile-Leon, Extremadura, and Galicia	7 ENDESA employees 35 business hours	ACA EAPN-ES
Employability and job creation in the sector	Training in operation and maintenance of renewable energy plants	The CSV plans of new renewable energy plants include courses on renewable energies focused on the operation and maintenance of solar plants and wind farms. It aims to promote employability in a sector of high local growth.	60 people received training	Fregenal de la Sierra, Bodonal de la Sierra, Merida and Almendralejo.		City Councils of Fregenal de la Sierra, Bodonal de la Sierra, Merida and Almendralejo.
	Training in the installation of solar panels for unemployed people	The CSV plans of renewable energy plants under construction, include theoretical and technical training in the installation of solar panels to unemployed people from the local community. It aims to promote employability of these students, adapting the training to the requirements required by the contractors for the incorporation of personnel.	402 people received training	Seville, Fregenal de la Sierra, Bodonal de la Sierra, Merida and Almendralejo.		City Councils of Seville, Fregenal de la Sierra, Bodonal de la Sierra, Merida and Almendralejo.

2.4.2. Social and economic development projects

Commitment 2015-2030	Achievements 2015-2021	SDG
Promotion of employment and sustainable, inclusive and sustained economic development for 1.9 million beneficiaries	0.92 million beneficiaries	

ENDESA is committed to the socio-economic development of the communities in which it is present, promoting initiatives that boost its progress through the support, generation and creation of local economic fabric and programmes that promote employability and job creation. In this way ENDESA contributes to Sustainable Development Goal 8, establishing a public commitment of 1.9 million beneficiaries in this type of project for the period 2015-2030.

This includes non-energy projects that support the creation of employment, the development of infrastructure, the transfer of skills and training and support for local business activities.

In 2021, the company invested around 2.7 million euros according to the LBG methodology in this type of initiative, accounting for 19% of all investments, through 105 projects (compared to 93 in 2020) that benefited more than 273,000 people. Of these, 47 projects are part of the second phase of the ENDESA Public Responsibility Plan in response to COVID-19, focused on reactivating the society and the economy that have benefited more than 80,000 people. For more information see section 2.2. ENDESA response to emergencies, in this chapter.

19% of ENDESA's social investment in Spain and Portugal according to the LBG methodology, was allocated to socio-economic development projects.

We highlight some of the most important initiatives:

Subcategory	Project	Description	2021 Results	Scope	Project partners
Employability	Training in occupational risk prevention	Included in the CSV and Futur-e Plans of thermal generation plants. It aims to secure the inclusion of vulnerable groups in society and the workplace through training designed to promote their inclusion in the job market. This training coincides with improvement works or closure executions being undertaken at plants to improve the skills of unemployed people in the surrounding towns and encourage hiring amongst local companies.	289 beneficiaries	TP of Granadilla (Tenerife) and Barranco de Tirajana (Gran Canarias) TP of Andorra (Aragón). TP of Compostilla (Castile-Leon)	Red Cross, Fundación Santa Bárbara (Santa Bárbara Foundation)/Ciuden, City Councils of Andorra, Granadilla de Abona and San Bartolomé de Tirajana
	SAVIA	ENDESA Foundation project. It aims to generate new professional opportunities for workers over 50 years of age. It consists of a meeting and innovation space to increase their employability and thus be able to offer to the business fabric experience of these professionals to strengthen their organisations.	33,000 beneficiaries	Throughout Spain	Mashumano Foundation
	Employment Emergency	Initiative included in the ENDESA Public Responsibility Plan in response to COVID-19. It improves the employability of people in an extreme social exclusion situation, through the integration into a circle of inclusion that includes personal paths of training, accompaniment and insertion.	585 beneficiaries	Andalusia, Aragon, Balearic Islands, Catalonia, Canary Islands, Madrid, Northwest	Adecco Foundation

Subcategory	Project	Description	2021 Results	Scope	Project partners
Support for business activities in the community	Impulsa Mujeres	Initiative included in the ENDESA Public Responsibility Plan in response to COVID-19. Coaching to improve the employability of unemployed women with dependent children or other family responsibilities, who need to re-enter in the labour market.	440 women beneficiaries. 35% have found a job. 93% are in selection processes	Andalusia, Aragon, Balearic Islands, Catalonia, Canary Islands, Madrid, Northwest	Mashumano Foundation
	Solar apiary	The CSV plans of renewable energy plants under construction, include the promotion of local beekeeping activity within the "Las Corchas PV Plant". This apiary is also a training space for entrepreneurs, an "open innovation" project with the collaboration of 2 startups and a tourist attraction for the town	637 beneficiaries	Carmona (Seville)	Local beekeeper (Loramiel), Carmona City Council, Fundación amigos de las Abejas, Prototy and Smartbee, local bakery, Convent of nuns of Carmona
	Support for rural micro-enterprises	Initiative included in the ENDESA Public Responsibility Plan in response to COVID-19. Minimisation of the digital gap of rural micro-enterprises through training, advice and provision of devices.	4,041 people and 180 SMEs trained in digitalisation. 150 SMEs with training in e-commerce and provision of computers	Andalusia, Aragon, Balearic Islands, Catalonia, Canary Islands, Madrid, Northwest	Afammer

2.4.3. Education Projects

Commitment 2015-2030	Achievements 2015-2021	SDG
Support for the education of 0.87 million beneficiaries through different educational projects	0.4 million beneficiaries	

ENDESA is committed to promoting access to inclusive and quality education, through support for training activities that involve students, families, colleges and universities, and the promotion of academic training, in general, not related to energy. In this way ENDESA contributes to the Sustainable Development Goal 4, establishing a public commitment of 0.87 million beneficiaries in this type of project for the period 2015-2030.

In 2021, in line with the LBG methodology, the company invested around 1.76 million euros in this type of project, which accounts for 13% of its social investment, organising 34 actions to the benefit of more than 87,000 people (compared to 112,000 people in 2020). This decrease can be traced to the extraordinary actions undertaken to minimise the digital divide in education, performed as part of the ENDESA Public Responsibility Plan in response to COVID-19 in 2020. For more information see section 2.2. ENDESA response to emergencies, in this chapter.

In the educational field, multiple initiatives have been developed, among which the following stand out:

Project	Description	2021 Results	Scope	Project partners
Minimisation of the educational digital gap for students and teachers.	Initiative included in the ENDESA Public Responsibility Plan in response to COVID-19. Training and qualification in digital programming skills, application development, 3D design and web development for teachers and students.	27,427 students and teachers trained in 422 schools	Andalusia, Aragon, Balearic Islands, Canary Islands, Extremadura, Galicia, Ceuta and Melilla.	BQ Educación
<i>Ella te cuenta</i>	Initiative aimed at students aged 12 to 16, with the aim of promoting vocations in science, technology, engineering and mathematics (STEM) among female students. Through 20 webinars, ENDESA employees with careers in technology and engineering explain first-hand what led them to choose a STEM career to inspire the girls who attend to study these careers.	1,560 students	Madrid and Andalusia	Fundación Universidad Empresa

Project	Description	2021 Results	Scope	Project partners
School & Talent	ENDESA Foundation project aimed at young people with high skills and limited resources, aged between 11 and 18 years old. It aims to facilitate training and enrichment in different educational dimensions through a plan designed specifically for these students.	5,833 children	Andalusia	SAFA Foundation

The economic investment in the education projects of both ENDESA and the ENDESA Foundation amounted in 2021 to around 1.76 million euros, according to LBG methodology, with more than 87,000 beneficiaries.

2.4.4. Projects to Support Local Communities

ENDESA supports local communities through various types of projects aimed at improving the well-being of individuals and communities, maintaining their cultural identity, preserve their heritage, improving the environment and local biodiversity, promoting sport, encouraging healthy habits and meeting basic needs.

As part of these actions, ENDESA uses its knowledge and awareness of the circumstances in each location and collaborates with the main social organisations in the area in which it operates, supported by its regional units. This line of action had an investment of 50% of the budget as per LBG, which corresponds to more than 6.8 million euros, 78 projects managed (compared to 128 in 2020) and more than 556 thousand beneficiaries (compared to 1.8 million in 2020). This decrease compared to the prior year is due to the extraordinary actions in both the field of health and safety and in the coverage of basic needs, carried out as part of the ENDESA Public Responsibility Plan in response to COVID-19 carried out in 2020.

More than 6.8 million euros allocated to projects to support local communities, among which stands out the nearly 4 million euros as per LBG, which were allocated to initiatives to protect the environment and biodiversity.

2.4.4.1. Projects to support the family and social services:

ENDESA carried out thirteen actions in 2021 aimed at alleviating critical situations of families and people at risk of exclusion, of which four were framed in the ENDESA Plan for Public Responsibility against COVID-19. This has resulted in an investment of about 373,000 euros as per the LBG methodology. Of these we stand out:

Project	Description	2021 Results	Scope	Project partners
Children's Villages	Initiative included in the ENDESA Public Responsibility Plan in response to COVID-19. Coverage of basic needs and psychological and educational support for children from vulnerable families to provide children with the protection and maintenance of a stable family environment and prevent their abandonment.	280 children at risk of exclusion	Andalusia, Aragon, Balearic Islands, Canary Islands, Catalonia, Madrid and Northwest	Children's Villages
GEA Project	Development of a Social Innovation project with ENDESA Customers where they can contribute with "geas points" to different social initiatives that are translated into investment of the company to them. One of the partners is the IHelp Foundation, which provides support to people in vulnerable situations.	Approximately 520 people have benefited from this initiative	Spain	IHelp Foundation

2.4.4.2. Culture promotion projects

In 2021, ENDESA has maintained its support for culture, collaborating in initiatives such as the Teatro Real, Amigos del Museo del Prado or the Palau de la Música Catalana.

2.4.4.3. Projects to promote health and safety

In 2021, around 279,000 euros were invested in projects of this type as per the LBG methodology (compared to 8.8 million in 2020) with 9 initiatives that have benefited about 78,000 people

(compared to 1.2 million in 2020). This decrease compared to the last year is due to the extraordinary actions in both the field of health and safety, carried out as part of the ENDESA Public Responsibility Plan in response to COVID-19 carried out in 2020.

The most outstanding actions were as follows:

Project	Description	2021 Results	Scope	Project partners
Sonrisa Médica	Collaboration with the NGO Sonrisa Médica in the Balearic Islands, a pioneer in the field of accompanying "Hospital Clowns" on patient visits, serving intensive, paediatric and chronic care units to roll out smile therapy as part of curative care.	4,926 children received this service	4 hospitals in the Balearic Islands	Sonrisa Médica
Donation of books from employee for valuation and help to NGOs of children with cancer.	As a result of the change of furniture at the headquarters, the employees left their own books on technical topics, art, self-help, etc. at the headquarters. Donation to Libros&Co, which has a collaboration agreement with the Fundación Pequeño Deseo, aimed at children with cancer. The gains from the sale of these books were intended to help this NGO.	Estimate of 60 children	Madrid	Libros&Co Fundación Pequeño Deseo

2.4.4.4. Projects to protect the environment and biodiversity

This category consists of projects that voluntarily enhance the dissemination, conservation, research, recycling, regeneration and improvement of the environment in general and of biodiversity in particular for the conservation and improvement of community environment. In 2021, ENDESA has managed 40 initiatives to which nearly 4 million euros have been allocated according to LBG methodology.

Some initiatives are highlighted:

Subcategory	Project ¹	Description	2021 Results	Scope	Project partners
Protection of birds and other species	Conservation of Threatened Bat Species (ENDESABATS)	Scientific research providing increased knowledge about populations of bat species at the hydroelectric plants in the Noguera Pallaresa river basin (NE Spain). Surveillance of bat groups throughout the year in specific locations of interest.	Increased scientific knowledge about bats, their needs, preferences and population parameters. Bats are huge allies in fighting pests that can result in the deterioration of agricultural and forest ecosystems or transmit diseases to humans	ENDESA Hydroelectric Plants	CTFC
Regeneration of natural areas	ENDESA Forest	Reforestation of burned areas through direct seeding and planting of native forest species. Three sites are under management: ENDESA Forest La Atalaya, Teruel and Doñana At the beginning of the project and after the maintenance of the new forest created, priority is given to hiring young people, unemployed, women, over 45 years of age or at risk of social exclusion from the local community	Regenerated burned surface in Valdemaqueda (Madrid). Under management Doñana (Huelva) and Aliaga, Ejulve and La Zoma (Teruel)	Madrid, Aragon and Andalusia	Sylvestris Group

¹ for more information see Section 3.3.3 Environmental restoration in the Environment chapter

2.4.5. Corporate Volunteer Programme

In the area of corporate volunteerism, ENDESA employees collaborate on numerous projects to promote the social development of communities. Corporate volunteers act as drivers of other initiatives that in turn brings the Company closer to and more involved with its stakeholders and boosts the personal development and commitment of participants. Furthermore, it constitutes a firm commitment to the development of the communities in which it operates, by offering its own personnel in activities that combine the interest of the Company and its stakeholders, such as providing groups in vulnerable situations with access to energy, promoting employability and quality education, or improving the environment.

In 2021, numerous initiatives that were put on hold during the lockdown have been reactivated. In total, 21 volunteer projects have been carried out, involving 651 volunteers during business hours and 71 off-business hours. This represents a total of 722 volunteers, of which 47 collaborated in both modalities. A total of 6,412.5 hours were provided by the volunteers during working hours, which would be valued at more than 241,110 euros, and 147.5 hours by volunteers who collaborated in their free time.

Thanks to the initiatives in which ENDESA volunteers participated in 2021, near 50,200 people benefited in total.

As an example, the following initiatives stand out:

Category	Project	Description	2021 Results	Volunteer programmes	Scope	Project partners
Socio-economic development	Employment Emergency Program	Improvement of employability for people in extreme social exclusion, through the integration into a circle of inclusion that includes personal paths of training, accompaniment and insertion. The volunteers advised vulnerable people on issues that favour their social integration (employability, household economy, etc.).	850 people received training	56 ENDESA volunteers 168 business hours	Aragon and Canary Islands	Adecco Foundation
Education	Orienta T	Inspiring talks by women engineers (from ENDESA and other companies). These talks are videotaped and used in schools to promote STEM studies. To work on transversal competences (communication, effort, etc.) ENDESA volunteers go to schools to give workshops.	1,124 students (50% women)	Business hours: 47 ENDESA volunteers with 95.5 hours Out of hours: 71 ENDESA volunteers with 147 hours	Andalusia, Aragon, Catalonia, Castile-La Mancha, Castile-León, Extremadura and Madrid,	Junior Achievement Foundation +21 educational centres
Support for local communities	Let's bet on your health	Preparation and delivery of hygiene kits to homeless people to cover their basic needs.	106 people in vulnerable situation	104 ENDESA volunteers 202 business hours	Balearic Islands, Canary Islands, Catalonia and Madrid	Assis shelter centre. Mensajeros de la Paz.

2.5. Quantification of ENDESA's social investment in the community

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For the thirteenth consecutive year, ENDESA's report on social action is presented according to the LBG methodology.

ENDESA belongs to the London Benchmarking Group (LBG) Spain since 2008. Its methodology enables the company's social development investment in the society to be measured, managed and evaluated and its contributions, achievements and impacts disseminated.

In 2021, and according to the LBG methodology, ENDESA contributed 13.7 million euros in social investment to the communities in the environments in which it operates, 10.6 million of which are monetary or in-kind contributions.

ENDESA'S INVESTMENTS IN SOCIAL DEVELOPMENT PROJECTS IN 2021 (EURO THOUSAND)

	Money	Species	Time spent	Administrative expenses	Total
Transverse areas and territorial centres	2,849	0	239	386	3,474
Business Areas	4,408	50	3	1,642	6,103
ENDESA Foundation	3,311	0	0	860	4,171
Total Iberia	10,568	50	241	2,889	13,748

ENDESA'S INVESTMENT IN SOCIAL DEVELOPMENT PROJECTS (LBG METHODOLOGY)

	2019	2020	2021
Transverse areas and territorial centres	23%	85%	25%
Business Areas	47%	4%	45%
ENDESA Foundation	30%	11%	30%

ENDESA continues to develop the approach of optimising and improving management, drawing on the synergies, involving employees and minimising accessory costs. With regard to this, administrative expenses are almost exclusively referred to the contribution of time spent by the company's staff in the management of projects, since much of 2021 teleworking has been maintained as a result of the COVID-19 so the rest of the general costs associated with the performance of the employees activity in the social headquarters has been drastically reduced. With the 13.7 million contributed, according to the LBG methodology, 258 projects have been carried out, benefiting more than 1.16 million people. These data are not comparable with what was done in 2020, since then an extraordinary budget of 25 million euros was provided to carry out the ENDESA Public Responsibility Plan in response to COVID-19. For more information see section 2.2. ENDESA response to emergencies, in this chapter.

The level of investment in the social sphere for 2021, considering only financial and in kind contributions, represented 0.8% of the net profit from continuing activities attributable to ENDESA shareholders (2.3% in 2020). This is due to the fact that in 2020 an extraordinary budget of 25 million euros was allocated to the ENDESA Public Responsibility Plan in response to COVID-19, which considerably increased social investment.

ENDESA'S CONTRIBUTION TO SOCIAL DEVELOPMENT PROJECTS (LBG METHODOLOGY)

	2019	2020	2021
Education	17%	14%	15%
Health	22%	26%	3%
Economic development	37%	30%	25%
Environment	11%	1%	29%
Art and culture	11%	3%	10%
Social welfare	0%	10%	18%
Humanitarian aid	0%	16%	0%
Other	2%	0%	0%

ENDESA'S CONTRIBUTION IN 2021 TO SOCIAL DEVELOPMENT PROJECTS (LBG METHODOLOGY)

	2019	2020	2021
One-off contribution	2%	77%	0%
Social investment	52%	11%	53%
Initiative aligned with the business	46%	12%	47%

Regarding the nature of the projects, the LBG methodology distinguishes between: social investment initiatives, which consist of projects on strategic issues of the company with long-term commitment and initiatives aligned with the business, which seek to promote business interests through support for social causes.

In 2021, a balance has been maintained between both categories, with 7.2 million euros of social investment and 6.5 million in initiatives in line with the business, which in turn reflects the long-term strategic commitment to the communities in which it operates under the focus of creating shared value between the company and the local community.

It is noteworthy that investment in specific contributions is again minimal, unlike last year in which the company strove to respond to urgent critical issues as a result of the COVID-19 pandemic,

not associated to its usual work, to accompany the society in this situation of health, economic and social crisis.

Looking at the internal classification of projects (explained in the previous section), the distribution of investment according to the LBG methodology was as follows:

LBG TOTAL CONTRIBUTION: MONEY + SPECIES + TIME + MANAGEMENT COSTS

	2019	2020	2021
Access to energy	37%	7%	18%
Socio-economic development	20%	29%	19%
Education	15%	13%	13%
Support for local communities	28%	50%	50%
TOTAL (millions of euros)	12.5	33.68	13.7

The percentage of investment in projects to support local communities has been maintained compared to the previous year. However, in 2021 the weight is in the subcategory of projects for protection of the environment and biodiversity (29% of the total budget) and in 2020 it referred to both initiatives to cover basic needs and health protection projects, both relevant topics of the first phase of the ENDESA Public Responsibility Plan in response to COVID-19. For more information see section 2.2. ENDESA response to emergencies, in this chapter.

Finally, in 2021 there were no physical movements of people from local communities, derived from the company's activities.

2.5.1. Achievements, impacts and returns

203-2/413-2

In 2021, the implementation and development of the methodology that allows the achievements, impacts and returns of social development projects in the communities to be rigorously estimated was maintained. For this, a tool defined under the LBG framework is used, as a result of ENDESA's participation in the LBG Spain working group, the objective of which is to establish the premises, criteria and variables to be able to estimate said information.

Progress was also made in the application of the system for measuring impacts and returns of projects at a quantitative level, through indicators that allow the benefit to society to be monetised (SROI method) along with the possible return for the company (own method).

In 2021, ENDESA has maintained the measurements of impacts and quantitative returns of certain projects planned, in execution or carried out, with the following results by categories:

IMPACT ON SOCIETY: EQUIVALENT VALUE PER EURO INVESTED OVER A PERIOD OF 5 YEARS (€)

	2019	2020	2021	
Access to energy	7	3.8	13.6	
Socio-economic development	41	5.8	3.9	
Education	2.3	3.2	5	
Support for local communities	Environment and biodiversity	8	5.8	5.8
	Health	-	5.7	-
Average	14	4.6	7.1	

RETURN IN THE COMPANY: EQUIVALENT VALUE PER EURO INVESTED OVER A PERIOD OF 5 YEARS (€)

	2019	2020	2021
Access to energy	0.2	1.8	12.9
Socio-economic development	9	2.1	3.2
Education	2	1.3	0.9

Support for local communities	Environment and biodiversity	4	12.1	6.7
	Health	-	3.5	-
Average		3.4	2.6	6

The estimated result regarding the social development projects measured in 2021 is that for each euro invested over a period of 5 years the community receives a value equivalent to 7.1 euros (compared to 4.6 in 2020) and the company recovers a value equivalent to 6 euros (compared to 2.6 in 2020). The difference compared with 2020 is not significant as different projects have been measured, although it does show the results of the application of the CSV model by creating value for both the company and the community.

2.5.1.1. Achievements

413-2

These are the quantified or estimated results obtained from an investment made through a social development project, in a certain period of time.

More than 1.16 million beneficiaries in the 258 social development projects organised in 2021.

Number of beneficiaries: In 2021, a total of 1,161,670 direct beneficiaries of the 258 social development projects carried out by ENDESA have been estimated. This represents a decrease compared to the previous year (2,331,751 beneficiaries in 2020), as a result of the extraordinary actions carried out in the ENDESA Public Responsibility Plan in response to COVID-19 last year.

TYPOLOGY OF PROJECT BENEFICIARIES (%)

	2019	2020	2021
People in vulnerable situation/unemployed	13	14	21
People with disabilities / health problems / users of medical services	1	38	6.5
Children and adolescents	2	0.2	1
Elderly people	2	1	3
Students	10	5	10.5
Women	1	7	13
Entrepreneurs/companies/SMEs	0	1	5
Local community	43	11	37
Society at large	28	7	3
Health personnel/Law enforcement	-	15	0

In 2021, 37% of these correspond to local communities, as a result of the company's commitment to the creation of value in the environment of its assets. Next, with 21% are the people in vulnerable situation (mostly corresponding to beneficiaries of energy access projects focused on energy poverty) and unemployed people (41% of the projects have been aimed at socio-economic development with a focus on job creation). In line with the latter, the increase of four percentage points in the category of entrepreneurs, companies and SMEs stands out, which in 2020 had 14,573 beneficiaries reaching only near 61,000 in 2021.

Number of collaborators: In 2021, 99% of the projects were managed through strategic alliances with public and private organisations, a sign of ENDESA's commitment to contributing to projects and establishing long lasting relationships. It has collaborated with a total of 2,130 public and private institutions to develop the 258 projects that were carried out in the social field. Primary and secondary schools represented 83%, NGOs and social foundations 8% and public institutions 4%.

TYPOLOGY OF THE INSTITUTIONS WITH WHICH IT HAS COLLABORATED (%)

	2019	2020	2021
Social and environmental platforms	4	1	2
Cultural entities	2	0.2	1.5
Local businesses	1	0.3	0.3
Public institutions	36	15	4
Primary and secondary schools	46	70	83
Universities	2	1	1
NGO/Social Foundation	7	10	8
Other	2	0.4	0.2
Health institutions / security forces	-	3	-

Amount of third-party contributions: Considering the multiplier effect, as an additional result of ENDESA's social projects, other agents have contributed with resources to the company's projects for a total amount of 80,212 euros. Contributions from external collaborators represents 84% and contributions from ENDESA employees 15%.

2.5.1.2. Impacts
413-2

These are the estimate of how the initiative has influenced the reality of the agents involved.

In the beneficiaries: More than 325,000 people (290,000 in 2019) achieved a positive and relevant transformation in their lives as a result of the initiatives. A total of 43% (33% in 2019) achieved an improvement and 28% (19% in 2019) were sensitized thanks to the projects. We did not make the comparison with the management carried out in 2020, since they were influenced by the extraordinary actions that ENDESA carried out, on a timely basis, to alleviate the health, social and economic needs derived from the COVID-19 pandemic.

BENEFITS OBTAINED AS RESULTS OF THE PROJECTS IN THE BENEFICIARIES (%)

	2019	2020	2021
They achieved a transformation as a result of the initiative	27	40	28
They got an improvement as a result of the initiative	33	41	43
Awareness was raised as a result of the initiative	40	19	29

In the collaborators: It is estimated that the benefits obtained by the 2,130 institutions with which ENDESA has collaborated in 2021, for the management of the social projects that it has carried out, have translated in 99% of the cases, in an improvement of its services or an increase in their capacities, in 71% in an extension of the scope of their activities and in 75% in an increase in their recognition. 66% of institutions have undergone these three results simultaneously.

BENEFITS OBTAINED AS RESULTS OF THE PROJECTS IN THE COLLABORATORS (%)

	2019	2020	2021
Their services or capabilities have improved	92	99	99
They have improved their management systems	34	33	44
They have expanded the scope of their actions	45	64	71
They have expanded their ability to employ staff or volunteers	9	3	4
They have increased their recognition	43	59	75

In the environment: The types and level of positive impacts on the environment and biodiversity were assessed in the 40 social development projects that addressed this issue. The highest impact occurred in projects for the regeneration of the environment in specific areas, as well as biodiversity conservation actions, with a special focus on endangered species. Likewise, the

medium and high impacts have been maintained in the rest of the projects, both for the expansion of knowledge and educational and scientific dissemination, as well as for awareness on environmental issues compared to recent years.

ESTIMATE OF THE TYPE AND LEVEL OF IMPACTS OF ENVIRONMENT AND BIODIVERSITY PROJECTS (%)

		2019	2020	2021
Regeneration of the Environment and Biodiversity	High Impact	71	80	80
	Medium Impact	19	15	6
	Low Impact	10	5	14
Knowledge expansion and dissemination	High Impact	62	40	56
	Medium Impact	33	60	39
	Low Impact	5	0	6
Awareness on environmental issues	High Impact	50	44	42
	Medium Impact	20	33	33
	Low Impact	30	22	25

2.5.1.3. Returns

They are the benefits that the company can receive from the management of social projects, beyond the social licence.

It has been estimated that there have been 624 positive returns in the company derived from the 258 social projects carried out in 2021. Where these returns have had the greatest impact is in the improvement of relationships and perceptions of stakeholders (39%) and, secondly, in the increase in brand recognition (29%). These coincide with the main two estimates in 2019 and 2020.

Estimate of returns for ENDESA from social development projects carried out

		2019	Total 2019	2020	Total 2020	2021	Total 2021
Generation of benefits in human resources	High	29	14%	43	8%	35	6%
	Medium	36		16		1	
	Low	16		4		1	
Improved relationships and perceptions with stakeholders	High	85	33%	231	40%	175	39%
	Medium	87		33		31	
	Low	27		43		39	
Generating business	High	16	10%	1	7%	17	8%
	Medium	12		21		9	
	Low	30		32		25	
Provided operational improvements	High	10	12%	16	8%	38	18%
	Medium	34		32		59	
	Low	25		11		16	
Generated an increase in brand recognition	High	62	31%	154	36%	101	29%
	Medium	58		56		46	
	Low	68		67		31	

3. SUPPLY CHAIN



Line of action		2019	2020	2021	2021-2023 target	SP 2022-2024	
						2022 target	2024 target
Sustainable supply chain	Verification of human rights aspects in the supplier qualification process (% qualified suppliers)	100%	100%	100%	100% during the 2021-2023 period	100%	100%
	Verification of security aspects in the supplier rating process (% of suppliers rated)	100%	100%	100%	100% during the 2021-2023 period	100%	100%
	Verification of environmental aspects in the supplier qualification process (% qualified suppliers)	100%	100%	100%	100% during the 2021-2023 period	100%	100%
	Contracts that include the K of sustainability (% of the total)	-	83%	93%	84%	90%	92%
	Tenders covered with mandatory sustainability requirements (% of total tenders)	-	-	17%	-	17%	35%
	Carbon-footprint certified suppliers (% of tenders with ISO CFP or EDP out of total tenders)	-	-	9%	-	27%	29%
	Promotion of the qualification system: Volume of purchases made from qualified suppliers (% of the total) ¹	-	-	94.3%	-	95%	96%
	Legal/occupational and health and safety audits on contractors (% contractor companies evaluated)	11%	8.8%	16%	10%	13%	14%

¹ Qualified suppliers in the family subject to recruitment.

Actions worth special mention

1. During 2021, sustainability indicators (certifications, health and safety, social aspects, circular economy, environment) have been incorporated, with an approximate impact of 1,646 million euros (93% of the amount awarded).
2. In 2021 have been accounted 317 new contractors with contracts in force as of 31 December, which individually have contracts totalling more than 1 million euros (269 local and 48 foreign).

The scope of the information provided in this chapter covers both ENDESA, S.A. and its investee companies in Spain and Portugal, the same as in the Legal Documentation reports. For more information see section 1.2.6. *Organisational structure* in Chapter 1. *About ENDESA*. Possible variations to the scope described here are presented throughout the chapter.

