

Total Tax Contribution 2022

May 2023

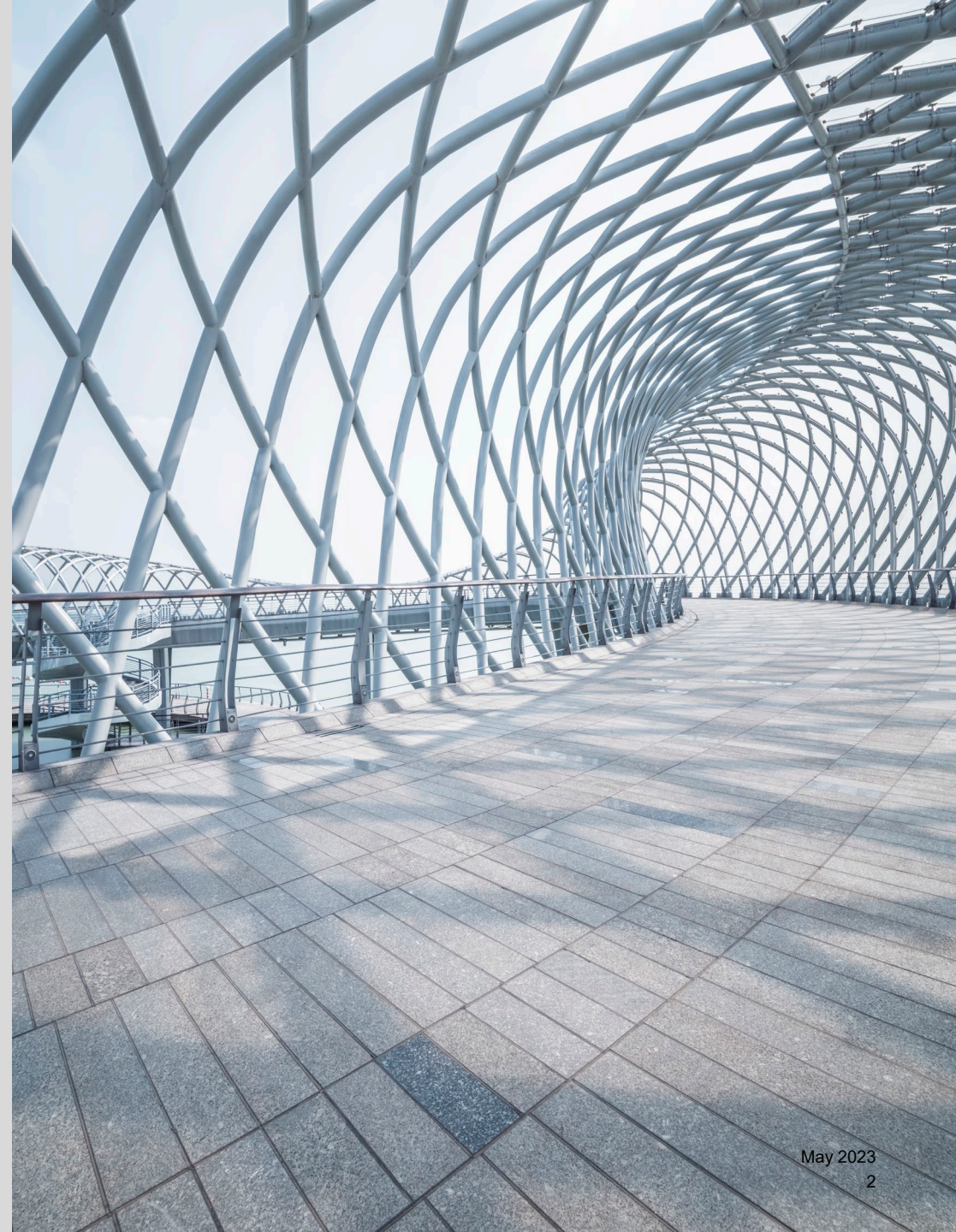
endesa



pwc

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