3.1. Responsible supply chain

3.1.1. The supply chain in figures

2-6/414-1

Qualitative and quantitative information throughout

A sustainable supply chain is an essential element in achieving the goals of decarbonisation and electrification. ENDESA structures its purchasing processes around pre-contractual and contractual conduct based on mutual loyalty, transparency and cooperation.

The performance of suppliers, in addition to guaranteeing the necessary quality standards, must be accompanied by the commitment to adopt best practices in the field of Human Rights and working conditions, health and safety in the workplace and environmental responsibility.

The Code of Ethics, the Zero Tolerance Plan Against Corruption, the Human Rights Policy, the Model pursuant to Legislative Decree 231/01 and the Global Compliance Program provide a framework for ENDESA's purchasing activities, in addition to constituting a guide and a code of conduct for suppliers.

NUMBER OF ENDESA SUPPLIERS

Number of Suppliers			Value of purchases from suppliers (millions of euros)		
2019	2020	2021	2019	2020	2021
6,115	4,867	3,646	2,427	2,176	3,242

VALUE OF PURCHASES FROM MAIN SUPPLIERS

Purchases from major suppliers	2019	2020	2021
Purchases from 15 largest suppliers (millions of euros)	952.5	861.8	1,268
Purchases from 15 largest suppliers (% of total)	39.2%	39.6%	39.1%
Purchases from 50 largest suppliers (millions of euros)	1,394.7	1,259.3	1,875
Purchases from 50 largest suppliers (% of total)	57.5%	57.9%	57.8%

EU17/403-9/2-8

The number of days worked by contractors or subcontractors involved in construction, operation and maintenance activities in 2021 came to 4,385,101, down by 14% compared to 2020. The total number of hours worked by contractors in 2021 amounted to 35,080,804.

3.1.2. Commitment to local suppliers

2-6/204-1

The core principle of ENDESA's activity in the countries and territories in which it operates is the creation of value for local suppliers, making it possible to generate value for society in places where it operates. In line with its commitment to local suppliers 56% of the budget consumed, Euros 2,200 million, has been dedicated to these suppliers, including those incorporated in Spain and Portugal.

As far as contracts related to maintenance services in the Production Centres are concerned, specific contractual clauses are included, whereby the contractor commits to employing technicians and workers from the local area, pursuant to current laws and the provisions of the competent authorities, in addition to the strictly necessary transfer personnel and in compliance with the required specialisations.

PURCHASES FROM LOCAL AND FOREIGN SUPPLIERS WITH CURRENT CONTRACT WORTH MORE THAN 1 MILLION EUROS

Classification	Suppliers (No)			Value of purchases from suppliers with current contract (millions of euros)			Total purchases made from local/foreign suppliers (%)		
	2019	2020	2021	2019	2020	2021	2019	2020	2021
Local	272	230	269	1,631	1,615	2,220	67	74	69
Foreign	44	40	48	406	238	714	17	13	22

3.1.3. Communication Channels in the supply chain

3-3 Management Approach Procurement Practices/2-29

A key element of ENDESA's chain of value is its supply chain. This is why continuous communication with its suppliers is essential. This communication makes it possible to generate more lasting relationships based on trust and transparency.

To this end, ENDESA has different transparent and concise communication channels in place.

This starts with the Supplier Rating process, where economic, legal, environmental, social and ethical aspects that the supplier must comply with in order to be part of ENDESA's supplier database are evaluated, with a specialist team offering support to suppliers throughout the process.

This communication between the company and its suppliers continues during the corresponding bidding and purchasing processes through the "WeBUY" procurement system, which is used to relay commercial and technical needs, receive bids and resolve all aspects relating to procurement processes.

Finally, ENDESA is in constant communication with its suppliers for the entire duration of the corresponding contracts, evaluating their performance, as well as aspects related to safety and sustainability.

Furthermore, ENDESA provides all its stakeholders, including suppliers and subcontractors, with a Whistleblowing Channel for them to report, in a secure and anonymous way, any irregular, unethical or inappropriate conduct related to issues including but not limited to conflict of interest and corruption, discrimination, diversion of products or commercial opportunities, falsification of contracts, reports or records, forced labour, fraud, inappropriate supplier or contractual activities and/or retaliation, which may occur as part of the performance of the company's activities.

The platform on which this channel operates is managed by an external and independent firm, which deals with all complaints or communications to ensure total security and confidentiality. Reports are investigated and managed by Internal Audit, guaranteeing a homogeneous methodology in their treatment.

Information on ethical conduct, and the method for accessing the Whistleblowing Channel, are available on ENDESA's website: www.endesa.com

For further information, see section 2.2.5. *Whistleblowing Channel* in Chapter 2. *Corporate governance and ethical conduct*.

3.2. End-to-end purchase process at Endesa

3-3 Management Approach Procurement Practices/2-6

With a view to promoting responsible management in the supply chain, ENDESA has a comprehensive procurement process in place, which starts with the planning of needs by the different lines of business. It requires a rating for all suppliers (assessing compliance with economic, legal, environmental, social and ethical aspects), not just of suppliers to it intends to engage, but also those invited to participate tenders.

Ratifying ENDESA's commitment to sustainable best practices and extending them to its entire chain of value, all contracts with suppliers include specific clauses in their General Conditions on the commitment of counterparties to Human Rights, personal safety, the environment and corruption.

In this regard, ENDESA is in continuous dialogue with its suppliers, identifying opportunities for improvement, which require the implementation of action plans by suppliers to remain as one of ENDESA's suppliers. These plans include actions aimed at improving environmental performance in the provision of the service, guaranteeing strict compliance and respect for human rights or implementing management systems for the safety of its workers with the utmost rigour and excellence.

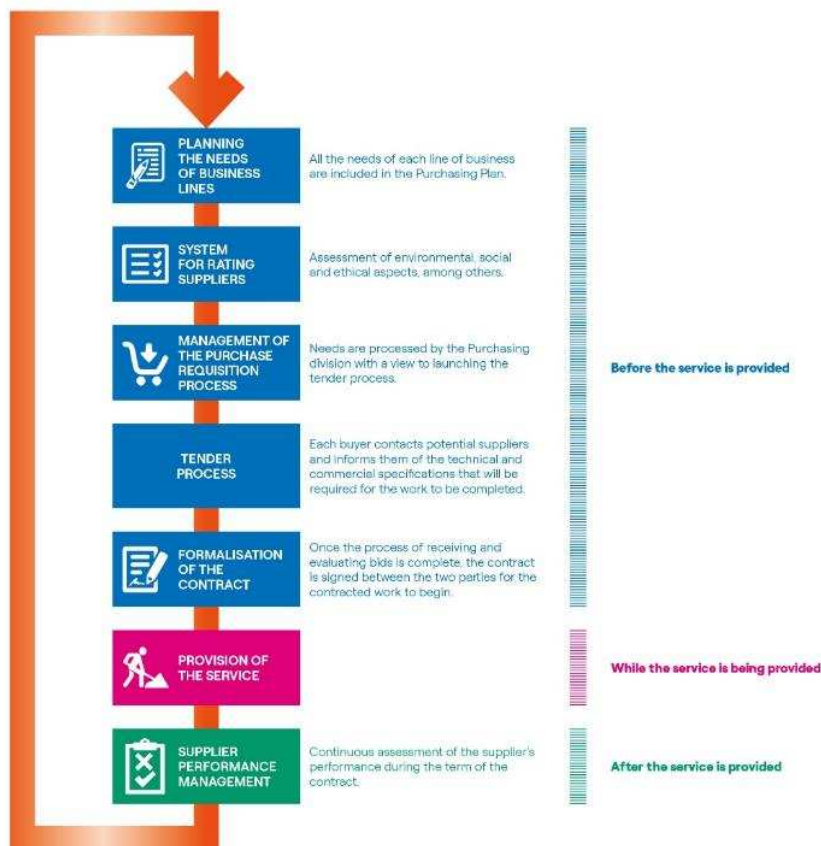
ENDESA also has a system to monitor the performance of its Suppliers (called Supplier Performance Management - Consequence Management) during the purchasing process and the creation and execution of the contract in order to manage the supplier and the contract in accordance with the established requirements.

Each month, data recorded are used to calculate six category indicators (Safety, Environment, Quality, Punctuality, Human Rights and Correction, Innovation and Collaboration) and a Supplier Performance Index (SPI) derived from the weighted average of the category indicators according to percentages that depend on the risk associated with the individual category in the group of products or services being evaluated.

Based on the score obtained, a consequence management process applicable to the supplier or the contract is initiated, which includes, among others, actions aimed at promoting excellent behaviour.

2-6

End-to-end purchase process at Endesa



3.2.1. Rating process

414-1/ 409-1/412-1/308-1

ENDESA has established a supplier rating system that facilitates the careful selection and assessment of companies that wish to participate in tender processes, which involves the assessment of technical, economic, financial, legal, environmental, safety, human rights and ethical requirements, in addition to honourability requirements, with a view to ensuring the appropriate level of quality and reliability in case contracts are awarded in the energy sector. This rating system was created pursuant to local and EU laws and regulations.

Before starting a relationship with other parties in the field of trading or project development, ENDESA verifies the trustworthiness thereof through a Counterparty Check (KYC-Know Your Customer) procedure, admitting only those whose standards are in line with those of the company.

The rating process works through the use of Merchandise Groups: each supplier is rated in relation to one or more specific such groups, with the qualification assigned to the supplier only when it meets all the requirements defined for each group. These requirements vary depending on the specific implications and risks associated with each group.

Based on the analysis carried out on the producer groups for all merchandise groups, certain risks are taken into consideration. These risks are described in ENEL's risk catalogue, which ENDESA has signed up to. In this regard, Global Procurement (GP) owns and manages the following main risk categories:

- Counterparty risk, when in relation to suppliers.
- Logistics and supply chain risk, when reference is made to procurement contracts.

GP's approach to risk considers both a supplier perspective ("Supplier Risk") and a process perspective ("Process Risk"). Supplier Risk assesses counterparty risk in terms of: ecological-financial risk, environmental-social-governance (ESG) risk, reputational-corruption risk, geopolitical risk, performance risk, mutual dependence on ENEL and logistics-supply chain risk. Furthermore, process risk assesses logistics and supply chain risk in terms of procurement strategy (i.e. process structure, composition of the supplier list, etc.) and contract award conditions (price indexing, potential award data).

All ENDESA suppliers posing a high environmental risk based on the merchandise group are ISO 14001 certified and those rated as posing a high safety risk are ISO 45001 certified. For all the management systems requested, an exhaustive check of their scope and period of validity is performed.

For further information on the supply chain risk assessment process, consult section 4.1.1. *Main ESG risks* of the chapter 4. *Sustainable strategy*.

The process requires the presentation of a series of documents (self-certification on the possession of general requirements, financial statements, certifications etc.) and, among other things, adherence to the principles expressed by the Code of Ethics, the Zero Tolerance with Corruption Plan, Human Rights Policy and the Global Compact, with specific reference to the absence of actual or potential conflict of interest.

Contractors who are already included in ENDESA's Register of Qualified Suppliers are constantly monitored – including through external databases – regarding events related to the company itself and its main exponents.

By the end of 2021, the Supplier Qualification System had been implemented in 615 purchasing families, 291 global families (international qualification), and 324 local families throughout ENDESA. In 2021, 317 new contractors with contracts, which individually have contracts totalling more than 1 million euros (269 local and 48 foreign).

414-1/ 412-2

Within the process of rating suppliers of local families of ENDESA, during 2021 a total of 1,152 suppliers were analysed in the field of Human Rights (by analysing a questionnaire provided for this purpose in the rating circuit).

Including Sustainability in the Rating Process

As part of the rating process, to be included on ENDESA's supplier register, the supplier must undergo a specific and mandatory assessment of environmental requirements, health and safety requirements and human rights requirements. In practice, the supplier is asked to fill out questionnaires and submit the appropriate supporting documentation for the purposes of assessment. For activities considered to pose a high risk to safety or the environment, an on-site audit is performed to verify these aspects.

Only with a positive general judgement can the supplier qualify for the Suppliers Registry (or continue to be so where previously qualified) and may be taken into account to participate in the Group's purchasing procedures.

The evaluation of the aforementioned individual requirements contributes to the general evaluation of the admission or non-admission of said company to the ENDESA rating system explained above.

In the event of non-admission, for example in the case of a negative environmental assessment, the supplier may submit a new request for qualification, providing the evidence of the Improvement Plan adopted.



In order to promote continuous improvement to responsible management of the supply chain, ENDESA has reviewed and improved the sustainability requirements established in the supplier qualification process. In this way, the requirements for occupational safety, the environment and integrity have been updated, with the implementation of a new human rights-related requirement.

Within this new context, ENDESA has set the following objectives for its ENDESA Sustainability Plan 2022-2024, relating to the verification of sustainability criteria in the supplier qualification system pursuant to the new system, as can be seen in the first table in the Chapter.

3.2.2. Selection process

414-1/ 409-1/412-1

In 2018, ENDESA, started to apply sustainability criteria as part of its product and service tenders. In 2021, it reinforced the use of a range of social, environmental, ethical and occupational safety indicators, with those most suited to the nature of the product or service tendered included in each call for tender, with the performance of potential suppliers in relation to these indicators taken into account and rated, in addition to the economic and technical proposal.

Likewise, ENDESA also included sustainability indicators during 2021 (certifications, health and safety, social aspects, circular economy, environment), with an approximate impact of 1,646 million euros (93% of the amount awarded). These indicators are a reflection of the different commitments made by suppliers when contracting with ENDESA.

During 2021, ENDESA has continued to strengthen the technical Sustainability specifications required from contractors in selection processes. The following key aspects in the transformation of procurements are indicated below:

- Give preference to suppliers that stand out in their commitment to the transition to the circular economy will be classified as priority suppliers. As part of the tender process, ENDESA has defined a parameter known as "Sustainability K", which is applied to

positively weigh bids that meet Sustainability criteria; it also includes the Circular Economy criteria defined (for more than 93% of the amount tendered 2021, indicators related to sustainability have been included).

Joint innovation: ENDESA maintains a relationship of partnership and joint innovation with suppliers, with a view to promoting the adoption of this new economic model in the supply chain, prioritising companies that are committed to the development of Circular Economy initiatives.

For further information on the inclusion of circularity criteria in the selection of suppliers, see section 5.2.1. *Circular procurement* in Chapter 5. *Circular economy*.

- As part of dismantling projects, ENDESA includes a section on Creation of Shared Value with the local community in its offer, as part of which it requires bidders to commit to recruiting a minimum number of unemployed people in the local area affected by closures, for the execution of the project, in addition to other commitments in terms of reducing emissions, reducing water consumption and other social actions in favour of the local community.

Furthermore, as part of the construction of renewable facilities, requirements related to local training, local recruitment, gender diversity and inclusion have been included in the technical sustainability specifications for contractors.

For more information on the inclusion of criteria related to the creation of shared value with the local community in the selection of suppliers, see section 2.1. *Action under the CSV approach* in Chapter 2. *Responsible relations with communities*.

For suppliers with poor results, specific actions are taken that can have an impact on:

- The rating system (e.g. suspending their rating, review of their classification, blacklisting, exclusion from the list of qualified suppliers, etc.); and/or
- The contract (e.g. new research, improvement action plan, termination of the contract, reduction in volume, etc.).

In the event of problems in relation to a supplier's conduct, a joint action plan may be drawn up, and its implementation is constantly monitored by the company.

3.2.3. Assessment process

Within the process of evaluating sustainability requirements, it is planned to carry out in-depth audits which may include site visits to verify compliance with the requirements needed to work with ENDESA.

This process is complemented by the Supplier Performance Management system, aimed at monitoring the performance of suppliers during the service provision period. The score obtained in this process can serve as an incentive for future tenders and to maintain contractual relationships.

For further information: <https://globalprocurement.enel.com/es.html>

414-1/414-2/308-1/308-2

SUPPLIER EVALUATION ACCORDING TO CRITERIA

Criteria	Human Rights		Environmental		Social	
	2020	2021	2020	2021	2020	2021
% new suppliers assessed	100%	100%	100%	100%	100%	100%
Number of suppliers identified with negative impact	0	0	10	0	0	0
% of suppliers with negative impacts with which improvement measures have been agreed as a result of an assessment	0%	0%	1.1%	0%	0%	0%
% of suppliers with negative impacts with which the relationship has ended as a result of the assessment	0%	0%	0%	0%	0%	0%

3.2.4. Critical Suppliers

The entire process described above is even more important for suppliers considered critical, either on account of purchase volume, because they supply products or services essential to the performance of economic activity on account of the environmental or social risk generated by the activity they carry out and the potential reputational or legal impact for the company.

The following table contains the main figures for suppliers categorised critical by ENDESA:

IDENTIFICATION OF CRITICAL SUPPLIERS 2021

Supplier type	Number	Percentage per supplier ²	% evaluated annually	Supplier poses High Sustainability Risk ³
Tier 1 Supplier ¹	1,082	29.7%	100%	332

¹Tier 1 suppliers are those with active contracts as at 31 December 2020 worth over 25 thousand euros.

²Ratio of the total number of Tier 1 suppliers to the total number of suppliers.

³Suppliers are considered as posing a High Sustainability Risk when they have an active contract of more than 25 thousand euros and with a score of less than 50 in the health, safety and environment rating in the Supplier Rating System.

Critical suppliers that do not belong to Tier 1 are classed as such as they are subcontractors in ENDESA's global supplies that are monitored under the works and maintenance contracts considered most critical.

3.3. ESG management of the supply chain

3.3.1. Integrity and the fight against corruption

3-3 Social evaluation of suppliers/414-2

ENDESA adheres to the Global Compact and, in compliance with its tenth principle, intends to continue its commitment to fight corruption in all its forms. It therefore prohibits the use of any illicit, monetary or other intention, offer or request for payment in order to obtain an advantage in relations with interested parties and this prohibition extends to all its employees. The Contractor declares to recognise the commitments assumed by ENDESA and undertakes not to make use of any offer or request for illegal payments in the execution of the contract in the interest of ENDESA and/or for the benefit of its employees.

In the event of any breach of these obligations, the company reserves the right to terminate the contract and request compensation from the contractor.

Contractual commitments are also envisaged for ENDESA contractors, suppliers and subcontractors aimed at implementing behaviour contrary to any form of corruption and extortion and implementing preventive behaviour so as not to harm the environment, encouraging initiatives that promote greater environmental responsibility and the development and dissemination of environmentally friendly technologies.

3.3.2. Compliance with Human Rights

414-1/412-1/412-3

ENDESA evaluates, selects and monitors each supplier from a Human Rights point of view, both in the qualification phase and in the bidding phase, and in the contractual standards "General contracting conditions of the Group" based on:

- Voluntary commitment to the 10 Principles of the Global Compact, the implementation of the ENEL Code of Ethics, the Organisation Model, the Zero Tolerance of Corruption Plan and the Human Rights Policy. Suppliers must also comply with the principles contained in ENDESA's Code of Ethics or, where not possible, be guided by principles equivalent to ENDESA's in the management of their business.
- The existence or not of crimes against individual persons, such as the reduction or maintenance of slavery or servitude, child prostitution, the use of children in pornography, the possession of child pornography, tourism initiatives aimed at exploiting child prostitution, human trafficking and the sale and purchase of slaves.

All these contracts include Human Rights clauses, related to the Global Compact and Ethical Regulations (Clauses 26 and 27), which reflect the supplier's commitment to comply with the principles of the Global Compact, which includes those related to Human Rights, as well as the commitment to comply with legal regulations regarding the protection of child labour and women, equal opportunities, the prohibition of discrimination, abuse and harassment, freedom of association and representation, forced labour, safety and environmental protection and sanitary hygienic conditions. In the same way, the commitment to compliance with current legislation on wages, pensions and social security contributions, insurance, taxes, etc., is extended in relation to all workers employed for any purpose for the execution of the Contract.

Moreover, it applies either the conventions of the "**International Labor Organization**" or prevailing legislation in the country where operations are to be carried out, whichever is more restrictive.

With this criteria and based on contractual clauses, 100% of the operations will be subject to a human rights impact review or assessment.

MATERIALS AND SERVICES SUPPLIER CONTRACTS WITH CLAUSES ON HUMAN RIGHTS

Significant contracts* that include clauses on Human Rights (No.)			Significant contracts* that include clauses on Human Rights (%)		
2019	2020	2021	2019	2020	2021
223	303	413	100%	100%	100%

*Contracts over one million euros are considered significant.

In 2021, 100% coverage has been obtained on the specific evaluation criteria on Human Rights within the supplier qualification processes, meeting the target of 100% for this year. From the evaluation of the specific human rights questionnaires during the qualification process, no significant negative impacts or complaints were detected and therefore no measures had to be taken.

In order to measure the degree of the company's maturity relation to the ethical principles related to the respect of human rights and the prohibition of child or forced labour, ENDESA examines the performance and the organisational and management quality of the company, pursuant to the guidelines issued by supranational organisations such as the UN Global Compact and Children's Rights and Business Principles.

Within the process of evaluating human rights requirements, after the analysis of the documents the need could arise to carry out an in-depth audit, whether limited to documentation or including a visit to the suppliers' facilities.

In 2021, a total of 1,152 Human Rights evaluations were carried out on supplier qualification files (local and global, with scope of application in Spain).

3.3.3. Environmental management

3-3 Management approach environmental assessment of suppliers / Management approach environmental assessment of suppliers / 308-1/308-2

The Group's contractual regulations, set out in the "General Contracting Terms and Conditions (GCTC)", includes clauses requiring compliance with environmental regulations. For example, Art. 12.3 establishes that "In addition, the Contractor must have a thorough knowledge of current legislation concerning health, safety at work and the environment and the activity to be carried out and the relative documentation that will be presented to ENDESA in compliance with the law and business regulations." In addition, Article 24 (Protection of the Environment) of the aforementioned GCTC establishes that "The Contractor undertakes to adopt the appropriate measures to guarantee compliance with its environmental obligations under applicable law".

To guarantee compliance with environmental requirements and constantly monitor the status of compliance with its obligations, ENDESA reserves the right to carry out monitoring activities of its contractors and to terminate the contract in the event of violations. Thanks to these procedures, shared improvement actions are defined with a collaborative and non-sanctioning objective. In addition, in some purchasing procedures, a recognition coefficient can be assigned using a "K" technical sustainability factor, rewarding environmental aspects – for example, carbon footprint, limitation in the use of SF6 gas, etc.

Within the context of the qualification process, ENDESA has also introduced a specific and mandatory evaluation of environmental requirements for access to the Suppliers Registry that is added to the usual economic-financial, legal and technical obligations, as well as those relating to occupational safety and Human Rights. In addition, through the Supplier Qualification System and field verification activities, the supplier is also constantly monitored with regard to compliance with environmental requirements.

The process used to assess the resources and possible environmental risks of an ENDESA contractor company are described in the specific operating note. In particular, the ENDESA contractor has to complete a questionnaire indicating the certifications and the environmental management systems it has provided, as well as other useful information regarding the assessment.

ENDESA evaluates whether the contracting companies have the requested environmental requirements, examining the performance and organisational quality and management of the companies in terms of Environmental Responsibility, based on various information and documents sent by the company, including a possible visit to the facilities for an on-site assessment.

ENDESA awards the Supplier Rating entered in the Register of Qualified companies only to contractors who, in addition to complying with the other sustainability criteria referred to in the sections above, have passed the evaluation relating to Environmental Requirements.

SUPPLIERS EVALUATED IN RELATION TO ENVIRONMENTAL MATTERS

Environment	2019	2020	2021
Environmental assessments (No proceedings)	288	1,326	1,152
Compliance qualified suppliers	100%	100%	100%

3.3.4. Occupational health and safety

414-1

ENDESA's objective is to minimise accidents at work, respecting the Environment and Human Rights. To this end, several instruments are available.

These include improvement plans: whenever ENDESA observes any critical problem in the conduct of a contractor, a shared improvement plan is defined which seeks to improve management and performance systems and remedy deficiencies in line with ENDESA's requirements.

The Group has adopted an operating instruction on repeated breaches of occupational safety and purchasing processes, which specifically regulate the way in which accidents or incidents ("near misses") are assessed and the limits to be placed on the allocation of new contracts after these events.

Under operating instruction, ENDESA monitors the safety-related performance of its contractors or of the personnel employed (for example, subcontractors) during the execution of the contract.

More generally, in all cases where a critical occupational safety event is detected, for example, a serious violation or if a fatal accident occurs, ENDESA will evaluate the corrective actions to be taken with the corresponding contractor. In addition to the provisions set forth in the ENDESA General Conditions of Contract and/or the existing contract, after a careful analysis of the specific case and the responsibilities of the supplier, the Qualification Commission can:

- Suspension of qualification, in the case of a qualified supplier.
- Issue of a Critical Note, in the case of an unqualified supplier or a supplier in the registration phase

Additionally, within the supplier qualification process and as part of the valuation of sustainability requirements in terms of security, the following 4 parameters are evaluated in order to measure the overall performance of the company in the last three years:

- Average Frequency Index over the past three years.
- Average Severity Index over the past three years.
- The Mortality Index – the number of fatal accidents affecting the supplier and its contractors during the execution of a contract with the company in the last three years.
- If available, the last value and development of the Security category of the Vendor Rating Index relative to the Product Group subject to qualification.

The values obtained for each of the four indicators are compared with the specific thresholds pre-defined by ENDESA and depending on the deviation of these values from the thresholds, the supplier receives a rating that means they can continue the qualification process or have to abandon it. Each year, limit values are defined, appropriate to the country in which the company applies to be qualified and the specific activity that is the subject of the qualification request.

Within the process of evaluating security requirements and after analysis of the documents, the need could arise to carry out an in-depth audit made up of two parts: a visit to the company's facilities (hereafter "Office visit" below) and one to a site (for the product groups that require activities at the work site and carried out by ENDESA or by third parties) where the company is undertaking the activities at the time of the technical evaluation (Site visit).

SUPPLIERS EVALUATED IN RELATION TO OCCUPATIONAL SAFETY

Occupational health and safety	2019	2020	2021
Security assessments (No proceedings)	288	1,326	1,152
Compliance qualified suppliers (%)	100%	100%	100%

3.3.5. Control of the coal supply chain

As part of the ENEL group and together with other leading European electricity companies, ENDESA actively participates in the Bettercoal initiative, a global initiative that promotes the continuous improvement of corporate responsibility among international coal suppliers.

Bettercoal has published a code of conduct based on existing sustainability standards, which sets out the guidelines that mining companies must follow to define their own social, environmental and governance policy. The code sets out members' expectations of how suppliers should act in relation to four issues: operational management, ethical commitment and transparency, human and occupational rights and environmental management.

The code was updated in 2021. The review process, the first major review since the Code was launched, has been supported by formal and transparent stakeholder consultation processes and public surveys aligned with ISEAL's good practice guide. It has also been reviewed and supervised by Bettercoal's Technical Advisory Committee. In addition to Code 2.0, a guide was published with more comprehensive details on the expectations and actions needed to meet the requirements of the new Code.

Suppliers participating in the initiative agree to undergo on-site checks, carried out by independent third parties, on the application of the principles listed in the Code and agree on a continuous improvement plan to cover any flaws identified during the checks.

During 2021, this activity continued with Bettercoal producers having to provide evidence on how they were carrying out the actions included in their Continuous Improvement Plans that had been reviewed by independent third parties. Bettercoal also conducted its annual Member Implementation and Reporting Obligations (MIRO) to collect data on Members' procurement practices and coal volumes purchased from Bettercoal Producers.

Bettercoal has been gaining an increasingly prominent presence in forums related to the sustainability of coal and the supply chain, becoming an example of collaboration aimed at improving socially responsible practices in the supply chain. Furthermore, in 2021, Bettercoal's assessments covered 400 mt of coal production, with work by the two specialist working groups in Russia and Colombia still ongoing. Despite the fact that the global pandemic caused by COVID-19 prevented the planned checks from being carried out at the units located in Russia, Colombia and the United States, 12 improvement plans were actively monitored over the course of the year.

Finally, Bettercoal reaffirmed its support for the United Nations Global Compact and published its "Communication on Commitment", which explains how its activities support the Ten Principles of the Global Compact.

GOOD GOVERNANCE

- 1. Human Rights (Due Diligence).**
- 2. Corporate governance and ethical conduct.**
- 3. Health and safety.**
- 4. Tax transparency.**

1. HUMAN RIGHTS (Due Diligence)

The scope of the information provided in this chapter covers 100% of the facilities in which ENDESA has a majority shareholding and, therefore, operational responsibility (control), as described in the Legal Document reports.

1.1. The Due Diligence process

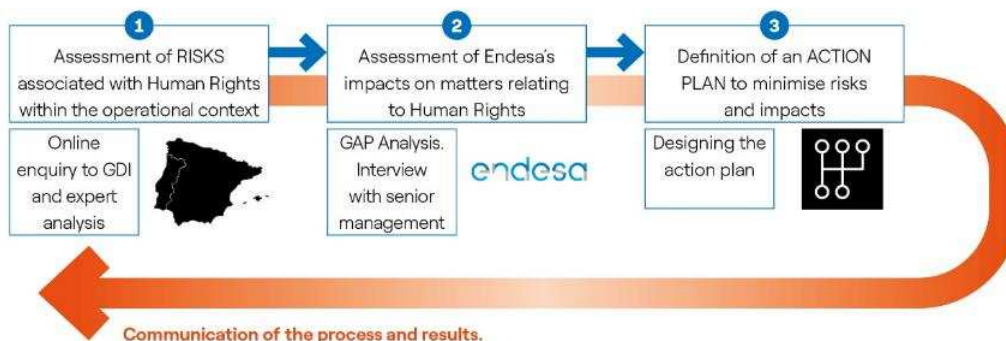
ENDESA carried out an initial due diligence process during 2017, aimed at assessing the level of compliance with its policy and the Guiding Principles. This process covered all of its business activity in Spain, including electricity generation, distribution and marketing activities, as well as supply chain management, asset purchase processes and corporate functions. The Due Diligence process was conducted again in 2020, in line with ENDESA's commitment to the ongoing assessment of compliance with its guiding principles and the Human Rights Policy.

The Due Diligence methodology is aimed at conducting an in-depth review of ENDESA's activities with regards to compliance with the guiding principles affecting it as a corporation and to the observance of the principles of its Human Rights Policy, covering all of the company's activities and stakeholders. ENDESA inclusion policy covers employees, with a focus on trade union associations, women, migrant workers, minors and persons with disabilities, spanning across the entire value chain. Moreover, it analyses suppliers and contractors and local communities in the areas in which it operates. Given the general relevance of these stakeholders, the due diligence analysis also covers indigenous communities. However, the preliminary analysis identified these matters as ones with a residual impact and limited to the value chain, according to the company's scope of operations.

This process was based on a preliminary identification of the perceived macro level of risk in the environment in which the Company operates, a subsequent evaluation of the real and potential impacts of ENDESA's activity on human rights and, finally, the design of an action plan.

The entire process will be supervised by the Sustainability and Corporate Governance Committee (CSGC) of the Board of Directors and is expected to be conducted once every three years. The aim is to review and assess the potential risks that may arise within the operational context and the potential impacts that ENDESA's activity may generate.

The Due Diligence Process in Human Rights



1.1.1. Context assessment

In order to know the context in which ENDESA operates in the field of human rights and to identify those matters that could pose a higher level of initial risk, ENDESA conducted a survey in 2020 with more than 150 sources from among its stakeholders, which was completed with an analysis by experts in the field of human rights.

The stakeholders assessed in the context analysis include communities, customers, management, trade union associations, universities, businesses, the general population, social institutions, and suppliers and contractors. Moreover, the main risks assessed in the analysis were associated with the environment, corruption, health and safety, community, freedom of association, forced labour, child labour and gender and age diversity and disability. The risk identification process is based on the potential risks that may violate the human rights established in the Universal Declaration of Human Rights, including those applicable to ENDESA's operations.

The survey allowed the company to classify the principles included in the Human Rights Policy, according to the level of risk, no element with a high or very high risk having been identified.

1.1.2. Impact assessment of ENDESA's business activity

The aim of the second phase of the process was to analyse ENDESA's activities, taking into account the company's operations across its entire value chain. The company aims to assess all the operating policies and procedures adopted with the due diligence process associated with human rights, as required to identify the risks of its direct and indirect operations (for example, new acquisitions, mergers or joint ventures, etc.).

The analysis was conducted to identify the company's real and potential impacts on each aspect described in the Human Rights Policy and in the guiding principles applicable to its operations.

To achieve this, it acted on two levels:

- Conducting in-depth interviews with senior management, aimed at analysing the integration of respect for human rights in the company's day-to-day management activities.
- Internal assessment of the company's policies, procedures, systems and practices in each of the business and management areas, based on the analysis of more than 130 indicators that measure performance in the different aspects of human rights associated with management practices.

The results of the analysis showed that ENDESA already had a series of very robust management mechanisms and systems in place at the time of the Due Diligence Process, enabling it to guarantee respect for human rights and properly manage existing risks. In this regard, the main results and existing management mechanisms identified in 2020 are summarised below:

Matters	Level of management and maturity at ENDESA	Risk management mechanisms
Scope: Employment practices		
Freedom of association and collective bargaining	Robust	More than 90% of the workforce covered by collective agreements agreed with the different trade union organisations and adjusted to the treaties in force of the International Labour Organization (ILO) ratified by Spain. The functioning of these organisations and the right to union action are expressly included in the collective agreements.
Rejection of forced or compulsory labour and child labour	Robust	The management systems and procedures of People and Organisation guarantee the absence of minors at the workforce.
Respect for diversity and non-discrimination	Robust	The employee hiring conditions are clearly described in the contract and collective agreements regulate overtime, there being a commitment to its remuneration and minimisation.
Occupational health and safety (OHS)	Robust	ENDESA has a diversity and inclusion policy and action plan that establishes objectives and lines of action in four areas (gender, age, nationality and disability) in order to spread a culture that pays attention to diversity as an element of generation of value. In addition, the collective bargaining agreement regulates the company's existing equality plan.
Fair and favourable working conditions	Robust	ENDESA work centres have occupational health and safety management systems certified by the international standard ISO 45001, through which appropriate measures are established to manage the risks inherent to ENDESA's industrial activity and reduce the accident rates. In addition, the prevention of occupational hazards is integrated into the activities, processes, practices and facilities across all of the company's management bodies.
		Working conditions are regulated through collective agreements signed with trade union organisations. In addition, the different mechanisms and procedures of People and

Matters	Level of management and maturity at ENDESA	Risk management mechanisms	
<p>Organisation management are aimed at the promotion of working conditions that meet and exceed the requirements established by current regulations.</p>			
<p>Scope: Communities and society</p>			
Respect for the rights of communities	Responsible relations with communities	Robust	<p>ENDESA is currently implementing a methodology for creating shared value in the management of its local operations, through which it integrates the expectations of local communities in the management of assets and seeks solutions that generate value in the Company, thus contributing to obtaining the "social licence" to operate.</p> <p>This methodology is implemented throughout the useful life of the asset.</p>
	Security management	Robust	<p>ENDESA makes use of private security forces in accordance with the provisions of current regulations.</p> <p>Security services are provided by external personnel duly accredited and authorised by the Ministry of Interior. As part of their training, aspects of Private Security legislation, basic rights of people and human rights are included. Likewise, they undergo regular review and appraisal processes by the State's law enforcement authorities.</p>
	Environment	Robust	<p>ENDESA has environmental management systems certified by ISO 14001 for 100% of its electricity generation and distribution activity. Through these systems, the company has established environmental monitoring plans and continuous improvement measures that go beyond the requirements established by current regulations.</p>
Integrity and ethical conduct	Robust	<p>ENDESA has a Code of Ethics, a Zero Tolerance Plan with Corruption and other regulations in accordance with the most advanced compliance models. In addition, among other aspects, ENDESA has established specific action protocols to guide the actions of its employees regarding accepting and offering gifts and entertainment, and in dealings with public officials and authorities. ENDESA also has a Penal Risk Prevention and Anti-corruption model that complies with the regulations applicable to the Group regarding corporate criminal liability. This model was certified in 2017 under the UNE 19601 standard: 2017. Finally, since 2017 the company has a legal and anti-bribery compliance policy, as well as an anti-bribery management system certified by the UNE-ISO 37,001-2017 standard.</p>	

During the Due Diligence Process, the extension of the commitment to human rights throughout the entire value chain, including the supply chain and responsible customer relations, was also analysed. The main mechanisms for the management of both aspects are detailed below:

Aspect	Management mechanisms
<p>Supply chain</p>	
Supplier and contractor management	<p>The general contracting terms and conditions include obligations for suppliers and contractors in relation to respect for human rights during the provision of the service contracted by ENDESA.</p> <p>Likewise, since 2017 the supplier qualification process includes criteria for the evaluation of human rights for the families of suppliers with higher risks. If necessary, audits and on-site visits are planned, as well as the establishment of improvement plans by suppliers and, if appropriate, the loss of qualification and the possible suspension of the contract.</p>
Fuel provision	<p>ENDESA systematically performs a counterparty analysis prior to contracting supply services. This analysis allows identifying relevant controversies that may entail legal and reputational risks for the company and incorporates elements related to human rights.</p> <p>Likewise, during the last few years there has been a lot of pressure on the part of Civil Society and investors regarding coal mining, transferring this pressure to the electrical companies (especially European companies) that use this fuel for the operation of their thermal power stations. ENDESA is part of the Bettercoal initiative. Promoted by a group of European electricity companies, this global initiative aims to promote the continuous improvement of corporate responsibility in the coal supply chain, including human rights as one of its main elements. Thus, mining companies must adopt the Bettercoal code and implement a set of good practices and undergo continuous evaluation and improvement processes. For more details see the Supply Chain section of this report.</p>
<p>Responsible relations with the customer</p>	
Privacy and communications	<p>ENDESA has a system certified by AENOR for the treatment of commercial and Customer Service advisors that is based on a specific code of ethics aimed at ensuring that the commercial activity complies with current legislation, respects private life, guarantees the protection of minors and respect those who do not want commercial information.</p> <p>Regarding the protection of personal data, ENDESA has the appropriate monitoring and review systems and mechanisms to comply with the Organic Law on Data Protection.</p> <p>With regard to advertising communications there is an internal control system that seeks to minimise risks and avoid messages that may threaten human dignity or human rights.</p>
Access to energy for vulnerable customers	<p>ENDESA recognises the essential role that access to energy constitutes to guarantee the fulfilment of human rights, since it is directly related to the well-being of people and their quality of life.</p> <p>In this sense, the States have the main responsibility of guaranteeing sustainable, safe and affordable access to basic energy services. However, the electricity sector can contribute to this and drive social and economic development that is inclusive and sustainable.</p> <p>In this context, ENDESA is aware of the serious problem of the inability to deal with the energy bill in many Spanish homes and, therefore, the company has pioneered the signing of agreements with the Public Administration to guarantee the supply to vulnerable customers.</p> <p>In addition, the company develops different actions aimed at promoting energy efficiency and saving the electricity bill of this type of groups.</p>

1.2. Opportunities for improvement and action plan

The action plan associated with due diligence is the result of the analysis of all business activities in Spain and Portugal, including the activities related to generation, distribution and marketing of electricity, as well as supply chain management, asset purchasing processes and corporate functions, so that 100% of operations and facilities are covered by the action plan.

In addition, to achieve a greater coverage of assets, a comprehensive and rigorous Creating Shared Value (CSV) model was developed to accompany the company's assets across all phases of the value chain: from the asset construction project phase, through the operation and maintenance of the facility, to closing and dismantling at the end of its useful life. The CSV is implemented at all thermal and renewable generation facilities.

During the process of assessing compliance with its Human Rights Policy and its alignment with the Guiding Principles, a set of improvement opportunities were identified to strengthen the company's commitment to respect for human rights in its industrial and commercial activity. The action plan resulting from the first Due Diligence Process in 2017, which achieved a 100% degree of compliance, allowed the company to carry out a series of actions, the main ones being: The design and progressive development of a human rights training programme, aimed at facilitating general training to all employees, the promotion of measures to avoid discriminatory attitudes during recruitment, the inclusion of human rights criteria in the vendor rating process of suppliers or the inclusion of human rights aspects in the sustainability questionnaires completed by contractors. Therefore, the 2020 process included the actions carried out in previous years and a new action plan was defined with 6 actions, the development of which has been planned for the following years and which will be monitored and reported to the Board of Directors of ENDESA through the Sustainability and Corporate Governance Committee. During the first year, the level of compliance was 67%.

The main improvement opportunities identified and the actions to be carried out in the action plan are detailed below:

2020-2022 Due Diligence Action Plan: Human Rights			
Opportunity identified	N.º	Description of the action	Action status
Assess in detail the aspects related to Human Rights during the deployment of all activities	1	Develop an on-site Due Diligence methodology for thermal and renewable generation plants.	✓ Methodology developed and ready to be checked in the pilot of on-site Due Diligence project to be implemented in 2022.
	2	Develop a pilot on-site Due Diligence programme at two generation facilities: thermal and renewable generation.	🚧 The Candelaria and Carmona facilities have been selected for the implementation of a pilot programme in 2022.
	3	Continue with the deployment of the CSV methodology across the business lines.	🚧 The CSV has been extended to the distribution business line.
Monitor working hours	4	Establish a system that records the number of daily working hours of each employee, using specific software.	✓ Implementation of the click tac tool, which includes the specific start and end time of the working day, as well as breaks.
Continue promoting and delving into prevention in occupational health and safety	5	Create new Health and Safety committees with the representatives appointed during the last trade union elections as a forum for channelling issues regarding Occupational Risk Prevention.	✓ The committees have already been set up and are working.
	6	Continue with the actions associated with Occupational Risk Prevention: <ul style="list-style-type: none"> Meetings of the Participation Committee. Root cause investigations. Continue with a system of inspections across all lines of business. Analyse and classify the ORP actions of the Health and Safety coordinators in those operations in which their presence is required. 	✓ The Participation Committee is holding its meetings. Investigations are already a consolidated process. ✓ The business lines have been inspected. The Health and Safety coordinator has a valid contract.
		Action implemented Action in progress	

2. CORPORATE GOVERNANCE AND ETHICAL CONDUCT



Line of action		2019	2020	2021	2021-2023 target	2022-2024 Sustainability Plan (PES)	
						2022 target	2024 target
Corporate Governance	Promoting good corporate governance practices	Completed	Completed	Completed	Supervision and annual reporting to the CAC on the Criminal Risk Prevention and Anti-Corruption Model	Supervision and annual reporting to the CAC on the Criminal Risk Prevention and Anti-Corruption Model	
	Promoting criminal risk prevention	Completed	Completed	Completed	Maintain certifications of criminal compliance (UNE 19601) and anti-bribery compliance (UNE-ISO 37001)	Maintain certifications of criminal compliance (UNE 19601) and anti-bribery compliance (UNE-ISO 37001)	
	Analysis of complaints through the ethical channel	100%	100%	100%	100% of complaints in period 2021-2023 analysed in <90 days	100% of complaints in period 2022-2024 analysed in <90 days	
	Maintain a high level of excellence in ethical conduct and be recognised by ISR analysts (DJSI score in "Codes of conduct")	96	96	85	DJSI score > 95/100 in 2021-2023 period	>95	>95
	Training in ethical conduct in the last 3 years (% employees) ¹	100%	100%	100%	100%	100%	100%
	Presence of women on ENDESA's Board of Directors (% of women)	18%	31%	36%	40% on the Board of Directors in 2022	40%	40%
	Evaluation of the Board of Directors with the support of an independent consultant	Completed	N/A (Three-year evaluation conducted in 2019)	Completed in 2021	1 three-year evaluation	1 three-year evaluation during the 2022-2024 period	
	Evaluation of compliance with Human Rights. Supervision of the process, approval and monitoring of the action plan	Completed	Completed	Completed in 2021	Annual performance and monitoring by the Sustainability and Corporate Governance Committee	Annual performance and monitoring by the Sustainability and Corporate Governance Committee during the 2022-2024 period	

¹Cumulative % of the current workforce.

Actions to be highlighted

1. In 2021, ENDESA's Code of Ethics has been updated, which represents its pillars of ethical, culture and integrity.

2. In March 2021, the Competition Committee set up, which monitors the effectiveness of the Competition Programme and keeps it updated.

The scope of the information provided in this chapter covers both ENDESA, S.A. and its investee companies in Spain and Portugal, the same as in the Legal Documentation reports. For more information see section 1.2.6. *Organisational structure* in Chapter 1. *About ENDESA*. Possible variations to the scope described here are presented throughout the chapter.

2.1. Corporate governance model

2.1.1. Leadership of the Board of Directors

The Board of Directors, which has extensive powers in the management, administration and representation of the Company, as a general rule, entrusts the ordinary management of the Company to the delegated management bodies and focuses its activities on general supervision, considering matters of particular importance to the Company and its group of companies.

2-9/2-11/2-9/405-1

COMPOSITION OF ENDESA'S BOARD OF DIRECTORS AND BOARD COMMITTEES

Board position	Name or company name with director	Category of director	Date of first appointment
Chairman	Juan Sánchez-Calero Guilarte	Independent	12 Apr 19
Vice Chairman	Francesco Starace	External-Proprietary	16 Jun 14
Chief Executive Officer	José D. Bogas Gálvez	Executive	7 Oct 14
Member	María Eugenia Bieto Caubet	Independent	05 May 20
Member	Antonio Cammisecra	External-Proprietary	27 Sep 19
Member	Ignacio Garralda Ruíz de Velasco	Independent	27 Apr 15
Member	Pilar González de Frutos	Independent	05 May 20
Member	M ^a Patrizia Grieco	External-Proprietary	26 Apr 17
Member	Alicia Koplowitz y Romero de Juseu	Independent	05 May 20
Member	Francisco de Lacerda	Independent	27 Apr 15
Member	Alberto de Paoli	External-Proprietary	4 Nov 14
Secretary	Borja Acha Besga		01 Aug 15

For more information on the directors, you can consult the Annual Corporate Governance Report section C.1.2 The Board, as well as their powers in Annex H.1 of the Annual Corporate Governance Report or the ENDESA website <https://www.endesa.com/en/shareholders-and-investors/corporate-governance/board-directors>.

During 2021, the Board of Directors held 14 meetings, with 97.5% participation by the directors. The Chairman was present at every meeting. At 10 of the 14 meetings held during 2021, they discussed issues related to climate issues.

ENDESA BOARD OF DIRECTORS

Total directors	11
Non-executive Directors	10
Independent Directors	6
External proprietary Directors	4
Shares owned or controlled by Directors or related persons	259,256 (0.02% of capital)

In accordance with ENDESA's Articles of Association, the Director's term of office is four years, and they may be re-elected for periods of equal duration.

In accordance with the legal provisions, the Board of Directors constituted the Audit and Compliance Committee and the Appointments and Remuneration Committee. In September

2020, ENDESA's Board of Directors also incorporated the Sustainability and Corporate Governance Committee, which is responsible for advising the Board of Directors and for supervision in the areas of environment and sustainability, human rights and diversity, in relation to the strategy for social action and with regard to the Company's corporate governance strategy.

For more information on ENDESA's committees and members of the Board of Directors, see section C.2 Committees of the Annual Corporate Governance Report.

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The Board of Directors Regulations, in Article 9.- Selection, appointment, ratification and re-election of Directors, establishes that: "The Board of Directors, at the proposal of the Appointments and Remuneration Committee, shall approve a specific and attestable policy for selecting candidates for the office of director, ensuring that the proposed appointments of directors are based on a previous analysis of the needs of the Board, and which favours a diversity of knowledge, experience, age and gender."

In this regard, on 10 November 2015 the Board of Directors approved a concrete and verifiable **Policy for the selection of Directors** (last amended on 21 December 2020, in order to technically improve the content of the Policy and to adapt to the best corporate governance practices), which seeks to integrate different professional and management experiences and competences (including the economic-financial and legal ones specific to the business carried on by the Company, promoting, in addition, as far as possible, gender and age diversity.

Article 5 of this Policy contains a clear commitment to the promotion of gender diversity: "ENDESA is convinced that diversity in all its facets and at all levels of its professional team, is an essential factor in ensuring the company's competitiveness and a key element in a corporate governance strategy that favours a critical attitude, as well as members having different points of view, different positions and the ability to analyse positive and negative aspects".

It therefore ensures equal opportunities and fair treatment in the management of people at all levels, maximising the value contribution of those elements that differentiate people (gender, culture, age, abilities, nationality, etc.) within the Board of Directors, the Audit and Compliance Committee, the Sustainability and Corporate Governance Committee and the Appointments and Remuneration Committee, taking into account the limitations deriving from the smaller size of the Committees.

In this sense, the Director selection policy will promote the objective that the number of female directors will represent at least 40% of the members of the Board of Directors before the end of 2022 and thereafter, not being less than 30% before that.

In order to promote gender diversity in senior management, ENDESA requires in succession plans that at least half of the candidates be women.

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Likewise, Article 9 of the Regulations indicates that "The proposals for the appointment, ratification or re-election of Directors made by the Board will fall on persons of recognised prestige who have the appropriate professional experience and knowledge to carry out their duties and assume a commitment of sufficient dedication for the performance of the tasks".

Additionally, regarding the Audit and Compliance Committee, article 23 of the Board of Directors Regulations states that "The Board of Directors shall aim to appoint members to the Audit and Compliance Committee such that the members as a whole have knowledge and experience in accounting, auditing, finances, internal control and management of risks, both financial and non-financial."

2.1.2. Directors' responsibilities, duties and remuneration

External directors shall be entitled to the following remuneration based on their condition as such: a monthly fixed salary and subsistence allowances for each meeting of the governing bodies of the Company and its committees.

However, in relation to the remuneration of executive directors, the targets set to determine variable remuneration are directly related to the annual strategic plan targets and value creation for the company, while contributing to the safety of the people working within and for the company. The Chief Executive Officer participates in ongoing KPI monitoring and proposes corrective actions to ensure compliance with them, maintaining a controlled risk profile adjusted to the environment.

Ordinary or short-term variable remuneration for 2021 uses measurement parameters based on three quantitative financial indicators based on income and cash flow, business and occupational health and safety.

Long-term variable remuneration for 2021 uses four measurement parameters based on quantitative indicators based on income, shareholder return and environment. The specific targets determined for each of these indicators are designed considering Endesa's 2021-2023 Strategic Plan with a focus on the long-term and sustainability, from the point of view of the company's own environmental and shareholder return goals. Specifically, long-term variable remuneration for 2021-2023 for environmental and sustainability matters considers net installed capacity from renewable sources with respect to ENDESA's total net installed capacity in 2023 and the reduction of ENDESA's CO₂ emissions according to changes in the thermal gap of the Spanish mainland electricity system, in accordance with the Strategic Plan.

Detailed information on the remuneration of the Directors of the company can be found in the documents "ENDESA Remuneration Policy" and "Annual Report on Directors' Remuneration" published on the company's website.

The following is the average remuneration of the Directors in their capacity as such, in 2020 and 2021:

Euro thousand	Total average		Average for men		Average for women	
	2020	2021	2020	2021	2020	2021
Remuneration of Board members¹						
Fixed Assignment Board members	187.7	188	187.7	188	187.7	188
Board and Committee subsistence allowance*	30.8	32.3	34.0	25.6	28.9	40.75
Remuneration of Board and Committee positions						
Fixed Assignment Chairman of the Board of Directors	600	600	600	600	-	-
Fixed Assignment Chairman of the Audit and Compliance Committee	12	36	12	36	-	-
Fixed Assignment Chairman of the Appointments and Remuneration Committee	12	24	12	24	-	-
Fixed Assignment Chairman of the Sustainability and Corporate Governance Committee	12	24	12	24	-	-

¹The subsistence allowance for the Board of Directors is the same for all members of the Board and committees, and totals EUR 1.5 thousand per session. The difference in men-women averages is due to whether they belong to the board committees or not, attendance and number of meetings and, in particular, in the 2021 financial year, due to the end of the term of office of two of the directors (Mr Roca and Echevarría) who left the Board of Directors and committees on 30 April 2021.

ENDESA's Board of Directors consisted of 11 Directors as at 31.12.2021. However, the data is based on the seven Directors (three men and four women) who receive remuneration as such. Of the other four remaining Directors (all men), three of them have renounced all payment as Directors in their capacity as such and the CEO does not receive remuneration in his capacity as a director but as an executive of the company. Therefore, to avoid distorting the average, he has not been included.

In ENDESA there is no gender gap in the remuneration of Directors, since the amounts of the remuneration items are the same for men and women. The 25% difference in average remuneration is due to one main reason: the positions of Chair of the Board of Directors and the Committees receive an additional remuneration and in the case of ENDESA these positions are not occupied by any female Director.

Regarding to the ratio between the total remuneration of ENDESA's CEO and the average gross annual remuneration of ENDESA's employees in 2021, it was 29 times higher.

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The responsibilities and duties of the Directors are described in ENDESA's Board of Directors Regulations under HEADING VII DIRECTOR OBLIGATIONS¹⁴, including their: Duty of diligence (Article 25.bis of ENDESA's Board of Directors Regulations), Duty of loyalty (Article 26 of ENDESA's Board of Directors Regulations), Duty of confidentiality (Article 27 of ENDESA's Board of Directors Regulations), Conflict of interest (Article 28 of ENDESA's Board of Directors Regulations), Duty of information (Article 28.bis of ENDESA's Board of Directors Regulations).

2.1.3. Sustainability governance and management system

2-9/2-12/2-13/2-14/2-17/

Since the Sustainability and Corporate Governance Committee was set up in 2020, ENDESA has a sustainability management and governance system that involves all areas of the company and guarantees their engagement.

This Committee is currently formed by three independent directors and a proprietary director, with gender parity. This Committee can consist of a minimum of three and a maximum of six members from the Board of Directors; its members must be non-executive directors and a majority must be independent directors. The Chairman is appointed by the Board of Directors from amongst the independent directors sitting on the Committee.

The Sustainability and Corporate Governance Committee meets when convened by the Chairman, by the decision of the majority of its members or at the request of the Board of Directors.

This Committee is informed at all times of the latest domestic and international sustainability trends and regulations to promote the skills of its members and thereby guarantee the expertise of the highest governing body on these issues.

By assigning tasks to the Sustainability and Corporate Governance Committee, the Board of Directors takes responsibility for the actions described in Article 25 - Sustainability and Corporate Governance Committee (25.8) of Heading VI Board of Directors Committees.

- Board of Directors Regulations: https://www.endesa.com/content/dam/enel-es/endesa-en/home/investors/corporategovernance/internalregulations/documents/Reglamento%20del%20Consejo_26_07_2021_EN.pdf
- Regulations of the Sustainability and Corporate Governance Committee: https://www.endesa.com/content/dam/enel-es/endesa-en/home/investors/corporategovernance/internalregulations/documents/Reglamento%20CSGC_28.09.20_EN.pdf

¹⁴ <https://www.endesa.com/en/shareholders-and-investors/corporate-governance/internal-regulations>

- CAC Regulations: https://www.endesa.com/content/dam/enel-es/endesa-en/home/investors/corporategovernance/internalregulations/documents/REGLAMENTO%20CAC_26_07_2021_EN.pdf

In addition, ENDESA has an Audit and Compliance Committee whose tasks include:

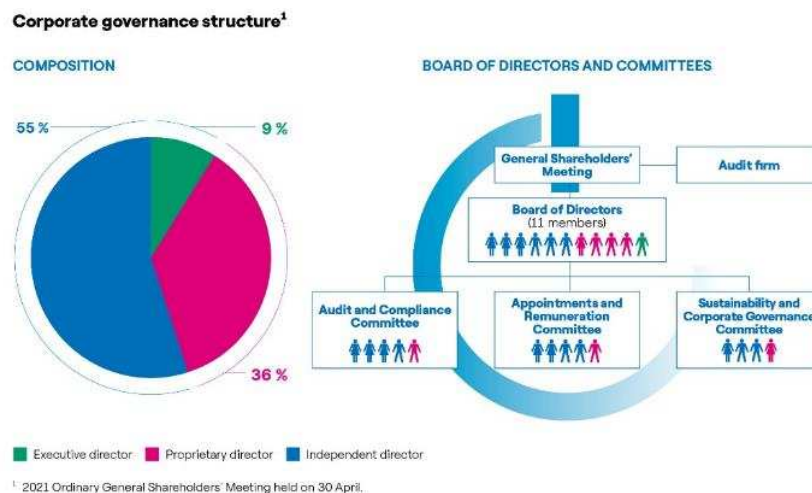
- Supervising and evaluating the process of preparing and submitting the Company's, and ENDESA's, mandatory financial and non-financial reporting and submitting recommendations or proposals to the Board of Directors with the aim of safeguarding its integrity.
- Supervising the effectiveness of internal controls over the Company's financial and non-financial reporting, which must include receiving reports from those responsible for internal control and internal audit and drawing conclusions about the system's confidence and reliability level, and reporting to the Board of Directors, as well as discussing any significant weaknesses in the internal control system detected during the audit with the External Auditor.

The Executive Management Committee, formed by the CEO and the General Managers, is the executive body in charge of developing and implementing ENDESA's sustainability strategy and ensuring social, environmental and ethical issues are integrated into top-level decision-making processes.

Sustainability management in ENDESA is a cross-cutting issue in the company. To increase the reach of the sustainability strategy and incorporate ENDESA's specific local features, there are seven regional sustainability committees, chaired by the company's highest representative in the territory, whose tasks include enhancing and supplementing the lines of action established in the sustainability plan by fine-tuning ENDESA's performance to local conditions and translating the objectives and commitments into the reality on the ground.

Lastly, the General Sustainability Directorate, which reports directly to the CEO and is present on the Executive Management Committee, assumes the tasks of coordinating and promoting ENDESA's sustainability strategy.

The following is ENDESA's Corporate Governance Organisation Chart, which include the position of the Sustainability and Corporate Governance Committee, the number of members and their gender:



2.2. Ethical conduct and compliance

2-26

ENDESA is fully committed to compliance with ethical principles and regulations in force governing its relations with its stakeholders, and in all its activities.

The company has a Code of Ethics, a Zero Tolerance Plan Against Corruption and other regulations in accordance with the most advanced compliance models, which include the values, commitments and ethical responsibilities binding upon all its employees.

ENDESA has also established corporate integrity protocols to guide the actions of its employees regarding accepting and offering gifts and entertainment, best practices in dealings with public officials and authorities, a Defence of Personal Rights protocol and a Human Rights Policy.

ENDESA also has a Criminal Risk Prevention and Anti-corruption Model that complies with the regulations applicable to the Group regarding corporate criminal liability.

The document "ENDESA Criminal Compliance and Anti-Bribery Policy" establishes the general principles of the criminal regulatory compliance system and summarises the main action guidelines applicable to all employees, which reflect key values of the company to achieve its business objectives and prevent the materialisation of criminal risks within the company.

The Code of Ethics, the Zero Tolerance Plan Against Corruption, the Criminal Regulatory Compliance and Anti-Bribery Policy, the Criminal Risk Prevention and Anti-Bribery Model, the Protocol of Good Practices in dealings with public officials and authorities, the Protocol regarding the acceptance and offering of gifts and entertainment and other documents can be viewed on the website <https://www.endesa.com/en/shareholders-and-investors/corporate-governance/ethical-behaviour>

2.2.1. Code of Ethics and Zero Tolerance Plan Against Corruption

3-3 Anti-Corruption Management Approach/Competition Law Management Approach/Public Policy Management Approach/Socio-Economic Compliance Management Approach/205-2/205-3

ENDESA is committed to complying with ethical rules and principles, in addition to the legislation in force, both within the Company and in its external relations.

415-1

To this end, the company has a Code of Ethics (updated in December 2021) and a Zero Tolerance Plan Against Corruption, which represent the pillars of its ethical culture and integrity. These documents require that directors, managers and employees go about their duties and relationships with their stakeholders with integrity.

The Code of Ethics comprises:

- Sixteen general principles governing relations with stakeholders that define the ENDESA's benchmark business principles.
- Behaviour Criteria in the relations with each stakeholder, which specifically provide the guidelines and rules to which ENDESA employees must adhere to respect the general principles and to prevent the risk of unethical behaviour.
- Implementation Mechanisms, which describe the control system for adequate knowledge, understanding and compliance with the Code of Ethics by all employees.

According to the Code of Ethics, ENDESA does not finance parties, their representatives or candidates in Spain or abroad, nor does it sponsor congresses or parties whose sole purpose is political propaganda. For further information, see section 4.7.4. *Transparency in institutional relations*, Chapter 4. *Sustainable Strategy*.

Endesa refrains from lobbying politicians directly or indirectly (e.g., by lobbying for the award of public concessions, accepting tendering suggestions, via consultancy contracts, etc.).

The Zero Tolerance Plan Against Corruption, which represents ENDESA's specific commitment to the fight against corruption and total rejection of any form in which it is manifested, in compliance with the tenth principle of the Global Compact, to which ENDESA is a signatory: "Companies are committed to fighting corruption in all its forms, including extortion and bribery."

The Code of Ethics and the Zero Tolerance Plan Against Corruption are available on the company's website: <https://www.endesa.com/en/shareholders-and-investors/corporate-governance/ethical-behaviour>

ENDESA promotes a compliance culture by training employees in this area. Additionally, there are policies and procedures that regulate certain company processes that could prevent money laundering-related risks.

All ENDESA employees are informed of the policies through the intranet, where they are also available for consultation.

The company provides an on-line course on the Criminal Risk Prevention and Anti-Bribery Model, which deals with crimes under the Spanish Criminal Code from which corporate criminal liability may ensue and arranges regular thematic sessions for different ENDESA groups.

This on-line course includes specific Anti-Corruption issues. Of the total workforce at the end of December (9,258 employees), 34% have completed this training, of which 39% are managers. Over the last three years, 82% of employees took at least one course in ethics.

All members of the Board of Directors receive a "welcome pack" with ENDESA's Regulations and Policies, including the Code of Ethics and the Zero Tolerance Plan Against Corruption.

In July 2020, the last training session on the Criminal Risk Prevention and Anti-Bribery Model was held for ENDESA's governing bodies, including anti-corruption issues, due to the inclusion of new directors. During 2021 no new directors joined which meant this specific training course was not necessary, although ENDESA's ethics and compliance policies are available to members of the governing bodies at all times on its website.

Regarding relations with suppliers, in 2021 the company has had 1,047 active suppliers in Spain and 35 in Portugal. All of them adhere to the general principles of the Criminal Risk Prevention and Anti-Bribery Model (which include Anti-corruption issues) when they sign the General Contract Terms and Conditions. However, there has been one termination of contract for corruption-related violations.

There have been no public legal cases related to corruption brought against the company or its employees.

2.2.2. Corporate Integrity Protocols

In the framework of ethical and compliance regulations, ENDESA has the following specific corporate integrity protocols:

- **Protocol regarding the acceptance and offering of gifts and entertainment:** Receiving of gifts and hospitality deriving from their interaction with public officials, customers and suppliers, to ensure that their behaviour conforms to the company's Code of Ethics and the Zero Tolerance of Corruption Plan.
- **Protocol of good practices in dealing with public officials and authorities:** The purpose of which is to establish clear principles of action that guide the actions of employees, managers, administrators and third parties contracted by ENDESA when dealing with public officials or authorities, guaranteeing the excellence of the services provided by ENDESA and ensuring the application of the principles of transparency and correct behaviour in relations with the public sector.
- **Compliance Protocol - Defence of personal rights:** the purpose of which is to describe and prevent behaviours that could put people's rights at risk. In particular, the activities and bodies involved in the operation of the protocol, as well as its operation, are described.

These protocols and others related to Human Rights, anti-competition practices, complaints management, etc. are available on the company's website: <https://www.endesa.com/en/shareholders-and-investors/corporate-governance/ethical-behaviour>

2.2.3. ENDESA's Criminal and Anti-Bribery Risk Prevention Model and Competition Compliance Programme

3-3 Socio-economic compliance /2-23

Organic Law 5/2010, of 22 June 2010, amending the Criminal Code, introduced, for the first time, corporate criminal liability in Spanish legislation, establishing a list of crimes for which companies can be declared criminally liable. This list was later extended when Organic Law 1/2019- entered into force. This legal system was reformed under Organic Law 1/2015 of March 30, which set out the conditions and requirements that allow legal entities to prove their diligence in the field of crime prevention and detection.

In accordance with art. 31 bis of the Criminal Code, ENDESA has a Criminal Risk Prevention and Anti-Bribery Model (hereinafter, the Model), in force since January 2012, to prevent criminal offences from being committed within its scope of activities from which criminal liability could arise for the company, in compliance with the provisions of article 31 bis of the Criminal Code, UNE 19601 (Criminal compliance management systems-Requirements with guidance for use) and UNE-ISO 37001 (Antibribery management systems-Requirements with guidance for use).

ENDESA's Criminal Regulatory Compliance and Anti-bribery System (hereinafter "Compliance System") includes integrated provisions. One of these is the Criminal Compliance and Anti-bribery Policy, which sets out the System's general principles consisting of (ii) preventing, detecting and properly responding to crimes; (iii) promoting preventive behaviour, identifying activities within which crimes may be committed and promoting proactive and responsible behaviour of the Company's members; (iv) disseminating the Compliance System and the duty of all Company members to report facts based on which there is reasonable suspicion of criminal activity in good faith, and the consequences of breaches of the Compliance System; (v) providing sufficient material and human resources to manage the Compliance System; and (vi) regular review and continuous improvement of the Compliance System by the Supervision Committee.

Under the direct and exclusive supervision of the Audit and Compliance Committee (CAC) of the Board of Directors, the Supervision Committee (SC) for the Model is responsible for the following:

- **Defining the control** environment for the processes, ensuring the teams are informed.
- **Evaluation:** Assessing the design and operating efficiency of the control activities proposed in the model, as well as the associated risk.
- **Defining action plans for any shortcomings.**
- **Response to non-compliance:** In the event of non-compliance, ENDESA applies the measures established in its Fifth Framework Agreement to ensure consistent treatment under current legislation. The SC coordinates the necessary investigations.
- **Updating and measuring compliance indicators** to monitor the main aspects of ENDESA's Criminal Compliance and Anti-Bribery System and measure its effectiveness.

The Model has been structured based on the classification of processes and the control environment in ENDESA, considering the Company's principles and values and includes the following instruments: Code of Ethics, Zero Tolerance Plan Against Corruption, Human Rights Policy, Corporate Integrity Protocols, Internal and Procedural Regulations for the group, Set of Corporate Governance Rules, Financial Resources Management Model, System of Powers, Segregation of Duties Policy, IT General Controls and authorisation work flows.

These provide the appropriate surveillance and control measures to prevent offences from which ENDESA could be held criminally liable.

To evaluate and mitigate the risk of committing criminal offences within the company in each of its processes, an inherent and residual risk assessment exercise is carried out continuously, considering the company's organisational, corporate or process changes and any changes in legislation or other significant changes that may affect the company. Past supervision experience and action plans implemented during previous periods are also taken into account. This risk assessment follows a defined methodology that calculates the risk in terms of probability and impact. The conclusion was that the ENDESA Model is solid and has an average medium-low risk score in the last 3 years, without any significant risks.

In addition to the assessment of criminal and anti-bribery risks, a specific fraud risk analysis is carried out on all the company's processes.

Given ENDESA's firm commitment and will to comply with domestic and EU competition regulations, in line with best international corporate governance practices and, in response to the evaluation of Guidelines on compliance programmes in relation to competition regulations published by the Spanish National Markets and Competition Commission in June 2020, the Audit and Compliance Committee approved the "Competition Compliance Program" at its session on 22 March 2021 to introduce a structured system of supervision procedures and activities to prevent anti-competition practices in ENDESA.

ENDESA's Audit and Compliance Committee is responsible for supervising the running of and compliance with the Competition Compliance Programme (hereinafter, "Competition Programme"), although at its March 2021 session it set up a specialist "Competition Committee" to control effectiveness and keep the Programme updated. The operating rules for the Competition Committee have been approved, including its powers and its main purpose, which includes controlling the Programme's effectiveness and updating it to prevent Competition risks that could cause liability for ENDESA.

ENDESA's Audit and Compliance Committee session on 26 July 2021 approved the Competition Compliance Policy. This describes the general principles that inspire the content and application of all its internal corporate rules, as well as the Company's performance, which consist of (i) full respect for prevailing legislation and the provisions of its Competition Programme; (ii) preventing, detecting and properly responding to criminal offences against Competition; (iii) promoting preventive behaviour, identifying activities within which criminal offences against Competition may be committed and promoting proactive and responsible behaviour of the Company's members; (iv) disseminating the Competition Policy and the duty of all Company members to report facts based on which there is reasonable suspicion of criminal activity in good faith, and the consequences of breaches of the Competition Programme; (v) providing sufficient material and human resources to manage the Competition Programme; and (vi) regular review and continuous improvement of the Competition Programme by the Competition Committee.

The main activities performed by ENDESA in terms of the effective implementation of the Compliance System and Competition Programme involve the assessment of risks and control activities and the supervision thereof, thus guaranteeing its design and operational efficiency. For further information, see section 4.1. *Understanding ESG risks* in chapter 4. *Sustainable Strategy*.

2.2.4. Anti-money laundering measures

ENDESA is not within the subjective scope of Law 10/2010, of 28 April on anti-money laundering and terrorist financing (Article 2) and other regulations for the development of the same, or applicable EU application, all this without prejudice to full respect for the legal provisions in said matter insofar as they may be applicable to ENDESA's commercial operations.

Notwithstanding the foregoing, ENDESA's Criminal Risk Prevention and Anti-Bribery Model expressly establishes the crime of money laundering as being within its scope of application, which is considered an appropriate and sufficient measure to prevent the commission of such criminal offences, in view of the nature of ENDESA's activity. The ENDESA Model includes 15 specific control activities against the risk of money laundering for the Group's different Companies, including:

- Verifying compliance with the General Contract Terms and Conditions (CGC) in contracts with suppliers, which include a clause on commitment with the anti-money laundering regulations.
- Analysing counterparties and their possible inclusion in lists of organisations linked to money laundering activities with the aim of verifying the reliability of suppliers.

2.2.5. Whistleblowing Channel

205-3/205-1/2-26/3-3 Anti-corruption Management Approach

ENDESA provides all its stakeholders with a Whistleblowing Channel, accessible via its website (www.endesa.com) and all intranet, so that all stakeholders can report, securely and anonymously, any irregular, unethical or illegal conduct which has, in their opinion, occurred in the course of the company's activities. The platform on which this channel operates is managed by an external and independent firm, which deals with all complaints or communications to ensure total security and confidentiality. Reports are investigated and managed by Internal Audit, guaranteeing consistent treatment.

The **Audit Department** is responsible for ensuring all complaints received are processed correctly. This department acts independently of the opinions of all other departments within the organisation. It has access to all the corporate documents necessary to carry out its functions and monitors the implementation of the recommendations included in its audit reports.

However, reporting incidents knowing that they are false or with reckless disregard for the truth could lead to criminal or civil liability, in the terms provided in current legislation.

The communications received through the Whistleblowing Channel in 2021 refer mainly to issues relating to conflicts of interest and/or corruption and fraud.

During 2021 the Company complied fully with all the processes established for the correct application of the compliance regulations. During this year, ENDESA received, either through the Whistleblowing Channel or other means, a total of 7 complaints that differed in nature, all of which have been closed. Of these complaints, 5 had to do with conflicts of interest or fraud.

Of the 5 closed complaints related to conflict of interest/corruption and fraud, 1 breach of the Code of Ethics related to corruption has been verified, against which the company has adopted disciplinary measures.

Reports received ¹ 2021 by type of whistleblower	Customers	Employees	Suppliers	Shareholder	Community	Anonymous	Total
Spain and Portugal	1	1	1			4	7
Complaints received ¹ 2021 by stakeholder group affected or partially affected	Customers	Employees	Suppliers	Shareholder	Community	Other	Total
Spain and Portugal		2	1	4			7

¹ Number of reports received in the Whistleblowing Channel for irregular, unethical or illegal conduct that occurs in the development of activities (excluding those of an operational nature and those referring to cases already analysed).

Status and conclusion of reports received ¹	2018	2019	2020	2021
Cases closed	8	11	4	7
Breaches ²	0	3	0	1
Unfounded	8	8	4	6
Still open	0	0	0	0

Breaches ² by type	2018	2019	2020	2021
Conflicts of interest / Corruption	0	1	0	1
Fraud or theft against the Co. / Embezzlement	0	1	0	0
Other	0	1	0	0
Total	0	3	0	1

¹ Number of reports received in the Whistleblowing Channel for irregular, unethical or illegal conduct that occurs in the development of activities (excluding those of an operational nature and those referring to cases already analysed).

² Number of irregular, unethical or illegal behaviours that occur in the development of activities and constitute a breach of the principles established in the company's Code of Ethics, which may or may not constitute a criminal offence depending on the case.

In addition to the investigation of reports, in 2021, 45 internal audit projects took place, 12 of them (27%) covering compliance risks and 8 (18%) covering the risk of corruption. The analyses carried out reached 100% of business lines, covering those processes of the company with the highest risk. No corruption-related cases were detected in these reviews.

2.2.6. Litigation

206-1

The total number of litigation cases concerning monopolistic practices and practices that prevent free competition is 4, with fines totalling EUR 11.3 million.

The four cases are described below:

1. Energía XXI Comercializadora de Referencia, S.L., Sociedad Unipersonal

Energía XXI Comercializadora de Referencia, S.L.U. In June 2017, the CNMC agreed to initiate sanction proceedings against Endesa Energía XXI Comercializadora de Referencia, S.L.U. for allegedly committing practices contrary to Article 3 of Competition Law 15/2007 (“LDC”) consisting of using the bills of clients availing themselves of PVPC/LRT to publicise the services offered by the deregulated supplier or direct them to the Service Points linked to the deregulated supplier. On 20 June 2019, the CNMC issued a Ruling in proceedings S/DC/0552/15 ordering Energía XXI Comercializadora de Referencia, S.L.U. to pay a fine of EUR 5.5 million. This Ruling has been appealed before the National Court, with a request for the precautionary suspension of its enforcement. In June 2020, the National Court issued an Order agreeing to suspend the execution of the fine. The merits of the matter are currently pending resolution before the National Court.

2. Endesa Generación, S.A., Sociedad Unipersonal

Endesa Generación, S.A. ENDESA Generación, S.A.U. On 30 November 2017, the CNMC agreed to initiate disciplinary proceedings against ENDESA Generación, S.A. for alleged undue alteration of the dispatch of the Besós Combined Cycle Power Plant, groups 3 and 5, in the period October 2016 - January 2017 (File SNC/DE/174/17). The CNMC considers that ENDESA Generación, S.A. proceeded to assign abnormal or disproportionate price values to the daily market offers of groups 3 and 5 of the Besós combined cycle plant, in the period October 2016 - January 2017, in order to exclude these groups in said market, and for the programming to take place within the framework of the process of technical restrictions. According to the CNMC, this conduct occurred in the company’s full knowledge of the high probability of allocation in said process, where it would earn more than in the daily market. The pleadings have been made in these proceedings, without acknowledging responsibility for the facts and justifying the behaviour as being consistent with applicable regulations. Endesa Generación, S.A. presented its electricity offers based on the variable costs of natural gas that it had incurred in that period. Finally, the CNMC ordered Endesa Generación, S.A.U. to pay fine of EUR 5.8 million. ENDESA has appealed against this fine before the National Court, with a request for a precautionary measure to suspend the fine, providing a bank guarantee. The precautionary suspension was rejected and the fine has been paid. Appeal lodged and answered by the State Attorney, carrying out the evidentiary phase. Currently the appeal is pending ruling.

3. ENEL Green Power España S.L., Sociedad Unipersonal

ENEL Green Power España S.A. On 14 December 2020, the CNMC Competition Directorate notified ENEL Green Power España, S.A. (“EGP”) of the instigation of sanctioning proceedings for alleged abuse of dominant position in the market for access and connection to the transmission grid at certain nodes with effects on the related electricity generation market. According to the CNMC, ENEL Green Power España, S.A. allegedly used its status as a Single Hub Partner (IUN) to favour companies in its own Group to the detriment of third-party generators.

In December 2021, the CNMC issued a statement of facts by which it considers ENEL Green Power España S.A. has committed two very serious infringements in breach of article 2 of the

Competition Law due to abusing its position of power at the nodes located at the Tajo de la Encantada and Lastras substations. EGPE must respond to the statement of facts as well as to any draft ruling issued by the CNMC.

4. Endesa Generación, S.A.U.

Endesa Generación, S.A. On 2 March 2018, the Decision of the European Commission of 27 November 2017 in the SA case was published in the Official Journal of the European Union. 47,912, environmental incentive for coal-fired power plants.

In said Decision, the Directorate General for Competition of the European Commission ("Commission") agreed to initiate a formal investigation procedure under article 108.2 of the Treaty on the Functioning of the European Union ("TFEU"), in order to determine whether the environmental incentive ("Incentive") for coal plants provided for in Order ITC/3860/2007 constitutes State aid compatible with the internal market. According to the literal wording of the Decision, the Commission has reached the preliminary conclusion that the Incentive constitutes State aid within the meaning of Article 107.1 TFEU and has doubts about its compatibility with the internal market, since it considers that it constitutes aid to investments made solely for the purpose of adapting coal-fired power plants in line with Community environmental standards, in particular Directive 2001/80 on large combustion plants.

On 13 April 2018, Endesa Generación S.A.U., in its capacity as an interested third party to the proceedings, forwarded its pleadings to the Directorate General.

Subsequently, on 30 July 2018, the appeal filed by Naturgy before the European Union General Court against the decision of the European Commission initiating the reference investigation procedure was published in the DOUE.

In September 2021, the General Court dismissed Naturgy's appeal. The administrative procedure before the European Commission is still ongoing although, since it concerns the investigation of illegal – not notified – aid, the procedure is not subject to a maximum decision period.

Environmental litigation

2-27

The total number of environmental litigation cases with a total provision of over EUR 10,000 in 2021 was 44, in which Endesa Distribución Redes Digitales, S.L. is listed as a defendant, totalling EUR 4,670,303.22.

ENVIRONMENTAL FINES

	2019	2020	2021
Total number of litigation cases as a defendant	35	45	44
Total monetary value of significant fines (€) ¹	53,232,288.14	52,887,661.5	4,670,303.22

¹In the "Total monetary value of significant fines" for 2021 we have included the procedures in which any subsidiary of the Endesa Group was listed as a defendant and in which they had a provision equal to or more than EUR 10,000. In previous years, data was included taking into account the criterion of risk amount/lawsuit amount equal to or greater than EUR 10,000.

The 44 legal disputes apply to Endesa Distribución Redes Digitales, S.L., Sociedad Unipersonal, as defendant for a provision exceeding EUR 10,000 totalling EUR 4,670,303.22. These litigation cases refer to forest fires, birdlife and noise from a Transformer Centre, broken down as follows:

- 7 criminal litigation cases with fees (6 for forest fire and 1 for TC noise).
- 15 criminal litigation cases for forest fire (14 without fees and 1 for an amount less than EUR 10,000).
- 18 criminal litigation cases, without fees, for birdlife.
- 4 civil litigation cases for forest fire (complaints with aggrieved parties).

Complaints relating to data protection

418-1

Of the total of 5,534 substantiated internal complaints received in Spain and Portugal in 2021 in relation to breaches of privacy: (i) 163 relate to e-Distribution, (ii) 2,767 to ENDESA Energía, 1,659 corresponding to interested parties without a contract in force, (iii) 317 to Energía XXI, (iv) 169 to ENDESA X Servicios and (v) 2,118 to the ENDESA Energía branch in Portugal.

No complaints were received from suppliers in Spain or Portugal in 2021 in relation to privacy or leaking of personal data.

Of a total of 30 administrative procedures brought throughout 2021 by the Spanish Data Protection Agency ("AEPD"): (i) 26 of them are related to ENDESA Energía (15 are listed as filed or not admitted for processing, and 11 as open or pending); (ii) 3 are related to ENDESA X Services (1 is listed as filed or not admitted for processing and 2 as open or pending); and (iii) 1 of them is related to e-Distribution (listed as open or pending). No administrative procedures have been received from the data protection authority in Portugal, the *Comissão Nacional de Protecção de Dados* (the "CNPD").

Complaints and fines in the social and economic sphere

2-27

FINES IN THE SOCIAL AND ECONOMIC SPHERE

	2019	2020	2021
Total number of litigation cases as a defendant	27	2	3
Total monetary value of significant fines (€)	270,001	20,002	800,000

The total number of significant fines and non-monetary penalties for breaches of laws and regulations in the social and economic sphere in terms of the total monetary value of the significant fines (with a provision exceeding EUR 10,000 and listed as defendants) amounts to:

- Endesa Energía, S.A., Sociedad Unipersonal: EUR 3,501,437.11.
- Energía XXI Comercializadora de Referencia, S.L., Sociedad Unipersonal: EUR 1,506,103.33.

Regarding ENDESA ENERGÍA, S.A., Sociedad Unipersonal, the significant fines for the total number of procedures brought in 2021 and not concluded in previous years, due to breaches of regulations in relation to the supply and use of the company's products and services totals EUR 3,501,437.11.

In 2021, 53 disciplinary proceedings were brought against ENDESA ENERGÍA, S.A., Sociedad Unipersonal, with the proposed fine amounting to EUR 2,424,414.9.

For ENERGIA XXI COMERCIALIZADORA DE REFERENCIA, S.L., Sociedad Unipersonal, the significant fines for the total number of procedures brought in 2021 and not concluded in previous years and due to breach of regulations in relation to the supply and use of the company's products and services totals EUR 1,506,103.33

In 2019 and 2020, 29 legal proceedings were processed (27 procedures in 2019 totalling EUR 270,001 and 2 procedures in 2020 totalling 20,002 euros) brought by different Catalan public administrations. These proceedings are based on alleged breaches of Law 24/2015 on energy poverty. A substantial majority of them (approximately 90%) have been avoided after the Courts issued a ruling supporting ENDESA's actions.

There are three significant cases due to the amount and disparity with similar proceedings. These 3 significant cases due to the amount involve the Canary Islands in the year 2021, with Endesa

Energía, S.A., Sociedad Unipersonal being involved in 2 significant procedures due to the amount and Energía XXI Comercializadora de Referencia, S.L., Sociedad Unipersonal in 1 significant procedure due to the amount. In the aforementioned procedures, disciplinary proceedings amounting to EUR 800,000 have been initiated, which are therefore significant due the amount, but irrelevant in terms of the circumstances on which they were based.

Claims and fines relating to the impacts of products and services on health and safety

416-2/EU25

In 2021 there were no incidents resulting from non-compliance with legal regulations or voluntary codes related to the impacts of products and services on health and safety that resulted in a fine or sanction, or a warning.

Tarifa Case

In August 2017, a fortuitous incident was registered at an ENDESA transformer centre located on the N-340 next to Valdevaqueros in Tarifa, which led to a deflagration that caused the death of two workers at the 100% Fun Hotel where the transformer centre was located, and injuries to another six workers at the hotel. ENDESA immediately contacted the Local Public Administration to convey its condolences to the relatives of all the injured and deceased, offering its full support and providing the help that was requested.

ENDESA immediately initiated an investigation into the accident that is still open as part of the judicial investigation that is underway by Algeciras Court No. 4, given the complexity of the events. The Court opened a summary trial in May 2021 and the expert case reports commissioned by ENDESA's defence are being finalised. Such an incident at a transformer centre is a one-off event. This centre was running as normal, at half its useful life, with all the regulatory inspections having been carried out and complying with current regulations.

Regarding its management of and response to the incident, ENDESA acted in accordance with its internal protocols for managing critical events, acting quickly and collaborating with the different public services involved. The company also installed a generator to guarantee power supply to the 13 clients of the transformer centre affected. Subsequently, the affected transformer centre was repaired and the service was reconnected.

As a preventive measure, ENDESA has stepped up its winter programme to review the state of the power distribution grid and transformer centres, expanding its scope, analysing a greater number of centres and increasing inspection work. However, the case is currently under judicial investigation and, therefore, we will have to wait for the court decision to determine the cause of the incident and settle responsibilities if necessary.

Claims and fines relating to non-compliance regarding information and labelling of products and services

417-2

Regarding Endesa Energía, S.A., Sociedad Unipersonal and Energía XXI Comercializadora de Referencia, S.A., Sociedad Unipersonal:

- There was no non-compliance with the regulations on the information and labelling of products and services resulting in a fine.
- There was no non-compliance in this matter resulting in a warning.
- There were no instances of non-compliance with the voluntary codes regarding information and labelling of products and services.

Claims and fines related to marketing communications

417-3

Regarding Endesa Generación, S.A., Sociedad Unipersonal, ENEL Green Power España, S.L, Sociedad Unipersonal and Energía XXI Comercializadora de Referencia, S.A., Sociedad Unipersonal, There was no incident resulting from non-compliance with voluntary regulations and codes relating to marketing communications, including advertising, promotion and sponsorship.

Tax Litigation

- Litigation is ongoing in relation to the proceedings initiated by the Inspectorate in 2017 against ENEL Green Power España, S.L.U. (EGPE) in relation to the income tax expense for the years 2010 to 2013. The main issue in dispute concerns whether or not the tax neutrality regime applies to the merger of ENEL Unión Fenosa Renovables, S.A. (EUFER) in 2011. On 10 December 2019, the Central Economic-Administrative Court issued a decision rejecting the income tax expense for 2011 (with regard to the position of EGPE as successor to EUFER) and it has been decided to file an appeal before the National Court. Likewise, on 16 June 2020, a partial ruling was received for income tax expense for the years 2010 to 2013, where the effects of the application of the tax neutrality regime in that period are disputed, which, likewise, it has been decided to continue appealing before the Spanish High Court. The contingency associated with the process is not determinable a priori, insofar as the impacts associated with the asset revaluations that would take place as a result of the acceptance of the Administration's criteria must be evaluated. A guarantee is available to ensure debt suspension.
- On 9 July 2018, ENDESA, S.A. was notified of the definitive income tax and VAT settlement agreements of the income tax and VAT tax consolidation groups to which ENDESA, S.A. belongs, relating to the 2011 to 2014 inspection process, which were appealed against on 27 July 2018 before the Central Economic-Administrative Court. On 28 January, a partial settlement was upheld for Value Added Tax (VAT), which it was decided to continue to appeal against before the Spanish High Court, and the part relating to Corporate Income Tax was pending resolution.

The items under dispute stem mainly from the difference in criteria regarding the deductibility of plant decommissioning expenses, certain financial expenses and certain losses arising from the transfer of holdings in the period inspected and the deductibility of VAT in application of the pro rata rule. The contingency associated with the process is Euro 60 million. A guarantee is available to ensure debt suspension.

- In relation to the inspection process for 2015-2018, definitive income tax and VAT settlement agreements were received from the income tax and VAT tax consolidation groups to which ENDESA, S.A. belongs and for personal income tax withholdings of each of the inspected companies. The resolutions were appealed against before the Central Economic-Administrative Court.

The items under dispute originate mainly from the differing criteria regarding the deductibility of certain financial expenses during the inspected period and in the rejection of part of the documented deduction for research, development and technology innovation. The contingency associated with the process is Euro 51 million. A guarantee is available to ensure debt suspension.

3. OCCUPATIONAL HEALTH AND SAFETY



Line of action		2019	2020	2021	2021-2023 target	SP 2022-2024	
						2022 target	2024 target
Occupational health and safety	Reduction of fatal accidents (number of fatal accidents)	1	1	1 ³	0 in the 2021-2023 period	0 in the 2022-2024 period	
	Reduction of the combined frequency index for accidents	0.68	0.36	0,57 ⁴	0.56	0.5	0.5
	Promotion of the performance of safety inspections in own and contractor installations (number of inspections)	81,728	73,547	110,297	70,000 inspections in the period 2021-2023	80,000	80,000
	Promotion of Safety ECoS (extra checking on site) (number of ECoS)	21	13	34	72 ECoS in the 2021-2023 period (24 per year)	10	10
	Promotion of environmental ECoS (extra checking on site) (number of ECoS)	-	-	9	2	9	9
	Promotion of medical examinations (% of total employees)	6,526	4,400	6,461	6,400 examinations per year in the period 2021-2023	93%	92%
	Contractor Safety Assessment (CA) (NEW)	-	-	121	-	77	82
	Environmental Assessment of Contractors (CA) (NEW)	-	-	37	-	44	46
	Reduced Frequency Rate for Injuries Involving Absence from Work vs Previous Years (LTIFR) ¹ (NEW)	-	-	0.05	-	-1%	-1%
	Hours of training provided by "SHE Factory" ² (% hours increased compared to previous year) (NEW)	-	-	47,888	-	1%	1%

¹Number of accidents with at least one day off work/millions of hours worked.

²SHE: "Safety, Health and Environment".

³Excluding the Ascó incident, the value for the number of fatal accidents for 2021 would be: male contractor workers: 0, men 0, total 0.

⁴Excluding the Ascó incident, the value for the number of accidents for 2021 would be: male contractor workers: 0.78, men total 0.07 women contractors 0.00, women total 0.00, total contractors 0.07 total 0.05.

Actions deserving special mention

- 1. Observing and controlling activity:** Proof of this is the effort made to improve and adapt the installations to the COVID-19 situation, as well as the delimiting and defining new uses for common areas.
- 2. Occupational Health and Safety (OHS) awareness:** The dissemination of protocols and recommendations relating to the COVID-19 pandemic, as well as campaigns on issues including a healthy lifestyle, musculoskeletal disorders, safe travel, prevention of high temperatures, disconnection and rest, are an excellent illustration of the emphasis on promoting healthy and safe behaviour among our personnel.

This chapter includes data on the employees of companies majority-owned by ENDESA and where the latter is therefore responsible for operations. This means that the data do not include ENEL Iberia or the ENDESA Foundation. They also take into account the percentage share in ANAV (85.41%). Possible variations to the scope described here are presented throughout the chapter.

3.1. ENDESA, a safe and healthy workplace

3-3 Occupational Health and Safety Management Approach/Employment Management Approach/3-3 Employment Management Approach EUSS/EU16

This year has once again been affected by the COVID-19 health crisis. That is why, with a focus on safeguarding health, action plans were adopted in different areas of ENDESA and at all levels, with the aim of accompanying employees during the health crisis, whether they were employees assigned to essential services, or those likely to be able to undertake their tasks remotely.

For further information, see section 4.6. *Our response to COVID-19* in chapter 4. *Sustainable Strategy*.

Occupational Health And Safety Policy

ENDESA considers occupational health and safety to be both a priority objective and an essential value to be preserved at all times for all those working at the Company, without distinguishing between its own personnel and those employed by its partner companies.

ENDESA feels that the ongoing improvement of working conditions, health protection and its Occupational Health and Safety Management System (OHSMS) is an essential feature of its business culture. That is why within its organisation it established an Occupational Health & Safety Policy (OHS) and an Occupational Health and Safety System based on the ISO 45001:2018 standard.

The Health and Safety and Working Conditions Policy can be consulted on the ENDESA website via the following link: <https://www.endesa.com/content/dam/endesa-com/home/sostenibilidad/medioambiente/documentos/politica-salud-seguridad-condiciones-trabajo-05-20.pdf>.

403-2/403-7

The integration into ENDESA's Occupational Health and Safety (OHS) strategy is specified in the implementation of occupational health and safety policies in all the companies that make up the group (each company has specific preventive planning), as well as in the implementation of specific work plans, emphasising not only the physical environment, but also in the emotional/psychosocial area and in the promotion of a safe and healthy lifestyle.

With regard to the psychosocial environment, throughout 2021 action plans for the different lines of business were created and implemented, aimed at mitigating and optimising psychosocial risk factors arising from the technical results collected in the assessment reports on psychosocial factors made in 2020.

ENDESA has established and kept up to date a documented system for undertaking Occupational Health and Safety Audits to determine the conformity and correct implementation of the Occupational Health and Safety System, which includes the following activities:

- Annual planning of occupational health and safety audits.
- Occupational health and safety audits undertaken by qualified personnel who are independent of the activity to be audited.

- Undertaking follow-up activities to verify that the corrective actions implemented have been taken and are effective.
- An archive of all documents, data and records generated in occupational health and safety audits.

Internal audits are undertaken in a planned manner taking into account the importance of the processes involved and the results from previous audits.

Once an internal audit has been concluded, the results of the audit are reported to the corresponding managers, workers and workers' representatives, actions are taken to address non-conformities and to continuously improve the performance of Occupational Health and Safety. The documented information is kept as evidence of the implementation of the audit programme and of the results of the audits.

It is the responsibility of the Chief Executive Officer of ENDESA to approve the review of the Occupational Health and Safety System (OSH) undertaken and documented annually by the OHS Participation Committee, in order to ensure its conformity, suitability and efficiency and, if necessary, to initiate the corresponding actions for its improvement.

The organisation establishes the opportunities for improvement and implements the necessary actions to achieve the expected results in the OSH by means of a risk and opportunity report.

The following are details of the main actions taken in 2021:

Observing and controlling activity.

Efforts were geared towards verifying the overall situation of occupational safety through planned inspections and audits, including review of compliance with standards, procedures and processes and their implementation at operational level (inspections, "Safety Walks", "Extra Checking on Site", etc.).

Partner companies.

Once again, coordinated criteria were established for the regular verification, monitoring and control of compliance by contractors with a series of legal requirements. Suppliers were also subject to safety evaluations to identify critical areas, while contractors were subject to audits or "assessments".

Health and Safety Coordinators were issued instructions for implementing COVID-19 action plans at construction sites, and COVID-19 instructions and signage were developed for ENDESA service points.

Innovation, improvements in equipment and technologies.

In line with the digital transformation and technological innovation process, the "Health & Safety, Environment and Quality" teams for the different business lines and the Joint Prevention Service worked on implementing a number of digital tools for each scope:

- Projects relating to particularly hazardous jobs: Verification of compliance with essential occupational health and safety guidelines. Key projects in the Distribution business line included "APP5RO", which entails verifying compliance with the five golden rules for working with electricity, and "5PPA", with regard to working at height.
- Projects relating to plant safety: The INTRINSIC SAFETY project, under preparation. Project designed from HSEQ Global Power Generation to improve safety in the installations. It aims to identify equipment or parts of our installations that present risks and therefore require improvement in terms of intrinsic safety. The 3 essential processes in this programme would therefore be the following: Assessment of intrinsic safety

equipment/tools/intrinsic safety processes, upgrade or replacement, and the implementation of an ongoing improvement process.

- Projects related to individual and collective protection, and protective clothing: Optimisation of personal protective equipment (PPE) with preventive and ergonomic technological innovations that afford greater protection, comfort and resistance. Promotion of a PPE management tool (SPRINGTER).
- Projected relating to emergency management: Notification and resolution of emergencies in installations. "Emergency App", implemented at thermal generation plants and currently being extended to all other areas.
- Projects related to safety inspections: Use of interconnected software applications (e.g. "HSEQ4u") to report non-compliance with regard to safety issues and that at the same time require action plans to address them.
- Projects relating to **leadership in Safety and ORP training**:
 - Reskilling: Professional recycling due to technological changes.
 - E-worker projects: An application that enables users to transfer information on work permits, search for materials, open maintenance tickets, close-notify maintenance orders, book shifts, note field work, obtain plant information and plant-related documents.
 - E-PTW: Digitalisation with a mobile phone with NFC (Near-field communication) for each actor in the complete process of the work to be done: PTW (Permit to Work) and download (creation, placement, verification and standardisation of the download; creation, information on risks and decisions by the companies involved, delivery of the work area, change of actors, suspension and restart of works, return of the PTW).
- Projects relating to **coordinating business activities and managing contractors**:
 - HERCULES tool for port terminals, consisting of the use of 3D technology in the digitalisation of business activity coordination processes in maintenance work.
 - DYNAMO tool: Improvements in the communication of contractors work and in efficiency of information exchange between stakeholders in the different processes (Organisational Unit and the different Technical Areas of the JPS).

Occupational Health and Safety Management System

403-1/403-8

ENDESA's new Occupational Health and Safety Management System (OHSMS), in accordance with ISO 45001, helps ENDESA to identify and collaborate in the control of health and safety risks, reduce accident rates, support efforts to control compliance with the legal provisions and improve performance in general, promoting a safe and healthy environment.

The OHSMS consists of a series of responsibilities, processes and resources available to manage the production process and meet the objectives of the Policy on Occupational Health and Safety and Working Conditions.

As in the previous financial year, 100% of ENDESA's workforce in Spain and Portugal work in ISO 45001-certified workplaces.

Hazard identification, risk assessment and incident investigation

403-2/403-8/3-3 Occupational Health and Safety Management Approach

Based on the procedures of its Management System, specifically, "ENDESA-SGSST-PG.02 - Identification of hazards, assessment and control of occupational risks" and "ENDESA-SGSST-PG.11 - Control and investigation of incidents, non-conformity and corrective action", hazards are identified, risks are assessed and incidents are investigated.

Of these procedures, it should be noted that all incidents will be notified internally in the shortest possible time, in such a way as to ensure communication within a period not exceeding 72 hours. Whoever detects an incident (including those of third parties) should communicate this to the Organisational Unit through the hierarchical line. Serious or fatal accidents and significant incidents should be notified immediately in a way that ensures communication to the entire organisation. The commission of inquiry into the incident will issue a report within a maximum period of one month. In case of minor accidents and insignificant incidents, the investigation will be conducted by the JPS within a maximum period of one month. When a serious or fatal accident occurs, and after it has been investigated, the JPS will prepare a document called "Lesson Learned", which will be communicated by e-mail to any organisational units with similar problems.

With the aim of strengthening risk awareness and promoting responsible behaviour to ensure that work is undertaken correctly and without accidents, for a number of years there has also been a so-called "Stop Work Policy", which urges all workers to act quickly and stop any activity that poses a risk to their own or others' health and safety, as well as any risky behaviour and action, omission or situation that could potentially cause an accident or damage or exposure to risk.

Beyond what is included in the Management System, it is then a matter of specifying the most transversal actions associated with the identification of incidents.

When an incident occurs, in addition to classifying and recording it in accordance with the company's appropriate policies and internal regulations (which also establish the procedure to be followed in each situation), in general terms, the following action should be taken:

- If people are involved, any injured persons should be attended to and the installation made safe.
- The accident should be notified to all interested parties and recorded in ENDESA's systems.
- The incident should be analysed and investigated by expert personnel.
- Corrective and preventive measures should be taken, and where appropriate the "Lessons Learned" disseminated.
- There should be suitable monitoring.

Where appropriate, the following should also be undertaken:

- There should be a meeting for the Coordination of Business Activities between the Business Line and the contractor.
- Analysis of the Occupational Health and Safety Plan for the workplace and the contractor's Prevention Plan.
- Analysis of the history of the contractor's Health and Safety Inspections.
- Analysis of the status of the contractor's file and the worker involved.
- Valuation of the contractor.

- Analysis of the assessment report made on the contractor, if any.
- Where applicable, an investigation of the accident should be opened and the corresponding lesson learned published and disseminated.
- Information to Management and all business lines through the corresponding briefing.

3.1.1. Common occupational health and safety management

403-3

ENDESA offers all its employees, regardless of their risk level, health care through its basic health units. In this regard, it has also arranged with the collaborating social security mutual insurer to cover contingencies arising from occupational illnesses. ENDESA is also a self-insuring company in occupational accidents, collaborating directly with the public health system in the treatment of these contingencies.

3.1.2. Workplace risk prevention, training and inspections

403-1/403-2/403-5

For the purpose of ensuring that all Endesa's workers receive the appropriate theoretical and practical training, both when they are contracted, irrespective of the type or duration of their employment, and when there are changes in their duties or working conditions or when new technologies are introduced that present new risks or significant changes in existing risks in ENDESA:

- Training needs in workplace risk prevention should be identified.
- The content and recipients of workplace risk prevention training should be established.
- Actions should be planned as well as their frequency/recycling.
- Both the quality and the implementation of the training should be controlled.

In 2021, ENDESA organised a total of 47,888 hours of training in occupational health and safety for its in-house staff. 5,824 people attended preventive training courses.

With regard to safety inspections, to ensure that all operations were performed safely, ENDESA implemented a safety inspection plan encompassing all levels of the company. These inspections were undertaken partly by in-house staff and partly in collaboration with companies that had previously been informed of ENDESA's work procedures. During 2021, there were 110,297 safety inspections on works and/or projects undertaken by both in-house workers and contractors.

Management also undertook so-called "safety walks" in which a business director, accompanied by the Joint Prevention Service for the territory, visited an operational or industrial installation to verify in situ the safety conditions of the environment, checking the observed points and generating a report where deficiencies were found.

3.1.3. Promoting a culture of occupational health and safety

403-6

The company has contracted health care insurance policies whose conditions guarantee the coverage of general health care throughout Spain, for those employees who, in a personal capacity, retain this right in their original agreement and the possibility of contracting them under special conditions for those employees who do not have this right in their original agreement of origin.

Medical services manage occupational health comprehensively, concerned not only with the physical environment, but also the psychosocial, emotional and healthy lifestyle of personnel,

both in their professional and personal lives. To meet the objective of achieving comprehensive health, it is based on the basic axes of primary, secondary and tertiary prevention.

- **Primary prevention**, focussed on the prevention of illness or accident before it occurs. This is achieved by avoiding exposure to risks that may cause damage to health and by correcting unhealthy behaviour or lifestyle.
- **Secondary prevention**, focussed on reducing the impact of disease or injury once they appear. This is done through early diagnosis and treatment, preventing relapses and implementing return-to-work programmes.
- **Tertiary prevention**, mainly aimed at reducing the impact of diseases in their later stages to try to improve quality of life.

The main voluntary programmes and action plans for the promotion of good health that ENDESA offers to workers include action plans on alcohol, tobacco, stress, physical and emotional well-being, rest, musculoskeletal disorders and prevention of carcinomas, etc.

3.1.4. Occupational Health and Safety Committees

403-4

The participation of the company and its workers, through their union representatives, in the planning, programming, organisation and management control related to the improvement of working conditions and the protection of health and safety of workers, is a basic principle of prevention policy in the company and is considered an important lever for improvement.

The consultation and participation of workers, with regard to occupational health and safety within the scope of ENDESA, is undertaken by means of prevention delegates, integrated into the following governing bodies that include the Committee for Participation in the Planning and Control of the Management of Preventive Activity and the Occupational Health and Safety Committees for Generation, Corporate Generation, Thermal Power Plants/Combined Cycles, Renewables/North South/Centre-Northwest, Distribution, Division/Control Centre Committees and Corporate Distribution Units, Endesa Engineering, Commercial, ENDESA Energía/EOSC/ENDESA X Servicios committees, ENDESA SA, ENEL Iberia, ENDESA Medios y Sistemas and the Transversal Occupational Health and Safety Committees: North/South/Central Northwest.

The Occupational Health and Safety committees are joint, collegiate bodies for participation in occupational health and safety in each organisational area and consist of members from Management Representation and Social Representation. These bodies were regulated in the internal operating regulations dated 2 February 2021.

These Committees meet quarterly and consist of seven members for the Representation of Management and seven members for Social Representation. The latter are members of one of the Committees detailed in Annexes 2, 3, 4, 5 and 7 of ENDESA's Fifth Framework Collective Agreement.

Once the different Committees have been put into operation, by unanimous agreement 2 or more of them may consider holding joint meetings, under the conditions agreed between them, provided that they are justified by an improvement in the efficiency of operation and the representativeness of the groups that the previous committees originally enjoyed is guaranteed.

3.1.5. Lower accident rate

The data for 2021 collected in the following tables include an incident that occurred at the Ascó Nuclear Power Plant last November, which resulted in the death of a worker of a contractor company and temporary leave for 5 other workers of the same company who had not suffered significant physical injuries as a result of the accident. At the time of closing the information for

this document, the incident was still pending definitive qualification in accordance with Policy 106, since the investigation is still underway and has not yet reached a conclusion on the real cause of death and the reasons for the temporary leave for the rest of the workers. Notwithstanding the above, the information that follows takes into account both the fatal accident and the other injured parties, although the values that would correspond if the above-mentioned incident had not been included are indicated in successive notes.

403-9/403-10

SUMMARY OF OCCUPATIONAL ACCIDENTS⁴

Personnel	No. Occupational accidents ¹			Index of frequency ²			Index of severity ³		
	2020	2021	Diff	2020	2021	Diff	2020	2021	Diff
Endesa employees	3	2	-33.3%	0.18	0.12	-30.9%	0.08	0.02	-76.4%
Contractor workers	16	28	75.0%	0.44	0.76	72.0%	0.06	0.07	24.9%
Total	19	30	57.9%	0.36	0.57	58.3%	0.06	0.05	-13.1%

¹Includes fatal accidents. For this indicator, because of the nature of the data, 100% of ANAV accidents are taken.

²Total number of accidents excluding those *journeys to and from work*, compared to the total number of hours worked multiplied by 1,000,000.

³Total number of days lost through accidents, excluding those *on journeys to and from work*, compared to the total number of hours worked multiplied by 1,000.

⁴Excluding the Ascó incident, the values for 2021 would be: Number of accidents at work for contractors: 22, total accidents 24, contractor frequency index 0.61, total index 0.47, contractor severity index 0.07, total severity index 0.05.

NUMBER OF ACCIDENTS AT WORK⁽¹⁾⁽²⁾

Personnel	2019			2020			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Endesa employees	6	0	6	2	1	3	2	0	2
Contractor workers	30	1	31	15	1	16	24	4	28
Total	36	1	37	17	2	19	26	4	30

¹Includes fatal and severe accidents. For this indicator, because of the nature of the data, 100% of ANAV accidents are taken.

²Excluding the Ascó incident, the value for the number of accidents for 2021 would be: male contractor workers: 21, men total 23 women contractors 1, women total 1, total contractors 22 total accidents 24.

FREQUENCY INDEX⁽¹⁾⁽²⁾

Personnel	2019			2020			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Endesa employees	0.48	0.00	0.37	0.16	0.22	0.18	0.16	0.00	0.12
Contractor workers	1.03	0.12	0.82	0.54	0.12	0.44	0.88	0.41	0.76
Total	0.86	0.08	0.68	0.42	0.15	0.36	0.66	0.28	0.57

¹Total number of accidents excluding those *journeys to and from work*, compared to the total number of hours worked multiplied by 1,000,000.

²Excluding the Ascó incident, the value for the number of accidents for 2021 would be: male contractor workers: 0.78, men total 0.07 women contractors 0.00, women total 0.00, total contractors 0.07 total 0.05.

SEVERITY INDEX⁽¹⁾⁽²⁾

Personnel	2019			2020			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Endesa employees	0.03	0.00	0.03	0.09	0.05	0.08	0.02	0.00	0.02
Contractor workers	0.1	0.01	0.08	0.07	0.00	0.06	0.09	0.00	0.07
Total	0.08	0.01	0.06	0.08	0.01	0.06	0.07	0.00	0.05

¹Total number of days lost through accidents, excluding those *on journeys to and from work*, compared to the total number of hours worked multiplied by 1,000

²Excluding the Ascó incident, the value for the number of accidents for 2021 would be: male contractor workers: 0.09, men total 0.07 women contractors 0.00, women total 0.00, total contractors 0.07 total 0.05.

FATAL, SEVERE AND NON-SEVERE ACCIDENTS¹

Personnel	Fatal accidents			Severe accidents			No. minor accidents ²		
	2020	2021	Diff	2020	2021	Diff	2020	2021	Diff
Endesa employees	0	0	-	1	0	-100%	2	2	-
Contractor workers	1	1	-	3	2	-33.33%	12	25	108.33%
Total	1	1	-	4	2	-50%	14	27	92.85%

¹ Includes accident with sick leave of 3 to 30 days. For this indicator, because of the nature of the data, 100% of ANAV accidents are taken.

² Excluding the Ascó incident, the values for 2021 would be: Contractor fatal accidents 0, difference vs 2020 100%, total fatal accidents: 0, difference vs 2020 100%, No. minor accidents contractors: 20, difference vs 2020 66.66%, No. minor accidents total: 22, difference vs 2020 57.14%.

NUMBER OF FATAL ACCIDENTS⁽¹⁾⁽²⁾

Personnel	2019			2020			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Endesa employees	1	0	1	0	0	0	0	0	0
Contractor workers	0	0	0	1	0	1	1	0	1
Total	1	0	1	1	0	1	1	0	1

¹ For this indicator, because of the nature of the data, 100% of ANAV accidents are taken.

² Excluding the Ascó incident, the value for the number of fatal accidents for 2021 would be: male contractor workers: 0, men 0, total 0.

NUMBER OF SEVERE ACCIDENTS⁽¹⁾⁽²⁾

Personnel	2019			2020			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Endesa employees	0	0	0	1	0	1	0	0	0
Contractor workers	2	0	2	3	0	3	2	0	2
Total	2	0	2	4	0	4	2	0	2

¹ For this indicator, because of the nature of the data, 100% of ANAV accidents are taken.

² This information is not affected if the Ascó incident is taken into account, so the values reflected would not vary.

NUMBER OF MINOR ACCIDENTS⁽¹⁾⁽²⁾

Personnel	2019			2020			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Endesa employees	5	0	5	1	1	2	2	0	2
Contractor workers	28	1	29	11	1	12	21	4	25
Total	33	1	34	12	2	14	23	4	27

¹ For this indicator, because of the nature of the data, 100% of ANAV accidents are taken.

² Excluding the Ascó incident, the values for the number of minor accidents for 2021 would be: male contractor workers: 19, men total 21 women contractors 1, women 1, total contractors 20 total 22

ABSENTEEISM¹

Classification	2019	2020	2021
Rate of absenteeism ^{2,3}	3.08	2.57	2.55
Working days lost by ENDESA employees due to absence during the year ²	66,662	55,647	52,712
Number of hours through absenteeism ²	1,849,043	2,036,835	2,245,088

¹ The absenteeism rate does not include jointly-controlled entities consolidated using the proportional consolidation method.

² The days lost through absenteeism do not include holidays, public holidays, authorised absence (maternity and paternity leave, etc.), or absence for training.

³ Total number of working days lost due to absenteeism during the year compared to the total number of days worked during the same period, multiplied by 200,000 (this corresponds to 50 working weeks of 40 hours for every 100 employees).

MORTALITY RATE¹

	2019	2020	2021
Employees	0.06	0	0.00
Contractor workers	0	0.03	0.02

¹ Total number of fatal accidents excluding journeys to and from work compared to total number of hours worked multiplied by 1,000,000.

SERIOUS ACCIDENT RATE, EXCLUDING FATAL ACCIDENTS

	2019	2020	2021
Employees	0	0.06	0.00
Contractor workers	0.05	0.09	0.06

During 2021 no occupational disease declared in ENDESA was detected.

In 2021 ENDESA also continued to improve its information gathering systems by making it possible to calculate the following indicators, with the aim of providing greater transparency in the reporting of Health and Safety information:

HIGH-PROBABILITY ACCIDENT FREQUENCY INDEX⁽¹⁾⁽²⁾

	2019	2020	2021
Endesa employees	0.00	0.06	0.07
Contractor workers	0.05	0.11	0.26
Total	0.04	0.10	0.20

¹ Occupational accidents and injuries requiring First Aid whose dynamics could have led to a fatal accident or a life-changing accident compared to the total hours worked, multiplied by 1,000,000.

² This information is not affected if the Ascó incident is taken into account, so the values reflected would not vary.

FREQUENCY INDEX FOR RECORDABLE INJURIES⁽¹⁾⁽²⁾

	2019	2020	2021
Endesa employees	3.53	1.49	1.72
Contractor workers	3.08	2.13	3.11
Total	3.22	1.93	2.69

¹ Occupational accidents with sick leave of 0 to 3 days including first aid compared to the total hours worked, multiplied by 1,000,000.

² Excluding the Ascó incident, the values for the frequency index of recordable injuries for 2021 would be: own personnel: 0.0, contractors 0.0 total 0.0.

FREQUENCY RATE FOR LIFE-CHANGING ACCIDENTS⁽¹⁾⁽²⁾

	2019	2020	2021
Endesa employees	0.00	0.00	0.00
Contractor workers	0.00	0.00	0.03
Total	0.00	0.00	0.02

¹ Occupational accidents whose consequences changed a person's life compared to the total hours worked, multiplied by 1,000,000.

² This information is not affected if the Ascó incident is taken into account, so the values reflected would not vary.

3.2. Extending health and safety standards at partner companies

EU16

ENDESA transferred the following commitments to extending occupational health and safety among its partner companies:

- Safety certification for risk-related activities.
- Promoting current certifications for these activities.
- Inclusion of a clause in the Contract's General Terms and Conditions establishing a firm

commitment to managing and collating information on occupational health and safety.

ENDESA specifically verifies its contractor companies' effectiveness with regard to workplace risk prevention through a "Contractor Assessment" programme, in this is assessed by a company specialising in Consulting and Auditing in Workplace Risk Prevention.

Based on the score obtained, the company is qualified to be an ENDESA contractor or, on the contrary, an action plan is required to remove any gaps identified. An action plan should be established for the corrective measures until the problem has been solved.

Contractors are examined before the contracting process starts and during the contractual activity, with the possible application of an administrative and/or economic sanction in the event of non-compliance with safety regulations or having suffered a significant incident.

The General Terms and Conditions for the Contract require the contracting company to provide specific training for workers in matters of health and safety, depending on the risks posed by the contracted activity.

The regulations in force establish a framework for action that the contractor should comply with prior to undertaking the works and especially with the obligation to draw up a Specific Prevention Plan for the contracted works.

There should also be follow-up and control actions during the works (*in vigilando*). Each accident should be analysed by a Committee consisting of experts from the Prevention Service, the unit in which it occurred, and procurements, establishing corrective measures to prevent another similar situation from occurring.

Prior to the start of the work activity, it should be verified that all workers have the appropriate medical aptitude to undertake the work, and that they have acknowledged receipt of personal protective equipment suitable for the activity. ENDESA considers that field control is essential to verify that safety conditions are met and to monitor and correct safety defects during the execution of the work.

3.2.1. Risk activities control programme

403-8

As detailed above, ENDESA's OHSMS consists of a series of responsibilities, processes and resources available to manage the production process and meet the objectives of the Policy on Occupational Health and Safety and Working Conditions.

100% of ENDESA's workforce in Spain and Portugal work in ISO 45001-certified workplaces.

ENDESA has established and kept up to date a documented system for undertaking occupational health and safety audits on its contractors to determine conformity with and correct implementation of the Occupational Health and Safety System. Internal audits are undertaken in a planned manner taking into account the importance of the processes involved and the results from previous audits.

ENDESA is continuing to develop and undertake a number of annual initiatives as part of a long-term strategy for the ongoing improvement of occupational health and safety. The action taken within the framework of this strategy focussed mainly on specific action plans against accidents, maintaining and creating new alliances with collaborating companies, and a number of action plans with contractor companies with high accident rates.

3.2.2. Contractor training capabilities

EU18

In 2021, 100% of those working for ENDESA's contractors and subcontractors received training from their companies in occupational health and safety in accordance with their activities. This is a legal requirement that is included in ENDESA's internal regulations.

ENDESA verifies through the certifications of the collaborating companies that workers who undertake tasks for them have the necessary training that has been acquired through their own companies, to be able to perform the above-mentioned tasks, under the required conditions of Occupational Health and Safety, based on suitable education, training and experience. Required factor in the Coordination of Business Activities (CAE in Spanish) before the start of work and periodically reviewed.

OCCUPATIONAL HEALTH AND SAFETY TRAINING AND QUALIFICATION FOR CONTRACTORS AND SUB-CONTRACTORS

	2019	2020	2021
Contractors and subcontractors who have received occupational health and safety training	18,227	17,451	17,423
Qualified suppliers	1,118	1,094	1,119

4. TAX TRANSPARENCY

The scope of the information provided in this chapter covers both ENDESA, S.A. and its investee companies in Spain and Portugal, the same as in the Legal Documentation reports. For more information see section 1.2.6. *Organisational structure* in Chapter 1. *About ENDESA*. Possible variations to the scope described here are presented throughout the chapter.

4.1. Tax policy

207-1/207-2

ENDESA complies with tax regulations as part of the principles that inspire the company's corporate responsibility, applying responsible tax policies and promoting cooperative and transparent relations with the Tax Administrations.

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

For its part, ENDESA's Board of Directors, in its meeting on 21 December 2020, agreed that ENDESA and its controlled subsidiaries and branches in France and Portugal should subscribe to the Codes of Good Tax Practices existing in those countries.

Every year ENDESA prepares and submits an Enhanced Transparency Report to the State Tax Administration Agency in which it breaks down the information that ENDESA voluntarily presents to the Administration in accordance with the provisions of the Annex to the Code of Good Tax Practices. On 20 July 2021, it submitted the Report for the 2020 financial year, according to the AEAT on its website, where it published the list of companies submitting the transparency reports for the 2020 financial year, which includes the ENDESA Group.

In compliance with the Corporate Governance rules on tax matters and the provisions of the Code of Good Tax Practices, ENDESA's Head of Tax Affairs periodically informs the Audit and Compliance Committee of the company's tax situation.

Apart from this, and in compliance with the provisions of Law 31/2014 of 3 December amending the Corporate Enterprises Act, on 15 June 2015 ENDESA's Board approved both the ENDESA Tax Strategy <https://www.endesa.com/content/dam/endesa-com/endesa-en/home/investors/corporategovernance/corporatepolicies/documents/endesa-tax-strategy-2017.pdf> and ENDESA's Risk Control and Management Policy, which includes tax risks, subsequently updated on 19 June 2017 https://www.endesa.com/content/dam/enel-es/endesa-en/home/investors/corporategovernance/corporatepolicies/documents/Pol%C3%ADtica%20gesti%C3%B3n%20de%20riesgos%2021_12_2020_EN.pdf.

ENDESA's Tax Strategy establishes as a guideline compliance with current tax regulations and the adoption at all times of a reasonable interpretation thereof. Likewise, a series of behaviours that may not be aligned with that guideline are expressly renounced, such as carrying out operations that pursue a tax advantage, structures of an artificial or opaque nature, etc.

On 30 January 2017 ENDESA's Board approved ENDESA's Tax Risk Control and Management Policy, which aims to establish a tax control framework within the company. It was updated on 4 May 2020 to comply with the requirements of the UNE 19602 standard on Tax Compliance Management. <https://www.endesa.com/content/dam/enel-es/endesa-en/home/investors/corporategovernance/corporatepolicies/documents/Pol%C3%ADtica%20de>

[%20Gesti%C3%B3n%20y%20Control%20de%20Riesgos%20Fiscales%2004.05.2020%20EN.pdf](#).

ENDESA HAS BEEN RECOGNISED FOR THE THIRD CONSECUTIVE YEAR AS THE IBEX-35 COMPANY THAT BEST REPORTS ON TAX MATTERS

ENDESA has been recognised as the company that best reports on tax matters for the third consecutive year according to the 2020 Taxpayer's Transparency Report ranking published by the Compromiso y Transparencia Foundation. The report awards ENDESA the maximum score: 24 points out of 24.

Endesa's strengths include a section on the website, entitled Transparency in compliance with tax legislation, which has been improving year after year, and which includes a Tax Transparency Report with all kinds of significant information in this field for stakeholders, and details of all the internal regulations in tax affairs within the company. Reference is also made to its Tax Compliance Management System that was once again certified by AENOR as guaranteeing the correct adaptation of the system to the provisions of the UNE 19602 Standard. It also shows a commitment to the promotion of a cooperative relationship with the Tax Administration in those jurisdictions where it is present.

This recognition reflects ENDESA's degree of commitment in terms of tax transparency and responsibility for the economic and social contribution it makes in the jurisdictions in which it operates.

4.2. Transactions between Group companies

Related-party transactions carried out by ENDESA Group companies comply with the arm's length principle set out in the OECD Guidelines, the European Union Joint Transfer Pricing Forum and the regulations of the Corporation Tax Act.

According to the applicable regulations and recommendations, the pricing method for determining whether a transaction complies with the arm's length principle is that which, based on the facts and circumstances of the transaction, can justify that the transaction has been carried out in accordance with what would have been agreed between independent parties at arm's length.

When it is possible to identify transactions with comparable market characteristics (e.g. indices, public markets, third party contracts), the comparable uncontrolled price method (CUP) is used as it is the most direct and reliable method for applying the arm's length principle. When market comparables are not available, indirect methods such as the cost plus method are applied, which are confirmed by applying the Transactional Net Margin Method (TNMM).

When deemed advisable in view of the circumstances, the ENDESA Group promotes the signing of Advance Pricing Agreements (APA) with the tax authorities to define the methodology to be applied.

4.3. Relations with stakeholders

207-3

ENDESA is firmly committed to endeavouring to explain in a transparent way tax matters that may be of interest to third parties. One of the company's values is tax transparency vis-à-vis third parties (shareholders, customers, suppliers, employees, regulators, Tax Administrations, etc.) on the principles of action in tax matters, on the bodies involved in ENDESA's tax governance and on the details of its tax payments in the countries where it operates.

In this sense, ENDESA provides through its website, in a single space, information with tax relevance for third parties, and aiming to ensure that it is permanently updated, so that it is an information space that is easily accessible and understandable within the reach of anyone <https://www.endesa.com/en/our-commitment/transparency>.

In addition, starting in 2020 ENDESA now publishes an annual report on Tax Transparency which brings together all the information with tax content available on its website.

Likewise, ENDESA actively participates in different forums on taxes, sustainability and corporate social responsibility, keeping up to date with news and practical improvements in the matter, the opinions and issues discussed in these forums serving for the continuous review of the information that is provided to the outside. It forms part of the tax committees of the Association of Electric Power Companies (AELEC) and the Spanish Confederation of Business Organisations (CEOE); in the latter case ENDESA participates on behalf of AELEC. ENDESA is a member, through the head of its Tax Affairs Unit, of the Spanish Association of Tax Advisors (AEDAF). In 2019, ENEL (ENDESA's Parent Company) joined the European Business Tax Forum (EBTF - <https://ebtforum.org>), an association that aims to open a public debate on taxation by providing a balanced and comprehensive perspective on the tax that companies pay.

ENDESA is part of the Large Companies Forum (a cooperative relationship body to promote greater collaboration between large companies and the State Tax Administration) and actively participates in it through two working groups.

In 2021, ENDESA's participated once again in the Report prepared by PwC on the Total Tax Contribution of IBEX-35 companies in 2020, which aims to study and promote the Total Tax Contribution of this group.

4.4. Tax contribution

207-4

In line with ENDESA's commitment as regards tax management, since 2014 the most significant tax payments made in the countries in which it operates, which are mainly Spain and Portugal, have been voluntarily published, demonstrating its commitment to transparency in paying taxes.

ENDESA's activity not only generates an important direct contribution to the Administration through the payment of taxes, but also a notable contribution through the collection of third-party taxes generated as a result of the company's activity.

In 2021, ENDESA's total tax contribution amounted to Euros 3,009 million, of which Euros 1,247 million refer to amounts paid by the group and Euros 1,762 million to amounts collected as a result of ENDESA's business activity.

ENDESA's TOTAL TAX CONTRIBUTION 2021

Item	Figures in € million									
	Amounts paid	Amounts collected	Amounts paid	Amounts collected	Amounts paid	Amounts collected	Amounts paid	Amounts collected	Amounts paid	Amounts collected
	Spain		Portugal		France		Germany		Netherlands	
I. TAXES PAID IN THE CONSOLIDATED TAX GROUP:										
TAXES ON PROFITS	329									
Corporation Tax ¹	329									
SUBTOTAL TAXES PAID TAX GROUP	329									
II. TAXES PAID TO THE TREASURY:										
TAXES ON PROFITS	36	101	10	0	-2	0	1	0	0	0
Corporation tax	7		10		-1		1			
Tax on Trading Income	28									

Likewise, 'Other Regulatory Payments' are reported separately; these are paid to the Authorities by ENDESA as a statutory requirement, a consequence of the regulation of the sector in which it operates, although these are not strictly taxes and therefore cannot be included in the Total Tax Contribution,

specifically:

- Energy efficiency: gas and electricity supply companies are obliged under the energy efficiency obligation system to make an annual financial contribution to the national energy efficiency fund. This obligation was instituted by Royal Decree 8/2014 of 4 July.
- Social bonus: obligation of companies owning electricity generation facilities to contribute to the financing of the "social bonus" imposed by Law 24/2013 of 26 December.
- Other: this corresponds to a payment in France to a Government Association, in relation to the gas tax to fund the sector pensions and the payment used to fund the retirement plans of self-employed workers, such as craftsmen and other workers in industrial and commercial sectors, and the payment in Portugal for the Audio-visual Fees used to fund Rádio e Televisão de Portugal.

Item	Amounts paid	Amounts collected	Total
Total payments to public administrations	1,360	1,762	3,122

The scope of companies can be consulted in Annex I, "companies that make up ENDESA", of the consolidated financial statements.

As a sign of its commitment to society in general and to equality and social cohesion in particular, ENDESA allocates 0.7% of its corporation tax payable amount to the Third Sector, contributing to the financing of social projects.

Main Trends in Total Tax Contribution for 2021 compared with 2020

Background:

Increase in the price of electricity on wholesale markets.

Since the first half of 2021, the price of electricity on the wholesale market in Spain has been gradually increasing, due to unusually high prices that have some impact on the formula used to set the price of the regulated tariff (Voluntary Price for Small Consumers, commonly known as PVPC).

In order to reduce the impact on the final price of electricity, the Spanish government has introduced several regulatory and fiscal measures that directly affect the final bill of electricity and gas suppliers (Royal Decree-Law 12/2021 of 24 June, Royal Decree-Law 17/2021 of 14 September and Royal Decree-Law 29/2021 of 21 December).

The most relevant fiscal measures have been:

- Reduction of VAT rate from 21 to 10% for certain electricity supply contract holders from 26 June 2021 to 30 April 2022.
- Suspension of the tax on the value of electricity generated for installations that generate electricity and feed it into the electricity grid from 1 July 2021 to 31 March 2022.
- Reduction of the special electricity tax rate from 5.11269632 per cent to 0.5 per cent from 16 September 2021 to 30 April 2022.

At the regulatory level, an extraordinary update of the electricity grid charges was made until 31 December 2021, resulting in a reduction of charges and tolls on electricity consumption bills.

Electricity production within the Endesa Group:

During 2021 the mainland coal-fired power plants ceased operation as planned. The output of these plants was mainly replaced by an increased contribution from combined cycle power plants, which had largely been idle in recent years.

Endesa's tax contribution.

ENDESA's total tax contribution in 2021 amounts to Euros 3,009 million, a decrease of 14% compared to the 2020 figure. Of the Euros 3,009 million, 41% are taxes that ENDESA incurs as costs and 59% are taxes that ENDESA collects as a result of carrying out its economic activity.

Spain has been the jurisdiction in which ENDESA has most contributed to the payment of taxes, representing over 89% of the total taxes paid and collected in 2021.

Details of changes 2020-2021:

In **Spain**, taxes borne decreased by 11%, mainly as a consequence of the following variables:

- Although there is an increase in taxes paid on profits, mainly due to the increase in corporation tax due to the factors described below, the trend for other taxes is downward.
 - In 2020, both the 2018 and 2019 refunds were collected by the tax authorities, while in 2021 only the 2020 refund is taken into account.
 - The amount of payments on account in 2021 was higher than in 2020 due to i.) the entry into force of the 5% limit for the tax exemption of dividends and capital gains (implying an effective taxation of 1.25% of such income) and ii.) the lower tax depreciation of coal-fired power plants as a result of their planned decommissioning.
- Decrease in employee-related taxes borne, linked to the reduction of the workforce with respect to 2020.
- With regard to environmental taxes,
 - Of particular note is the refund of the water tax for the financial years 2013 - 2020 after the Supreme Court declared the tax unenforceable.
 - The decrease in the tax on coal continues due to the decarbonisation process and the eventual closure of power plants.
 - The tax on the value of electricity generation decreases as a result of the suspension adopted as part of the package of urgent measures on energy taxation. Here, the effect of the suspension is reduced by the impact of the increase in electricity prices.
 - On the other hand, there is an increase in the category of regional environmental taxes, as a result of the year-round validity of the so-called Ecotasa Catalana, which comes into force in mid-2020.

Taxes collected in Spain decreased by 17%, mainly due to the following factors:

- Decrease in employee-related taxes borne, linked to the reduction of the workforce with respect to 2020.
- Reduction of VAT as a result of the new reduced rate of 10 per cent for electricity contracts whose fixed power duration does not exceed 10 kW and the extraordinary update of electricity grid charges.
- Reduction of the Special Tax on Electricity as a result of the introduction of the reduced rate of 0.5%.
- There will be an increase in withholding taxes on profits, mainly as a result of a higher payment of the final dividend in 2021 (1,3136 compared to 0.7 in 2020).

In the other countries (**Portugal, France, Germany and the Netherlands**), there was a 59% decrease in taxes paid, mainly due to the inclusion of the Portuguese audiovisual tax (CAV), as this is a regulatory payment that is not a tax. Taxes collected, on the other hand, decreased by 3%, mainly due to the decrease in taxes on products and services.

Details of ENDESA's tax contribution can be found on the company's website, where you can also download the Total Tax Contribution Report 2021 prepared by PWC <https://www.endesa.com/en/our-commitment/transparency/tax-information-breakdown>.

Breakdown of total tax contribution and accounting results by geographical region

Spain was the jurisdiction where ENDESA, logically, paid most in taxes, representing more than 89% of the total taxes paid and collected by ENDESA in 2021 by ENDESA.

TOTAL AMOUNT OF PAYMENTS MADE TO PUBLIC ADMINISTRATIONS IN MILLIONS OF EUROS BREAKDOWN BY COUNTRY IN WHICH ENDESA OPERATES YEAR 2021

Country	Spain	Portugal	France	Germany	Netherlands	Total
Tax borne	1,235	11	0	1	0	1,247
Tax collected	1,448	148	81	59	26	1,762
Total Tax Contribution	2,683	159	81	60	26	3,009
TTC % of total	89.1%	5.3%	2.7%	2.0%	0.9%	100%
Other regulatory payments	Spain	Portugal	France	Germany	Netherlands	Total
Social bonus	52	14	0	0	0	66
Energy efficiency	28	0	0	0	0	28
Other	0	14	5	0	0	19
Total other payments to public administrations	80	28	5	0	0	113
Total payments made to public administrations	2,763	187	86	60	26	3,122

TOTAL AMOUNT IN MILLIONS OF EUROS OF ACCOUNTING PROFIT BREAKDOWN BY COUNTRY IN WHICH ENDESA OPERATES IN 2021

Country	Spain	Portugal	France	Germany	Netherlands	Morocco	Total
Total revenue	18,724	1,289	479	337	70	0	20,899
Accounting profit before tax ¹	1,918	22	0	-19	2	1	1,924
Corporation tax paid ²	336	10	-1	1	0	0	346
Accrued corporation tax ³	479	5	0	-4	0	0	480
Retained earnings	4,272	70	21	2	-2	0	4,363
Cash and cash equivalents	21,754	340	3	0	0	0	22,097
Number of employees ⁴	9,116	74	57	8	3	0	9,258
Contributions to foundations and non-profit organisations	7						7
Public grants received ⁵	1.7						1.7

¹The criterion for determining the accounting profit is on a consolidated basis.

²The figure corresponding to Tax on Profits corresponds to Corporation Tax paid/received in the reporting period. In this case, it should be noted that ENDESA and its wholly-owned subsidiaries located in Spain are part of the fiscal consolidation group whose parent company is ENEL S.p.a., the company representing the tax group in Spain being ENEL Iberia, S.L.U. Therefore, the data shown is the amount paid/collected by ENDESA and its subsidiaries belonging to the tax group to ENEL Iberia, S.L.U., which declares and settles the taxes of the tax group with the tax authorities in accordance with tax regulations. For the rest of the subsidiaries of the consolidated commercial group that are not part of the fiscal consolidation group, the amount paid / charged to the Tax Administration is taken into account.

Morocco consolidates in the group by the equity method, so the accounting profit corresponds to the result after taxes in the percentage in which ENDESA participates.

³Accrued Tax on Profits corresponds to the Current Corporation Tax recognised in the period.

⁴The employee figure refers to the number of active employees at 31 December 2021. Employees in France, Germany, the Netherlands and part of Portugal are employees of branches of the company Endesa Energia S.A. in these countries, consolidated in Spain.

⁵El dato de subvenciones públicas recibidas se corresponde con el The figure for public subsidies received corresponds to the total amount of public subsidies collected in 2021, all in Spain.

4.5. Use of tax havens

ENDESA understands the concept of tax haven in relation to those territories considered as such by Spanish tax regulations, in accordance with Royal Decree 1080/1991 of July 5 which determines the countries or territories referred to by Articles 2, section 3, number 4, of Law 17/1991 of 27 May on Urgent Fiscal Measures, and 62 of Law 31/1990 of 27 December on

General State Budgets for 1991. However, the territories included in the EU's list of non-cooperative jurisdictions for tax purposes (both the "black" and "grey" lists) and the jurisdictions analysed by the Global Forum on Transparency and Information Exchange within the OECD are also analysed, as are the lists issued by other organisations and NGOs.

ENDESA's policy is that investments are not made in or through territories classified as tax havens in order to reduce the tax burden. They are only carried out if there are important economic reasons that justify it other than the one mentioned. In addition, ENDESA has never resorted to entities located in tax havens to conceal the identity of parties earning income, conducting activities, owning property or holding rights.

At 31 December 2021, and for a period of over one year, ENDESA does not have holdings in companies located in any territory classified as a tax haven or in any territory classified by third parties as having more favourable taxation than Spain.

ANNEX

- 1. ANNEX I: Methodology for preparing the report.**
- 2. ANNEX II: Index of GRI content.**
- 3. ANNEX III: Index of content required by Law 11/2018.**
- 4. ANNEX IV: Index of contents required by the SASB.**
- 5. ANNEX V: World Economic Forum (WEF) index of contents.**
- 6. ANNEX VI: Public independent review report.**

ANNEX I: Methodology for preparing the report

1. Profile of the report

2-3/3-1/

The Statement of Non-Financial Information and Sustainability 2021 is the twenty-first annual report published by the company since it began publishing Sustainability Reports in 2001. This report is ENDESA's second Statement of Non-Financial Information and Sustainability 2021.

This document has been prepared following the guidelines of the GRI Global Standards for Sustainability Reporting and Law 11/2018 of 28 December on non-financial information and diversity. The Report has also been complemented with the specific sector supplement for the electricity sector (Electric Utilities Sector Supplement) of the GRI and with the principles established by the AA1000 APS (2018) standard.

With this 2021 Report, ENDESA aims to offer a transparent and global vision of the company's performance in terms of Sustainability, in accordance with its new Sustainability Policy and its 2021-2023 Sustainability Plan, which has been renewed with the 2022-2024 Plan, as well as complying with the Law. This underlines ENDESA's commitment to generating long-term value for its stakeholders and sustainable management of its business.

This document, which forms an integral part of the ENDESA Group's consolidated management report at 31 December 2021, has been drawn up in accordance with the requirements of Law 11/2018, of 28 December, amending the Code of Commerce, the revised text of the Corporate Enterprises Act approved by Royal Decree Law 1/2010, of 2 July, and Law 22/2015, of 20 July, on the Audit of the Financial Statements, with regard to non-financial and diversity information.

The scope of this Statement of Non-Financial Information and Sustainability includes the consolidated information relating to financial 2021 year for the ENDESA Group in accordance with the Basis of Presentation of the Consolidated Financial Statements described in Note 2 of the Notes to the Consolidated Financial Statements for the year ended 31 December 2021. In order to provide this information, the ENDESA Group has based this report on the GRI Global Standards for Sustainability Reporting and the Electric Utilities Sector Supplement for the indicators broken down in Annex III, which identifies the content relating to the indicated standards.

Annex II, GRI content index, provides more information in relation to GRI content.

The Statement of Non-Financial Information and Sustainability 2021 is published together with the company's other annual reports, such as the Legal Documentation and the Corporate Governance Report, as well as with the contents of the Sustainability section of the ENDESA website (www.endesa.com). Information is also provided on the social commitment activities of the ENDESA Foundation in its annual report.

ENDESA reports on its sustainability performance through its corporate website, www.endesa.com, offering quarterly information to shareholders and the financial markets. This information is also available via the ENDESA Shareholder Office.

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The Board of Directors, the highest governing body of the company, and senior management participate in the request for external verification, which is entrusted to KPMG, an entity of proven competence unconnected with the company, which applies professional criteria and follows systematic processes based on empirical verification. The public independent review report is included in Annex VI.

2. Report boundary

3-1

ENDESA keeps a corporate record permanently updated with information on all its holdings, whether direct or indirect, as well as details of any companies over which it may be able to exercise control.

The scope of the information provided in this report covers both ENDESA, S.A. and its investee companies in Spain and Portugal, as in the Legal Documentation reports. For further information, see section 1.2.6. *Organisational structure* in Chapter 1. *About ENDESA*.

The environment

As a rule, 100% of those facilities majority-owned by ENDESA, over which it therefore has controls, are included for environmental data. Data is also included relating to facilities over which ENDESA does not have control in proportion to its shareholding, as is the case of nuclear facilities.

The information in the 2020 report on energy consumption (electricity, natural gas and diesel) was limited to the six main sites. In order to continue improving the reporting of non-financial information, the reporting perimeter has been expanded in the 2021 annual report to include all buildings under the management of the General Directorate of Resources, increasing the number to 124 buildings. In this report, this extension has been replicated for 2019 and 2020 to give a more objective benchmark for comparison with previous years.

Only the perimeter of Spain is included in the identification and quantification of risks deriving from climate change. As a result, ENDESA's activity in Morocco is not included, as it is not within the consolidation scope, and neither is that in Portugal, as it is immaterial in terms of business comparisons.

Employees and society

The data on employees include the companies managed by ENDESA and its investees in Spain and Portugal. Employees of investee companies in France, the Netherlands and Germany are also included. The following percentages of the company's participation has been consolidated for the quantitative information reported by the companies SALIME and ANAV: 50% for SALIME and 85% for ANAV.

In the area of occupational health and safety, data are included for the employees of companies majority-owned by ENDESA, where it is therefore responsible for operations. This means that the data do not include ENEL Iberia or the ENDESA Foundation. The percentage holding in ANAV (85.41%) is also considered, except for the number of accidents, where 100% of accidents are included.

The information on social programmes corresponds to the activities of ENDESA, its foundation and its subsidiaries in Spain and Portugal.

Nuclear power stations

The scope of the information reported in relation to nuclear power plants considers ENDESA's percentage holding in the facilities belonging to each of the companies, reporting their environmental impacts in these percentage terms.

Material issues

The material aspects identified are all relevant for all the entities that make up ENDESA, both within and outside the organisation. All of these aspects are described in this report. To find out more about the material issues, refer to section 3. *Materiality* in chapter 3. *Materiality*.

Throughout the Sustainability and Non-Financial Statement, cases are indicated where there are restrictions on the scope of the information included compared to these criteria.

3. Other information

For further information on sustainability, refer to the following channels:

Websites

<https://www.endesa.com>

<https://www.endesatarifasluzygas.com/>

<https://www.edistribucion.com/es/index.html>

<https://www.energiaxxi.com/homexxi-en>

<https://www.endesax.com/es>

Customer service numbers

- Free market customers: 800 760 909 – From abroad (+34) 937 061 510
- Energía XXI: 800 76 03 33
- Companies: 800 76 02 66
- ENDESA One: 919 03 94 67
- ENDESA Distribución: 900 87 81 19 / From abroad +34 937 061 513

Email address

atencionalcliente@endesaonline.com

Shareholders and investors

Investor Relations:

Ribera del Loira, 60. 28042 Madrid

Telephone: + 34 91 213 1503

ir@endesa.es

Shareholders' Office:

Ribera del Loira, 60. 28042 Madrid

Telephone: 900 666 900.

accionistas@endesa.es

Suppliers

<https://globalprocurement.enel.com>

C/ Ribera del Loira, 60. 28042 Madrid.

Telephone: +34 914 558 838

email: procurement.enel@enel.com

Employees and their representatives

100% of employees have access to the corporate intranet.

Employees also have a multichannel platform (website, telephone and chat) known as “Online” through which they can make enquiries, resolve doubts and carry out tasks related to staff administration. This initiative, which leverages new technologies, is included within the company’s digital transformation plan, which seeks to reduce response times and increase employee satisfaction levels.

ENDESA trade union websites:

<http://ugtendesa.es/>

<https://ccooendesa.com/>

<http://www.asie-sindical.com/>

Customer service

Sustainability: **sostenibilidad@endesa.es**

Ethics channel: <https://secure.ethicspoint.eu/domain/media/es/gui/102504/index.html>

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The contact person for all stakeholders on sustainability-related issues and those related to the content of the ENDESA 2021 Sustainability and Non-Financial Statement is:

María Malaxechevarría Grande

General Manager – Sustainability

Ribera del Loira 60

28042 Madrid, Spain

email: **sostenibilidad@endesa.es**

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ENDESA Head Office

Ribera del Loira 60

28042 Madrid (Spain)ANNEXES

ANNEX II: Index of GRI content

GRI Standard	Content	Page number(s) and/or direct response
GRI 1: Fundamentals 2021		
General contents		
GRI 2: General contents 2021	2-1 Details of the organisation	Chapter. About ENDESA: 1.2.4 Main activities of ENDESA's business, page15 1.2.5. Main markets, page16 1.2.6. Organisational structure, page 17. ANNEX I: Methodology for preparing the report. 322
	2-6 Activities, supply chain and other business relationships	Chapter. About ENDESA: 1.1. Financial, operational and sustainability milestones, page 9 1.2.4 Main activities of ENDESA's business, page15 1.2.5. Main markets, page 16 1.2.6. Organisational structure, page 17. Chapter. Decarbonisation: 1.3. Climate strategy; page 94 Chapter. Creating value: 2.1.1. ENDESA's stock market performance, page 22 Chapter. Supply chain: 3.1. Responsible supply chain, page 267 ENDESA does not sell or market prohibited products or services. Two services are provided in distribution activities: supply of energy and connection to the grid. Both of these services are regulated, so they are always provided in accordance with the existing regulatory framework. ENDESA Energía sells electricity and gas in compliance with applicable legislation. ENDESA X does not market any products or services prohibited by Spanish law and always acts in accordance with the law.
	2-7 Employees	Chapter. Commitment to our employees: 1.1. ENDESA's workforce, page 219
	2-23 Political commitments	Chapter. Company vision: 4. Sustainability strategy, page 39 Chapter. Good governance: 2. Corporate governance and ethical conduct, page 284
	2-28 Membership of associations	Chapter. Sustainability strategy 4.7. Participation in forums and associations, page 59
	GRI 3: Material issues 2021	3-3 Management of material issues

GRI Standard	Content	Page number(s) and/or direct response
GRI 2: General contents 2021	Strategy	
	2-22 Sustainable development strategy statement	Covering Letter, page 5

GRI Standard	Content	Page number(s) and/or direct response
GRI 2: General contents 2021	Ethics and integrity	
	2-23 Political commitments	Chapter. Corporate governance and ethical conduct: 2.2. Ethical conduct and compliance, page 290

	2-26 Mechanisms for seeking advice and addressing problems	Chapter. Corporate governance and ethical conduct: 2.2.5. Ethics channel, page 295
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GRI Standard	Content	Page number(s) and/or direct response
GRI 2: General contents 2021	Governance	
	2-9 Governance structure and composition	Chapter. Corporate governance and ethical conduct: 2.1.1. Leadership by the Board of Directors, page 285
	2-13 Delegation of responsibilities for impact management	Chapter. Corporate governance and ethical conduct: 2.1.3. Sustainability governance and management system, page 288
	2-12 Role of the highest governing body in impact management	Chapter. Corporate governance and ethical conduct: 2.1.3. Sustainability governance and management system, page 288
	2-9 Structure and composition of the governing body	Chapter. Corporate governance and ethical conduct: 2.1.1. Leadership of the Board of Directors, page 285
	2-11 Chairman of the highest governing body	Chapter. Corporate governance and ethical conduct: 2.1.1. Leadership of the Board of Directors, page 285
	2-10 Nomination and selection for the highest governing body	Chapter. Corporate governance and ethical conduct: 2.1.1. Leadership of the Board of Directors, page 285
	2-15 Conflicts of interest	Chapter. Corporate governance and ethical conduct: 2.1.2. Directors' responsibilities and duties, page 287
	2-17 Collective knowledge of the highest governing body	Chapter. Corporate governance and ethical conduct: 2.1.3. Sustainability governance and management system, page 288
	2-14 Role of the highest governing body in the preparation of sustainability reports	Chapter. Corporate governance and ethical conduct: 2.1.3. Sustainability governance and management system, page 288
	2-20 Process for determining remuneration	Chapter. Commitment to our employees: 1.2.3.4. Remuneration policy, page 228

GRI Standard	Content	Page number(s) and/or direct response
GRI 2: General contents 2021	Stakeholder participation	
	2-29 Approach to stakeholder participation	Chapter. Materiality: 3.1.2.2. Identification, prioritisation and consultation of stakeholders, page 28 Chapter. Creating value: 2.2.1. Transparency and close relations with shareholders and investors, page 25 Chapter. Electrification: 2.4.2. Customer satisfaction, a key factor at ENDESA, page 136
	2-30 Collective agreements	Chapter. Commitment to our employees: 1.4. Social dialogue, page 236

GRI Standard	Content	Page number(s) and/or direct response
GRI 2: General contents 2021	Information reporting practice	
	2-2 Entities included in the sustainability report	Chapter. About ENDESA: 1.2.6. Organisational structure, page 17
	2-4 Restatement of information	Restatements of information are referenced in each chapter
	2-3 Reporting period and frequency. Contact for issues related to the report.	ANNEX I: ENDESA, committed to providing information on sustainability, page 322
	2-5 External verification	ANNEX II: GRI content index, page 326
GRI 3: Material issues 2021	3-1 Process for determining material issues	Chapter. Materiality: 3.1.2.2. Identification, prioritisation and consultation of stakeholders, page 28 3.1.3. Double Materiality, page 33
	3-2 List of material issues	Chapter. Materiality: 3.1.3. Double Materiality, page 33

GRI Standard	Content	Page number(s) and/or direct response
GRI 200 Series of economic standards		
Economic performance		
GRI 3: Material issues 2021	3-3 Management of material issues	Chapter. Creating value: 2.1.2. Dividend, page 24
GRI 201: Economic performance 2016	201-1 Direct economic value generated and distributed	Chapter. About ENDESA: 1.1.3.1. Wealth generation in 2021 page 11
	201-2 Financial implications and other risks and opportunities deriving from climate change	Chapter. Sustainability strategy 4.1.1. Main ESG risks, page 39 Chapter. Decarbonisation: 1.4.1. Chronic and acute physical risks and opportunities, page 106; 1.4.2. Adaptation to climate change, page 109; 1.4.3. Risks and opportunities of the transition, page 113
	201-3 Obligations of the defined benefit plan and other retirement plans	Chapter. Commitment to our employees: 1.2.3.5. Social security, page 232
	201-4 Financial assistance received from the government	Chapter. About ENDESA: 1.1.3.1. Wealth generation in 2021 page 11

GRI Standard	Content	Page number(s) and/or direct response
Market presence		
GRI 3: Material issues 2021	3-3 Management of material issues	Chapter. Commitment to our employees: 1.2.3.4. Remuneration policy, page 228; 1.2.3.2. Hiring, page 227
GRI 202: Market presence 2016	202-1 Wage ratio by sex to local minimum wage	Chapter. Commitment to our employees: 1.2.3.4. Remuneration policy, page 228
	202-2 Proportion of senior executives hired from the local community	Chapter. Commitment to our employees: 1.2.3.2. Hiring, page 227

GRI Standard	Content	Page number(s) and/or direct response
Indirect economic impacts		
GRI 3: Material issues 2021	3-3 Management of material issues	Chapter. Responsible relations with communities: 2.1. Action under the CSV approach, page 247
GRI 203: Indirect economic impacts 2016	203-1 Investments in infrastructure and supported services	Chapter. Responsible relations with communities: 2.5. Quantification of ENDESA's social investment in the community, page 260
	203-2 Significant indirect economic impacts	Chapter. Responsible relations with communities: 2.4. Details of sustainability projects, page 254; 2.5.1. Achievements, impacts and returns, page 262

GRI Standard	Content	Page number(s) and/or direct response
Acquisition practices		
GRI 3: Material issues 2021	3-3 Management of material issues	Chapter. Supply chain: 3.2. ENDESA's integrated purchasing process, page 268
GRI 204: Acquisition practices 2016	204-1 Proportion of spending on local suppliers	Chapter. Supply chain: 3.1.2. Commitment to local suppliers, page 267

GRI Standard	Content	Page number(s) and/or direct response
Anti-corruption		
GRI 3: Material issues 2021	3-3 Management of material issues	Chapter. Corporate governance and ethical conduct: 2.2.1. Code of Ethics and Zero Tolerance Plan Against Corruption, page 291; 2.2.5. Ethics channel, page 295
GRI 205: Anti-corruption 2016	205-2 Communication and training for anti-corruption policies and procedures	Chapter. Commitment to our employees: 1.3.2. Type and content of the training, page 235 Chapter. Corporate governance and ethical conduct: 2.2.1. Code of Ethics and Zero Tolerance Plan Against Corruption, page 291
	205-3 Confirmed cases of corruption and actions taken	Chapter. Corporate governance and ethical conduct: 2.2.5. Ethics channel, page 295

GRI Standard	Content	Page number(s) and/or direct response
Unfair competition		
GRI 3: Material issues 2021	3-3 Management of material issues	Chapter. Corporate governance and ethical conduct: 2.2.1. Code of Ethics and Zero Tolerance Plan Against Corruption, page 291
GRI 206: Unfair competition 2016	206-1 Legal actions related to unfair competition and monopolistic practices and practices against free competition	Chapter. Corporate governance and ethical conduct: 2.2.6. Litigation, page 296

GRI Standard	Content	Page number(s) and/or direct response
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	207-2: Tax risk control and management governance	Chapter. Tax transparency: 4.1. Tax policy, page 313 Chapter. Company vision 4.1.5 The tax risk control and management system, page 47
	207-3: Participation of stakeholders and management of concerns in tax matters	Chapter. Tax transparency: 4.3. Relationships with stakeholders, page 313
	207-4: Presentation of reports country by country	Chapter. Tax transparency: 4.4. Tax contribution, page 313

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Materials		
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GRI 301: Materials 2016	301-1 Materials used by weight or volume.	Chapter. The environment: 1.2.1.2. Fuel consumption, page 196
	301-2 Recycled inputs	Chapter. The environment: 1.2.5.1. Water capture, page 203

GRI Standard	Content	Page number(s) and/or direct response
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	302-1 Energy consumption within the organisation	Chapter. The environment: 1.2.1.1. Electricity consumption, page 196; 1.2.1.2. Fuel consumption, page 196
GRI 302: Energy 2016	302-2 Energy consumption outside the organisation	Chapter. The environment: 1.2.1.3. Energy consumption, page 197
	302-3 Energy intensity	Chapter. The environment: 1.2.1.3. Energy consumption, page 197
	302-4 Reduction of energy consumption	Chapter. The environment: 1.2.1.3. Energy consumption, page 197
	302-5 Reduction of energy requirements of products and services	Chapter. Electrification: 2.5.1. ENDESA: Products and services to customers, page 140

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GRI 3: Material issues 2021	3-3 Management of material issues	Chapter. The environment: 1.2.5. Water resources, page 202
	303-1 Interaction with water as a shared resource	Chapter. The environment: 1.2.5.1 Water capture, page 203
GRI 303: Water and effluents 2018	303-2 Management of impacts related to water discharges	Chapter. The environment: 1.2.5.2. Water discharge, page 205
	303-3 Water extraction	Chapter. The environment: 1.2.5.1 Water capture, page 203; 1.2.5.3 Water stress, page 206
	303-4 Water discharge	Chapter. The environment: 1.2.5.2. Water discharge, page 205
	303-5 Water consumption	Chapter. The environment: 1.2.5.1 Water capture, page 203

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GRI 3: Material issues 2021	3-3 Management of material issues	Chapter. The environment: 1.3. Biodiversity conservation, page 210; 1.3.1. Biodiversity conservation plan, page 212
	304-1 Owned, leased or managed operations centres located within or next to protected areas or areas of high value for biodiversity outside protected areas	Chapter. Environmental sustainability: 1.3.4. Impacts from activities and operations in protected areas, page 215.
GRI 304: Biodiversity 2016	304-2 Significant impacts of activities, products and services on biodiversity	Chapter. The environment: 1.3.2. Key actions, page 213; 1.3.4. Impacts caused by activities and operations in protected areas, page 215
	304-3 Habitats protected or restored	Chapter. The environment: 1.3.3. Environmental restoration, page 213
	304-4 Species that appear on the IUCN Red List and national conservation lists whose habitats are in areas affected by operations	Chapter. The environment: 1.3.2. Key actions, page 213

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GRI 3: Material issues 2021	3-3 Management of material issues	Chapter. The environment: 1.2.2. Air quality, page 201 1.2.3. Emissions of ozone-depleting substances, page 202 Chapter. Decarbonisation: 1.5.1. Carbon footprint, page 117
	305-1 Direct GHG emissions (scope 1)	Chapter. Decarbonisation: 1.5.2. Direct and indirect Greenhouse Gas (GHG) emissions, page 119
	305-2 Indirect GHG emissions when generating energy (scope 2)	Chapter. Decarbonisation: 1.5.2. Direct and indirect Greenhouse Gas (GHG) emissions, page 119
GRI 305: Emissions 2016	305-3 Other indirect GHG emissions (scope 3)	Chapter. Decarbonisation: 1.5.2. Direct and indirect Greenhouse Gas (GHG) emissions, page 119
	305-4 GHG Intensity of GHG emissions	Chapter. Decarbonisation: 1.5.2. Direct and indirect Greenhouse Gas (GHG) emissions, page 119
	305-5 Reduction of GHG emissions	Chapter. Decarbonisation: 1.5.2. Direct and indirect Greenhouse Gas (GHG) emissions, page 119
	305-6 Emissions of ozone-depleting substance (ODS)	Chapter. The environment: 1.2.3. Emissions of ozone-depleting substances, page 202
	305-7 Nitrogen oxides (NOX), sulphur oxides (SOX) and other significant air emissions	Chapter. The environment: 1.2.2. Air quality, page 201; 1.2.3. Emissions of ozone-depleting substances, page 202

GRI Standard	Content	Page number(s) and/or direct response
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GRI 3: Material issues 2021	3-3 Management of material issues	Chapter. The environment: 1.2.5.2. Water discharge, page 205; 1.2.6. Waste. Waste prevention, recycling and reuse measures and other forms of waste recovery and disposal, page 207
	306-1 Generation of waste and significant impacts related to waste	Chapter. The environment: 1.2.6. Waste. Measures for the prevention, recycling and reuse of waste, and other forms of recovery and disposal, page 207
GRI 306: Waste 2020	306-2 Management of significant impacts related to waste	Chapter. The environment: 1.1.4. Managing environmental risks and impacts, page 190; 1.2.6. Waste. Measures for the prevention, recycling and reuse of waste, and other forms of recovery and disposal, page 207
	306-3 Waste generated	Chapter. The environment: 1.2.6. Waste. Measures for the prevention, recycling and reuse of waste, and other forms of recovery and disposal, page 207
	306-4 Waste not destined for disposal	Chapter. The environment: 1.2.6. Waste. Measures for the prevention, recycling and reuse of waste, and other forms of recovery and disposal, page 207
	306-5 Waste destined for disposal	Chapter. The environment: 1.2.6. Waste. Measures for the prevention, recycling and reuse of waste, and other forms of recovery and disposal, page 207

GRI Standard	Content	Page number(s) and/or direct response
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GRI 3: Material issues 2021	3-3 Management of material issues	Chapter. The environment: 1.1.1. ENDESA's Environmental Policy, page 189
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GRI Standard	Content	Page number(s) and/or direct response
Environmental assessment of suppliers		
GRI 3: Material issues 2021	3-3 Management of material issues	Chapter. Supply chain: 3.2.2. Selection process, page 272; 3.3.3. Environmental management, page 276
GRI 308: Environmental assessment of suppliers 2016	308-1 New suppliers that have passed evaluation and selection filters in accordance with environmental criteria	Chapter. Supply chain: 3.2.2. Selection process, page 272 3.2.1. Rating process, page 270
	308-2 Negative environmental impacts in the supply chain and measures taken	Chapter. Supply chain: 3.3.3. Environmental management, page 276; 3.2.1. Rating process, page 270

GRI Standard	Content	Page number(s) and/or direct response
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GRI 3: Material issues 2021	3-3 Management of material issues	Chapter. Commitment to our employees: 1.6. Responsible people management at ENDESA, page 239
GRI 401: Employment 2016	401-1 New employee hires and staff turnover	Chapter. Commitment to our employees: 1.2.3. Attracting and retaining talent, page 226
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Chapter. Commitment to our employees: 1.2.3.4. Remuneration policy, page 228
	401-3 Parental leave	Chapter. Commitment to our employees: 1.6.2. Striking a balance between professional, personal and family life, page 245

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GRI 3: Material issues 2021	3-3 Management of material issues	Chapter. Commitment to our employees: 1.4. Social dialogue, page 236
GRI 402: Company-worker relations 2016	402-1 Minimum notice periods regarding operational changes	Chapter. Commitment to our employees: 1.4. Social dialogue, page 236

GRI Standard	Content	Page number(s) and/or direct response
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GRI 3: Material issues 2021	3-3 Management of material issues	Chapter. Occupational health and safety: 3.1. ENDESA: a safe and healthy workplace, page 302
	403-1 Occupational health and safety management system	Chapter. Occupational health and safety: 3.1. ENDESA: a safe and healthy workplace, page 302
	403-2 Hazard identification, risk assessment and incident investigation	Chapter. Occupational health and safety: 3.1. ENDESA: a safe and healthy workplace, page 302; 3.1.2. Workplace risk prevention, training and inspections, page 306
	403-3 Occupational health services	Chapter. Occupational health and safety: 3.1.1. Common occupational health and safety management, page 306
	403-4 Worker participation, consultation and communication on health and safety at work	Chapter. Occupational health and safety: 3.1.4. Occupational health and safety committees, page 307
	403-5 Training of workers on health and safety at work	Chapter. Occupational health and safety: 3.1.2. Workplace risk prevention, training and inspections, page 306 Chapter. Commitment to our employees: 1.3.2. Type and content of the training, page 235
	403-6 Promotion of workers' health	Chapter. Occupational health and safety: 3.1.3. Promoting a culture of occupational health and safety, page 306
	403-7 Prevention and mitigation of impacts on the health and safety of workers directly linked to commercial relationships	Chapter. Occupational health and safety: 3.1. ENDESA, a safe and healthy workplace, page 302
	403-8 Coverage of the occupational health and safety management system	Chapter. Occupational health and safety: 3.1. ENDESA, a safe and healthy workplace, page 302; 3.1.1. Common occupational health and safety management, page 306
	403-9 Work accident injuries	Chapter. Occupational health and safety: 3.1.5 Decrease in accident rate, page 307 Chapter. Commitment to our employees: 1.1. ENDESA's workforce, page 219 Chapter. Supply chain 3.1.1. The supply chain in figures, page 267
GRI 403: Health and safety at work 2018	403-10 Occupational injuries and illnesses	Chapter. Occupational health and safety: 3.1.5 Decrease in accident rate, page 307

GRI Standard	Content	Page number(s) and/or direct response
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	404-1 Average hours of training per year per employee	Chapter. Commitment to our employees: 1.3.1. Key figures and highlights, page 234
	404-2 Programmes to enhance employee skills and transition assistance programmes	Chapter. Commitment to our employees: 1.3.2. Type and content of the training, page 235; 1.2.2. Talent development, page 225
GRI 404: Training and teaching 2016	404-3 Percentage of employees receiving regular performance and career development reviews	Chapter. Commitment to our employees: 1.2.1. Leadership model, page 223

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GRI 3: Material issues 2021	3-3 Management of material issues	Chapter. Commitment to our employees: 1.6.1. ENDESA's commitment to diversity, page 239
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	405-2 Ratio of base salary and remuneration of women to men	Chapter. Commitment to our employees: 1.2.3.4. Remuneration policy, page 228

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GRI 406: Non-discrimination 2016	406-1 Cases of discrimination and corrective action taken	Chapter. Commitment to our employees: 1.6.1.1. Diversity and inclusion policy, page 239

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GRI 3: Material issues 2021	3-3 Management of material issues	Chapter. Commitment to our employees: 1.4. Social dialogue, page 236
GRI 407: Freedom of association and collective bargaining 2016	407-1 Operations and suppliers whose right to freedom of association and collective bargaining could be at risk	Chapter. Commitment to our employees: 1.4. Social dialogue, page 236

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GRI 408: Child labour 2016	408-1 Operations and suppliers with significant risk of cases of child labour	Chapter. Commitment to our employees: 1.2.3.2. Hiring, page 227 Chapter. Supply chain: 3.2.2. Selection process, page 272

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GRI 409: Forced or compulsory labour 2016	409-1 Operations and suppliers with significant risk of cases of forced or compulsory labour	Chapter. Commitment to our employees: 1.2.3.2. Hiring, page 227; 1.2.3.3. Rejection of forced and child labour, page 228 Chapter. Supply chain: 3.2.2. Selection process, page 272

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GRI 3: Material issues 2021	3-3 Management of material issues	Chapter. Commitment to our employees: 1.3.2. Type and content of the training, page 235
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GRI 3: Material issues 2021	3-3 Management of material issues	Chapter. Sustainability strategy 4.3. Our respect for human rights, page 52; 4.4.3 The Guiding Principles on Business and Human Rights, page 56
GRI 412: Assessment of human rights 2016	412-1 Operations subject to revisions or evaluations of impact on human rights	Chapter. Human Rights (due diligence): 1.1. The due diligence process, page 280 Chapter. Supply chain: 3.3.2. Compliance with human rights, page 275
	412-2 Training of employees in Human Rights policies and procedures	Chapter. Commitment to our employees: 1.3.2. Type and content of the training, page 235
	412-3 Significant investment agreements and contracts with human rights clauses or subject to human rights assessment	Chapter. Supply chain: 3.2.2. Selection process, page 272; 3.3.2. Compliance with human rights, page 275

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GRI 3: Material issues 2021	3-3 Management of material issues	Chapter. Responsible relations with communities: 2.1. Action under the CSV approach, page 247
GRI 413: Local communities 2016	413-1 Operations with local community participation, impact assessments and development programmes	Chapter. Responsible relations with communities: 2.1. Action under the CSV approach, page 247
	413-2 Operations with significant negative impacts, whether real or potential, on local communities	Chapter. Responsible relations with communities: 2.1. Action under the CSV approach, page 247

GRI Standard	Content	Page number(s) and/or direct response
Social evaluation of suppliers		
GRI 3: Material issues 2021	3-3 Management of material issues	Chapter. Supply chain: 3.2.2. Selection process, page 272; 3.3.1. Integrity and the fight against corruption, page 274; 3.3.2. Compliance with human rights, page 275
GRI 414: Social evaluation of suppliers 2016	414-1 New suppliers that have passed selection filters according to social criteria	Chapter. Supply chain: 3.2.2. Selection process, page 272; 3.3.1. Integrity and the fight against corruption, page 274; 3.3.2. Compliance with human rights, page 275; 3.3.3. Environmental management, page 276 3.3.4 Occupational health and safety, page 277
	414-2 Negative social impacts in the supply chain and measures taken	Chapter. Supply chain: 3.3.1. Integrity and the fight against corruption, page 274

GRI Standard	Content	Page number(s) and/or direct response
Public policy		
GRI 3: Material issues 2021	3-3 Management of material issues	Chapter. Corporate governance and ethical conduct: 2.2.1. Code of Ethics and Zero Tolerance Plan Against Corruption, page 291
GRI 415: Public policy	415-1 Contributions to political parties and/or representatives	Chapter. Corporate governance and ethical conduct: 2.2.1. Code of Ethics and Zero Tolerance Plan Against Corruption, page 291

GRI Standard	Content	Page number(s) and/or direct response
Customers' health and safety		
GRI 3: Material issues 2021	3-3 Management of material issues	Chapter. Electrification: 2.1.3. Safety at facilities, page 126; 2.5. ENDESA's energy solutions, page 140
GRI 416: Customers' health and safety 2016	416-1 Assessment of the health and safety impacts of product or service categories	Chapter. Electrification: 2.1.3. Safety at facilities, page 126; 2.5. ENDESA's energy solutions, page 140
	416-2 Cases of non-compliance related to impacts on health and safety of the categories of products and services	Chapter. Corporate governance and ethical conduct: 2.2.6. Litigation, page 296

GRI Standard	Content	Page number(s) and/or direct response
Marketing and labelling		
GRI 3: Material issues 2021	3-3 Management of material issues	Chapter. Electrification: 2.4.1. Responsibility for information and portfolio of products and services, page 135; 2.4.2 Customer satisfaction, a key factor at ENDESA, page 136
GRI 417: Marketing and labelling 2016	417-1 Requirements for information on and labelling of products and services	Chapter. Electrification: 2.4.1. Responsibility for information and portfolio of products and services, page 135
	417-2 Cases of non-compliance related to information on and labelling of products and services	Chapter. Corporate governance and ethical conduct: 2.2.6. Litigation, page 296 Chapter. Electrification: 2.5. ENDESA's energy solutions, page 140
	417-3 Cases of non-compliance related to marketing communications	Chapter. Corporate governance and ethical conduct: 2.2.6. Litigation, page 296

GRI Standard	Content	Page number(s) and/or direct response
Customer privacy		
GRI 3: Material issues 2021	3-3 Management of material issues	Chapter. Digitalisation and cybersecurity: 3.5. Cybersecurity, page 162
GRI 418: Customer privacy 2016	418-1 Substantiated complaints regarding customer privacy violations and loss of customer data	Chapter. Corporate governance and ethical conduct: 2.2.6. Litigation, page 296

GRI Standard	Content	Page number(s) and/or direct response
Socioeconomic compliance		
GRI 3: Material issues 2021	3-3 Management of material issues	Chapter. Corporate governance and ethical conduct: 2.2.1. Code of Ethics and Zero Tolerance Plan Against Corruption, page 291; 2.2.2. Corporate integrity protocols, page 292; 2.2.3. Criminal and anti-bribery risk prevention model, page 292
GRI 2: General contents 2021	2-27 Compliance with laws and regulations	Chapter. Corporate governance and ethical conduct: 2.2.6. Litigation, page 296

GRI Standard	Content	Page number(s) and/or direct response
EU1	Installed capacity	Chapter. About ENDESA: 1.1. Financial, operational and sustainability milestones, page 9
EU2	Energy production	Chapter. About ENDESA: 1.1. Financial, operational and sustainability milestones, page 9
EU3	Number of residential, industrial, institutional and commercial customers	Chapter. About ENDESA: 1.1. Financial, operational and sustainability milestones, page 9
EU4	Distribution and transmission lines	Chapter. Electrification: 2.1.1. Development and improvement of distribution infrastructure, page 125
EU5	CO ₂ emission quotas or equivalent quotas	Chapter. Decarbonisation: 1.7.1. The carbon market and offsetting mechanisms, page 123
EU10	Planned capacity versus projected long-term electricity demand, broken down by energy source and regulatory regime	Chapter. Electrification: 2.1.1. Development and improvement of distribution infrastructure, page 125
EU11	Average efficiency of thermal power plant generation by energy source and by regulatory regime	Chapter. The environment: 1.2.1.5. Energy efficiency and non-availability in electricity generation, page 199
EU12	Transmission and distribution losses as a percentage of total energy	Chapter. About ENDESA: 1.1.3. Sustainable indicators, page 11
EU13	Biodiversity of habitats offset compared with biodiversity of affected areas	Chapter. The environment: 1.3.4. Impacts caused by activities and operations in protected areas, page 215
EU15	Percentage of employees eligible to retire in the next 5 and 10 years by job category and by region	Chapter. Commitment to our employees: 1.1. ENDESA's workforce, page 219
EU17	Days worked by contractor and subcontractor employees involved in construction, operation and maintenance activities	Chapter. Supply chain: 3.1.1. The supply chain in figures, page 267
EU18	Percentage of contractor and subcontractor employees who have received relevant health and safety training	Chapter. Occupational health and safety: 3.2.2. Contractor training, page 311
EU25	Number of injuries and deaths involving company assets, including court rulings, settlements and pending legal cases relating to illness	Chapter. Good governance and ethical conduct: 2.2.6. Litigation, page 296
EU27	Number of residential disconnections for non-payment, broken down by duration of disconnection and by regulatory regime.	Chapter. Electrification: 2.3.1. Disconnections due to non-payment and reconnections for domestic customers, page 134
EU28	Frequency of power outages	Chapter. Electrification: 2.1.2. Continuity in supply, page 126
EU29	Average duration of power outages	Chapter. Electrification: 2.1.2. Continuity in supply, page 126
EU30	Average availability factor of the plant by energy source and by regulatory regime	Chapter. The environment: 1.2.1.5. Energy efficiency and non-availability in electricity generation, page 199

GRI Standard	Content	Page number(s) and/or direct response
GRI 3: Material issues 2021		
Access to electricity EUSS	3-3 Management of material issues	Chapter. Electrification: 2.3. Energy poverty and access to electricity for vulnerable customers 133
Effluents and waste EUSS	3-3 Management of material issues	Chapter. The environment: 1.1.6.1. Risk prevention and management, page 193; 1.2.6. Waste. Waste prevention, recycling and reuse measures and other forms of waste recovery and disposal, page 207
Water and effluents EUSS	3-3 Management of material issues	Chapter. The environment: 1.2.5. Water resources, page 202
Materials EUSS	3-3 Management of material issues	Chapter. The environment: 1.2.6. Waste. Waste prevention, recycling and reuse measures and other forms of waste recovery and disposal, page 207
Biodiversity EUSS	3-3 Management of material issues	Chapter. The environment: 1.3. Biodiversity conservation, page 210
Employment EUSS	3-3 Management of material issues	Chapter. Commitment to our employees: 1.3.2. Type and content of the training, page 213 Chapter. Occupational health and safety: 3.1. ENDESA, a safe and healthy workplace, page 212
Availability and reliability EUSS	3-3 Management of material issues	Chapter. Electrification: 2.1.1. Development and improvement of distribution infrastructure, page 125

GRI Standard	Content	Page number(s) and/or direct response
Research and development EUSS	3-3 Management of material issues	Chapter. Innovation: 4.1. Investing in innovation, page 168; 4.2. The open innovation model, page 169
Provision of information EUSS	3-3 Management of material issues	Chapter. Electrification: 2.4.1. Responsibility for information and portfolio of products and services, page 135
Dismantling of plants EUSS	3-3 Management of material issues	Chapter. The environment: 1.1.6.3. Dismantling, page 194
Disaster/emergency planning and response EUSS	3-3 Management of material issues	Chapter. The environment: 1.1.6.2. Management of emergencies, page 193
Demand management EUSS	3-3 Management of material issues	Chapter. Electrification: 2.5.1. ENDESA: Products and services to customers, page 140
System efficiency EUSS	3-3 Management of material issues	Chapter. The environment: 1.2.1.5. Energy efficiency and non-availability in electricity generation, page 199
Customer health and safety EUSS	3-3 Management of material issues	Chapter. Electrification: 2.1.3. Safety at facilities, page 126; 2.5. ENDESA's energy solutions, page 140

ANNEX III: Index of content required by Law 11/2018

Index of content required by Law 11/2018, of 28 December, which amends the Code of Commerce, the Consolidated Text of the Spanish Corporate Enterprises Act approved by Legislative Royal Decree 1/2010, of 2 July, and Law 22/2015, of 20 July, on the Audit of the Financial Statements with respect to non-financial information and diversity.

Taxonomy

Scope	Reporting framework	Reference
Taxonomy	Internal methodology based on compliance with EU Regulation 2020/852	Chapter. Sustainable finance and taxonomy: 5.2. Taxonomy pág. 68

General areas

Scope	Reporting framework	Reference
Business model	GRI 2-1, 2-6, 2-22	Chapter. About ENDESA: 1.1 Financial, operational and sustainability milestones, page 9 Chapter. About ENDESA: 1.2.4. Main activities of ENDESA's business, page 15 Chapter. About ENDESA: 1.2.5. Main markets, page 16 Chapter. About ENDESA: 1.2.6. Organisational structure, page 17 Annex I. Methodology for preparing the report, page 322 Chapter. Materiality: 3.1.3.3. Double Materiality, page 33 Chapter. Human Rights (due diligence): 1.1. The due diligence process, page 280; 1.2. Opportunities for improvement and action plan, page 283 Chapter. Sustainability strategy 4.2. ENDESA's 2022-2024 Sustainability Plan, page 51; 4.1.1. Main ESG risks, page 39
Main risks and impacts identified	Internal control and risk management system Risk and impact analysis related to key issues	Chapter. Sustainability strategy 4.1.7. Tax Risk Control and Management Governance. 49; 4.2. ENDESA's 2022-2024 Sustainability Plan, page 51 Chapter. Materiality: 3.1.3.3. Double Materiality, page 33

Environmental issues

Scope	Reporting framework	Reference	
Management approach			
Environmental management	Current and foreseeable effects of the company's activities	GRI 3-3, 2-27	Chapter. The environment: 1.1. Environmental management, page 189; 1.1.1. ENDESA's environmental policy 189
	Environmental assessment or certification procedures	GRI 2-27	Chapter. The environment: 1.1.5. Environmental management systems, page 191
	Resources dedicated to the prevention of environmental risks	Internal framework: Resources for the prevention of environmental risks	Chapter. The environment: 1.1.4. Managing environmental risks and impacts, page. 190
	Application of the precautionary principle	GRI 2-23	Chapter. The environment: 1.1.1. ENDESA's environmental policy, page 189
Amount of provisions and guarantees for environmental risks	Internal framework: Amount of provisions	Chapter. The environment: 1.1.7. Environmental sanctions, page 195	

			and guarantees for environmental risks
Pollution	Measures to prevent, reduce or offset carbon emissions (also includes noise and light pollution)	GRI 305-7	Chapter. The environment: 1.2.2 Air quality, page 201 1.2.4. Noise and light pollution, page 202
Circular economy and waste prevention and management	Measures for the prevention, recycling and reuse of waste, and other forms of recovery and disposal	GRI 306-2, 303-1	Chapter. Circular economy: 5.1. A circular approach for a sector with a bright future, page 181 Chapter. The environment: 1.2.6. Waste. Measures for the prevention, recycling and reuse of waste, and other forms of recovery and disposal, page 207
	Actions to combat food waste		Actions to combat food waste are not reported as they are not considered a material issue.
Sustainable use of resources	Water consumption and water supply in accordance with local limitations	GRI 303-1, 303-3, 303-5, 306-5	Chapter. The environment: 1.2.5.1. Water capture, page 203
	Consumption of raw materials and measures taken to improve the efficiency of their use	GRI 301-1	Chapter. The environment: 1.2.1.2 Fuel consumption, page 196; 1.2.1.5. Energy efficiency and non-availability in electricity generation, page 199
	Direct and indirect consumption of energy	GRI 302-1, 302-3	Chapter. The environment: 1.2.1 Energy resources, page 196
	Measures taken to improve energy efficiency	GRI 302-4	Chapter. The environment: 1.2.1.5. Energy efficiency and non-availability in electricity generation, page 199
	Use of renewable energies	Internal framework: Use of renewable energies	Chapter. Decarbonisation: 1.3 Climate strategy, page 94
Climate change	Important elements of greenhouse gas emissions generated	GRI 305-1, 305-2, 305-3, 305-4, 305-5	Chapter. Decarbonisation: 1.5.2. Direct and indirect Greenhouse Gas (GHG) emissions, page 119
	Measures taken to adapt to the consequences of climate change	GRI 201-2	Chapter. Decarbonisation: 1.4.2. Adaptation to climate change, page 109 Chapter. Sustainability strategy 4.1.1. Main ESG risks, page 39
	Reduction goals set voluntarily	GRI 305-5	Chapter. Decarbonisation: 1.5.2. Direct and indirect Greenhouse Gas (GHG) emissions, page 119
Protection of biodiversity	Measures taken to preserve or restore biodiversity	GRI 304-3	Chapter. The environment: 1.3. Biodiversity conservation, page 210; 1.3.1 Biodiversity Conservation Plan, page 212
	Impacts caused by activities or operations in protected areas	GRI 304-2, 303-2	Chapter. The environment: 1.3.2 Key actions, page 213; 1.3.3 Environmental restoration, page 213; 1.3.4 Impacts caused by activities and operations in protected areas, page 215; 1.2.5.2. Water discharge, page 205

Social and personnel issues

	Scope	Reporting framework	Reference
Management approach			
Employment	Total number and distribution of employees by gender, age, country and professional category	GRI 401-1	Chapter. Commitment to our employees: 1.1. ENDESA's workforce, page 219
	Total number and breakdown by type of employment contract	GRI 2-7	Chapter. Commitment to our employees: 1.1. ENDESA's workforce, page 219
	Annual average of indefinite, temporary and part-time contracts by gender, age and professional category	GRI 2-7	Chapter. Commitment to our employees: 1.1. ENDESA's workforce, page 219
	Number of layoffs by gender, age and professional category	Internal framework: Number of layoffs by gender, age and professional category	Chapter. Commitment to our employees: 1.1. ENDESA's workforce, page 219
	Wage gap	Internal framework: Wage gap calculation	Chapter. Commitment to our employees: 1.2.3.4. Remuneration policy, page 228
	Average remuneration by gender, age and professional category	GRI 405-2	Chapter. Commitment to our employees: 1.2.3.4. Remuneration policy, page 228
	Average remuneration of Directors by gender	GRI 405-2	Chapter. Corporate governance and ethical conduct: 2.1.2. Directors' responsibilities, duties and remuneration, page 287
	Average remuneration of managers by gender	GRI 405-2	Chapter. Commitment to our employees: 1.2.3.4. Remuneration policy, page 228
	Implementation of right to disconnect policies	GRI 3-3	Chapter. Commitment to our employees: 1.4. Social Dialogue, page 236
	Employees with disabilities	GRI 405-1	Chapter. Commitment to our employees: 1.6.1.3. Promotion of other aspects of diversity (age, nationality and disability), page 243

Work organisation	Organisation of working time	Internal framework: Organisation of working time	Chapter. Commitment to our employees: 1.4. Social dialogue, page 236
	Number of hours of absenteeism	Internal framework: Number of hours of absenteeism	Chapter. Occupational health and safety 3.1.5. Decrease in accident rate, page 307
	Measures aimed at facilitating the enjoyment of work-life balance and encouraging the sharing of responsibilities in this respect by both parents	Internal framework: Measures aimed at work-life balance	Chapter. Commitment to our employees: 1.6.2. Striking a balance between professional, personal and family life, page 245
Health and safety	Health and safety conditions at work	GRI 414-1	Chapter. Occupational health and safety 3.1. ENDESA, a safe and healthy workplace, page 302
	Number of accidents at work and occupational illness by gender, frequency and severity rate by gender	GRI 403-9, 403-10	Chapter. Occupational health and safety 3.1.5. Decrease in accident rate, page 307
Social relationships	Organisation of social dialogue, including procedures for informing and consulting personnel and negotiating with them	GRI 2-29	Chapter. Commitment to our employees: 1.4. Social dialogue, page 236; 1.5. Working climate 238
	Percentage of employees covered by collective agreements by country	GRI 2-30	Chapter. Commitment to our employees: 1.4. Social dialogue, page 236
	Balance of collective agreements, particularly in the field of health and safety at work	GRI 2-30	Chapter. Commitment to our employees: 1.4. Social dialogue, page 236
Training	Policies implemented in the field of training	GRI 3-3	Chapter. Commitment to our employees: 1.3. Training, page 233
	Total number of hours of training by professional categories.	GRI 412-2	Chapter. Commitment to our employees: 1.3.1. Key figures and highlights, page 234
Universal accessibility for people with disabilities		Internal framework: Accessibility for people with disabilities	Chapter. Commitment to our employees: 1.6.1.3. Promotion of other aspects of diversity (age, nationality and disability), page 243
Equal opportunities	Measures taken to promote equal treatment and opportunities between women and men	GRI 405-1, 405-2	Chapter. Commitment to our employees: 1.6.1.2. Promotion of gender equality, page 240
	Equality plans , measures taken to promote employment, protocols against sexual and gender-based harassment	GRI 3-3	Chapter. Commitment to our employees: 1.6.1.2. Promotion of gender equality, page 240; 1.2.3.2. Hiring, page 227
	Integration and universal accessibility of people with disabilities	Internal framework: Integration and universal accessibility for people with disabilities	Chapter. Commitment to our employees: 1.6.1.3. Promotion of other aspects of diversity (age, nationality and disability), page 243
	Policy against all types of discrimination and, where applicable, diversity management policy	GRI 3-3	Chapter. Commitment to our employees: 1.6.1.1. Diversity and inclusion policy, page 239

Information on respect for human rights

Scope	Reporting framework	Reference
Management approach		
Application of due diligence procedures in the field of human rights	GRI 2-23, 412-2	Chapter. Human Rights (due diligence): 1.1. The due diligence process, page 280
Prevention of risks of violation of human rights and, where necessary, measures to mitigate, manage and repair possible abuses committed	GRI 2-23, 412-2	Chapter. Human Rights (due diligence): 1.1. The due diligence process, page 280; 1.2. Opportunities for improvement and action plan, page 283
Reports of cases of violation of human rights	GRI 2-26, 406-1	Chapter. Sustainability strategy 4.3.2. Whistleblowing and complaint mechanisms, page 53; 4.3.3 Cases of violation of human rights, page 54
Promotion and compliance with the provisions of core ILO agreements in relation to respect for freedom of association and the right to collective bargaining, the elimination of discrimination in employment and work, the elimination of forced and compulsory labour and the effective abolition of child labour	GRI 402-1, 403-1, 403-4, 2-30	Chapter. Commitment to our employees: 1.2.3.3 Rejection of forced and child labour, page 228; 1.4. Social Dialogue, page 236 Chapter. Supply chain: 3.3.2. Compliance with human rights, page 275

Information regarding the fight against corruption and bribery

Scope	Reporting framework	Reference
Management approach		
Measures taken to prevent corruption and bribery	GRI 2-23, 2-26, 405-1, 3-3, 205-3	Chapter. Good governance and ethical conduct: 2.2. Ethical conduct and compliance, page 290

Anti-money laundering measures	GRI 2-23, 2-26	Chapter. Good governance and ethical conduct: 2.2.4. Measures to fight money laundering, page 294
Contributions to foundations and non-profit organisations	Internal framework: Contributions to foundations and non-profit organisations	Chapter. About ENDESA: 1.1 Financial, operational and sustainability milestones, page 9

Information about the Company

	Scope	Reporting framework	Reference
Management approach			
Commitments of the company to sustainable development	Impact of the Company's activity on local employment and development	GRI 413-1, 413-3	Chapter. Responsible relations with communities 2.5.1. Achievements, impacts and returns 262
	Impact of the Company's activity on local populations and regions	GRI 413-1, 413-2	Chapter. Responsible relations with communities 2.5.1. Achievements, impacts and returns 262
	Relations with local community actors and forms of dialogue with them	GRI 2-29	Chapter. Materiality: 3.1.2.2. Identification, communication with and prioritisation of our stakeholders, page 28 Chapter. Responsible relations with communities 2.4. Details of sustainability projects, page 254
	Partnership and sponsorship actions	Internal framework: Partnership and sponsorship actions	Chapter. Responsible relations with communities 2.5.1.1. Achievements, page 262 Chapter. Electrification: 2.3. Energy poverty and access to electricity for vulnerable customers, page 133
Subcontracting and suppliers	Inclusion of social, gender equality and environmental issues in purchasing policy	Internal framework: Inclusion of social, gender equality and environmental issues in purchasing policy	Chapter. Supply chain: 3.2.1 Rating process, page 270;
	Consideration of social and environmental responsibility in relations with suppliers and subcontractors	GRI 2-6	Chapter. Supply chain: 3.3. ESG supply chain management, page 274
	Supervision systems and audits and their results	Internal framework: Supervision systems and audits and their results	Chapter. Supply chain: 3.2.2. Selection process, page 272
Consumers	Measures for the health and safety of consumers	GRI 3-3	Chapter. Electrification: 2.1.3. Safety at facilities, page 126
	Complaint systems	Internal framework: Complaint systems	Chapter. Electrification: 2.2.3. Efficient resolution of customer complaints, page 132
Tax information	Profits by country		
	Taxes paid on income	GRI 201-2, 201-4	Chapter. Tax transparency: 4.4. Tax contribution, page 315
	Public grants received		

ANNEX IV: Index of contents required by the SASB

Category	Standard number	Disclosure number	GRI equivalence	Disclosure title	Disclosure typology	Reference
Environmental	IF-EU-110	IF-EU-110a.1	305-1	Gross global Scope 1 emissions, percentage covered under emissions-limiting regulations, and emissions-reporting regulations	Quantitative	Chapter. Decarbonisation 1.5. Metrics and objectives.
Environmental	IF-EU-110	IF-EU-110a.2	305-3	Greenhouse gas (GHG) emissions associated with power deliveries	Quantitative	Chapter. Decarbonisation 1.5. Metrics and objectives.
Environmental	IF-EU-110	IF-EU-110a.3	201-2	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets and an analysis of performance against those targets	Qualitative	Chapter. Sustainability strategy 4.1.1. Main ESG risks; 4.2. ENDESA Sustainability Plan 2022-2024. Chapter. Decarbonisation: 1.4. Risk management.
Environmental	IF-EU-110	IF-EU-110a.4	N/A	Number of customers served in markets subject to renewable portfolio standards (RPS) and percentage fulfilment of RPS target by market	Quantitative	Not applicable
Environmental	IF-EU-120	IF-EU-120a.1	305-7	Air emissions of the following pollutants: NOx (excluding N2O), SOx, particulate matter (PM10), lead (Pb), and mercury (Hg). Percentage of each in or near areas of dense population	Quantitative	Chapter. The environment: 1.2.2. Air quality Data available for: SO2, NOx, PM10 and Hg.
Environmental	IF-EU-140	IF-EU-140a.1	303-3; 303-5	Total water withdrawn, total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	Quantitative	Chapter. The environment: 1.2.5.1. Water withdrawal; 1.2.5.2. Water discharge. ENDESA bases its calculation of the areas affected by water stress on the World Resources Institute's (WRI) Water Risk Atlas tool, Aqueduct.
Environmental	IF-EU-140	IF-EU-140a.2	N/A	Number of incidents of non-compliance associated with water quantity and/or quality permits, standards and regulations	Quantitative	Not available
Environmental	IF-EU-140	IF-EU-140a.3	303-1; 303-2	Description of water management risks and discussion of strategies and practices to mitigate those risks	Qualitative	1.2.5. Water resources. Chapter. Sustainability strategy 4.1.1. Main ESG risks
Environmental	IF-EU-150	IF-EU-150a.1	306-4	Amount of coal combustion residuals (CCR) generated, percentage recycled	Quantitative	Chapter. The environment: 1.2.6. Waste. Waste prevention, recycling and reuse measures and other forms of waste recovery and disposal.
Environmental	IF-EU-150	IF-EU-150a.2	N/A	Total number of coal combustion residual (CCR) impoundments, broken down by hazard potential classification and	Quantitative	Not applicable

				structural integrity assessment		
Social	IF-EU-240	IF-EU-240a.1	N/A	Average retail electric rate for residential, commercial and industrial customers	Quantitative	Not applicable
Social	IF-EU-240	IF-EU-240a.2	N/A	Typical monthly electricity bill for residential customers for 500 kWh and 1,000 kWh of electricity delivered per month	Quantitative	Not applicable
Social	IF-EU-240	IF-EU-240a.3	EU27	Number of residential customer electric disconnections for non-payment, percentage reconnected within 30 days	Quantitative	Chapter. Electrification: 2.1.1. Development and improvement of distribution infrastructure; 2.3.1. Disconnections due to non-payment and reconnections for household customers
Social	IF-EU-240	IF-EU-240a.4	EU 28; EU 29; EU 10; 3-3	Discussion of impact of external factors on customer affordability of electricity, including the economic conditions of the service territory	Qualitative	Chapter. Electrification: 2.1.1. Development and improvement of distribution infrastructure; 2.1. The quality and safety of the electricity supply as a priority
Social	IF-EU-320	IF-EU-320a.1	403-9; 403-10	Total memorable incident rate (TRIR), fatality rate, and near miss frequency rate (NMFR)	Quantitative	Chapter. Health and safety: 3.1.5. Decrease in accident rate
Social	IF-EU-420	IF-EU-420a.1	N/A	Percentage of electricity utility revenues from rate structures that (1) are decoupled and (2) contain a lost revenue adjustment mechanism (LRAM)	Quantitative	Not applicable
Social	IF-EU-420	IF-EU-420a.2	N/A	Percentage of electric load served by smart grid technology	Qualitative/Quantitative	Not available
Social	IF-EU-420	IF-EU-420a.3	N/A	Customer electricity savings from efficiency measures, by market (megawatt hours)	Qualitative/Quantitative	Not available
Social	IF-EU-540	IF-EU-540a.1	N/A	Total number of nuclear power units, broken down by U.S. Nuclear Regulatory Commission (NRC) Action Matrix Column	Quantitative	Not available
Social	IF-EU-540	IF-EU-540a.2	EU21	Description of efforts to manage nuclear safety and emergency preparedness	Qualitative	Chapter. The environment: 1.1.6. Management of nuclear activity
Economic	IF-EU-550	IF-EU-550a.1	N/A	Number of incidents of non-compliance with physical and/or cybersecurity standards or regulations	Quantitative	Not available
Economic	IF-EU-550	IF-EU-550a.2	EU28; EU29	System Average Interruption Duration Index (SAIDI), System Average Interruption Frequency Index (SAIFI), and Customer Average Interruption Duration Index (CAIDI), inclusive of major event days	Quantitative	Chapter. Electrification: 2.1.2. Continuity in supply Only the SAIDI (known as NIEPI in Spanish legislation) and SAIFI (known as TIEPI in Spanish legislation) indicators are reported. The CAIDI indicator is not available
Social	IF-EU-000	IF-EU-000.A	N/A	Number of: residential, commercial and	Quantitative	Chapter. About ENDESA: 1.1 Financial,

				industrial customers served		operational and sustainable milestones
						Information partly available
General	IF-EU-000	IF-EU-000.B	N/A	Total electricity delivered to: residential, commercial, industrial, all other retail and wholesale customers	Quantitative	Chapter. ENDESA: 1.1 Financial, operational and sustainable milestones Information partly available
General	IF-EU-000	IF-EU-000.C	EU4	Length of transmission and distribution lines	Quantitative	Chapter. Electrification: 2.1. The quality and safety of the electricity supply as a priority
General	IF-EU-000	IF-EU-000.D	EU2	Total electricity generated, percentage by major energy source, percentage in regulated markets	Quantitative	Chapter. ENDESA: 1.1 Financial, operational and sustainable milestones Only data on electricity generated and percentages by technology are available.
Economic	IF-EU-000	IF-EU-000.E	N/A	Total wholesale electricity purchased	Quantitative	Not available

ANNEX V: World Economic Forum (WEF) index of contents

The World Economic Forum (WEF) has defined standard metrics, using key performance indicators (KPIs), for preparing reports and measuring and comparing the sustainability of companies through its “Measuring Stakeholder Capitalism: Towards Common Metrics and Consistent Reporting of Sustainable Value Creation” report. This seeks to measure the effectiveness of actions to achieve the United Nations Sustainable Development Goals (SDGs) in the business model adopted to create value for stakeholders.

The following table shows the 21 core key performance indicators (KPIs) described in the World Economic Forum (WEF) report, arranged in accordance with the four core conceptual pillars of the “Environmental, Social, Governance” (ESG) criteria, and how these correspond to the key performance indicators (KPIs) detailed in this Consolidated Management Report.

Pillar	Matters	21 core WEF KPIs	Representative KPIs for ENDESA	2021	2020	Sustainability and EINF Reference 2021
Principles of governance	Governing purpose	Setting the purpose	Open Power strategic positioning			page 13
	Quality of governing body	Board composition	Women on the Board of Directors (%)	36.4%	30.8%	page 241
	Stakeholder engagement	Material issues that affect stakeholders	Priorities for the company and stakeholders			page 28
	Ethical behaviour	Anti-corruption	Workers who have received training on the anti-corruption policies and procedures (number)	3,678	2,035	page 235
			Total number of incidents of conflicts of interest/corruption confirmed (number)	1	3	page 295
			Complaints of breaches received through the ethics channel and other means (number)	7	4	page 294
	Risks and opportunity oversight	Integrating risk and opportunity into business processes				page 44
Planet	Climate change	Greenhouse gas (GHG) emissions	Scope 1 GHG emissions (t eq)	10,702,129	10,298,310	page 119
			Scope 2 GHG emissions (t eq) – location based	470,773	457,184	page 119
			Scope 2 GHG emissions - Acquisition of energy from the grid (Tn.)	5,516	No available figures	page 120
			Scope 2 GHG emissions - Losses from the distribution grid (Tn.)	465,257	No available figures	page 120
			Scope 3 GHG emissions (t eq)	21,737,472	21,213,651	page 120
		Implementation of TCFD			Qualitative	page 90
	Nature loss	Land use and ecological sensitivity	Protected areas affected (Km ²)	789	874	page 215
Fresh water availability	Fresh water consumption in water stressed areas	Water withdrawal (hm ³)	4,861.5	5,215.3	page 204	
		Water withdrawal in stressed areas (%)	18%	14%	Page 206	

Pillar	Matters	21 core KPIs	WEF	Representative KPIs for ENDESA	2021	2020	Sustainability and Reference 2021	EINF	
People				Water consumption (hm ³)	1.9	5.9	page 204		
				Water consumption in stressed areas (hm ³)	0.156	0.155	page 206		
		Diversity and inclusion		Percentage of women in the workforce (%)	25.5%	24.6%	page 219		
		Dignity and equality	Wage equality	Wage gap. Fixed remuneration + variable remuneration + employee benefits ⁽¹⁾	8.1% ⁽²⁾	7.8%	page 230		
			Wage level	Remuneration ratio of the Chief Executive Officer ⁽³⁾	29	No available figures	page. 288		
			Risk of incidents of child, forced or compulsory labour	Evaluation of the supply chain for protection from child labour and prohibition of forced and compulsory labour		Sustainability requirements in contracting		page 271	
		Health and well being	Health and safety	Fatal accidents (number) ⁽⁴⁾	1	1	page 309		
				Accident frequency index ⁽⁴⁾	0.57	0.36	page 308		
				Frequency of serious accidents (number) ⁽⁴⁾	2	4	page 308		
		Skills for the future	Training provided	Average hours of training per employee per year (hours/per head)	43.95	54.1	page 234		
				Employee training expenses (million euros)	34.31	30.8	page 234		
	Prosperity				Employees (number)	9,258	9,591	page 219	
					Contracting (number)	678	253	page 221	
			Total amount and employment rate		Hiring rate (%) ⁽⁵⁾	7.3%	2.6%	n.a.	
				Dismissals (number)	10	10	page 223		
		Wealth creation and employment		Rotation (%) ⁽⁶⁾	10.1%	6.2%	page 222		
			Economic contribution	-	-	-	page 10		
		Contribution to financial investment		Total investment (million euros)	2,432	1,711	page 10		
				Purchases of own shares (million euros) ⁽⁷⁾	3.4	2	page 10		
				Dividends paid (millions of euros)	2,132	2,132	page 10		
		Innovation in better products and services	Total R&D spend	Investment in research and development (million euros)	7.3	13.0	page 168		
	Community and social vitality	Total tax paid	Total tax paid (million euros)	1,147	1,413	page 12			

(1) Difference between average fixed remuneration + variable remuneration + employee benefits of men and women as a % of average fixed remuneration of men (%).

(2) Eliminating recruitments and VRA departures. The gap is 8.1% without eliminating these.

(3) Ratio of the total remuneration of the Chief Executive Officer of ENDESA and the average gross annual remuneration of ENDESA employees.

(4) Includes own and subcontractor personnel.

(5) Percentage of new hires compared to final workforce.

(6) Percentage of contracts terminated compared to final workforce.

(7) Total accumulated cost of acquiring own shares at 31 December 2021.

ANNEX VI: Public independent review report



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

Independent Assurance Report on the Non-Financial Information and Sustainability Statement of Endesa, S.A. and subsidiaries for 2021

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

To the Shareholders of Endesa, S.A.:

We have been engaged by Endesa, S.A. management to perform a limited assurance review of the accompanying Non-Financial Information and Sustainability Statement 2021 of Endesa, S.A. (hereinafter the Parent) and subsidiaries (hereinafter the Group) for the year ended 31 December 2021, prepared in accordance with the Sustainability Reporting Standards of the Global Reporting Initiative (GRI Standards), in its core option, and with the Electric Utilities Sector Supplement (hereinafter the Report).

In relation to the preparation and presentation of the indicators included in the Report relative to GRI 305-1 and 305-2, we performed a reasonable assurance review.

In addition, pursuant to article 49 of the Spanish Code of Commerce, we have performed a limited assurance review of the preparation of the Consolidated Non-Financial Information Statement (hereinafter NFIS) included in the Report, which forms part of the Group's consolidated Directors' Report for 2021, in accordance with prevailing legislation and GRI standards, in its core option, based on each subject area in the "Index of contents required by Law 11/2008" table of the Report.

Our scope did not include providing assurance on the information included voluntarily in the NFIS for 2020 relative to the establishment of a framework to facilitate sustainable investment that stipulates the obligation to disclose information on how and to what extent the undertaking's activities are associated with economic activities that qualify as environmentally sustainable in relation to climate change mitigation and climate change adaptation, required by Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020. This obligation applies for the first time for the 2021 fiscal year.

Responsibility of the Parent's Directors and Management

The Directors of the Parent are responsible for the content and authorisation for issue of the NFIS included in the Report. The NFIS has been prepared in accordance with prevailing mercantile legislation and selected GRI Standards, in its core option, based on each subject area in the "Index of contents required by Law 11/2008" table of the aforementioned Report.

The Directors of the Parent are also responsible for defining, implementing, adapting and maintaining the management systems from which the information required to prepare the NFIS was obtained.



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Management of the Parent is responsible for the preparation and presentation of the Report in accordance with the GRI Standards, in its core option, in accordance with each subject area in the "GRI Content Index" table of the Report.

This responsibility also encompasses the design, implementation and maintenance of internal control deemed necessary to ensure that the Report is free from material misstatement, whether due to fraud or error.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including international independence standards) issued by the International Ethics Standards Board for Accountants (IESBA), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Control 1 (ISQC1) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The engagement team was comprised of professionals specialised in reviews of non-financial information and, specifically, in information on economic, social and environmental performance.

Our Responsibility

Our responsibility is to express our conclusions in an independent limited assurance report (reasonable assurance in the case of GRI indicators 305-1 and 305-2) based on the work performed. We conducted our review engagement in accordance with the requirements of the Revised International Standard on Assurance Engagements 3000, "Assurance Engagements other than Audits or Reviews of Historical Financial Information" (ISAE 3000 (Revised), issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC), and with the guidelines for assurance engagements on the Non-Financial Information Statement issued by the Spanish Institute of Registered Auditors (ICJCE).

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement, and consequently, the level of assurance provided is also lower.

In the case of GRI indicators 305-1 y 305-2, on which we performed a reasonable assurance review, this level of assurance is lower than absolute assurance.

Our work consisted of making inquiries of management, as well as of the different units and areas of the Parent that participated in the preparation of the Report, reviewing the processes for compiling and validating the information presented in the Report and applying certain analytical procedures and sample review tests, which are described below:

- Meetings with the Parent's personnel to gain an understanding of the business model, policies and management approaches applied, the principal risks related to these matters and to obtain the information necessary for the external review.



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- Analysis of the scope, relevance and completeness of the content of the Report based on the materiality analysis performed by the Parent and described in the "3.1 Materiality analysis" section of the accompanying Report, considering the content required by prevailing mercantile legislation.
- Analysis of the processes for compiling and validating the data presented in the Report for 2021.
- Review of the information relative to the risks, policies and management approaches applied in relation to the material aspects presented in the Report for 2021.
- Analysis of the design and implementation of relevant controls in the preparation of information on the indicators reviewed with a reasonable level of assurance.
- Corroboration, through sample testing, of the information relative to the content of the Report for 2021 and whether it has been adequately compiled based on data provided by the information sources.
- Review of the reporting process at source for environmental and health and safety information at the Granadilla power station, selected based on a risk analysis, taking into account quantitative and qualitative criteria.
- Procurement of a representation letter from the Directors and management.

Conclusion on GRI Indicators with Reasonable Assurance

In our opinion, the indicators contained in the Report called: GRI 305-1 and 305-2, have been prepared and presented, in all material respects, in accordance with the GRI standards, as described in point 102-54 of the "GRI Content Index" table of the Report.

Conclusion on Information with Limited Assurance

Based on the assurance procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that:

- a) The Non-Financial Information and Sustainability Statement 2021 of Endesa, S.A and subsidiaries for the year ended 31 December 2021 has not been prepared, in all material respects, in accordance with the GRI Standards, in its core option, and the Electric Utilities Sector Supplement, as described in point 102-54 of the "GRI Content Index" of the Report.
- b) The Non-Financial Information Statement for the year ended 31 December 2021, included in the Non-Financial Information and Sustainability Statement 2021, has not been prepared, in all material respects, in accordance with prevailing mercantile legislation and selected GRI Standards, in its core option, based on each subject area in the "Index of contents required by Law 11/2008" table of the Report.



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Emphasis of Matter

Regarding the information required by Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, which stipulates the obligation to disclose information on how and to what extent the undertaking's activities are associated with economic activities that qualify as environmentally sustainable in relation to climate change mitigation and climate change adaptation, the information has been included in respect of which the Directors of the Parent have opted to apply the criteria that, in their opinion, best allow them to comply with the new obligation, and which are those defined in the "5.2 Taxonomy" section of the NFIS included in the accompanying Report. Our conclusion is not modified in respect of this matter.

Use and Distribution

In accordance with the terms of our engagement letter, this Report has been prepared for Endesa, S.A. in relation to its Non-Financial Information and Sustainability Statement 2021 and for no other purpose or in any other context.

In relation to the Consolidated Non-Financial Information Statement for the year ended 31 December 2021 included in the Non-Financial Information and Sustainability Statement 2021, this report has been prepared in response to the requirement established in prevailing mercantile legislation in Spain, and thus may not be suitable for other purposes and jurisdictions.

KPMG Asesores, S.L.

(Signed on original in Spanish)

Marta Contreras Hernández

21 February 2022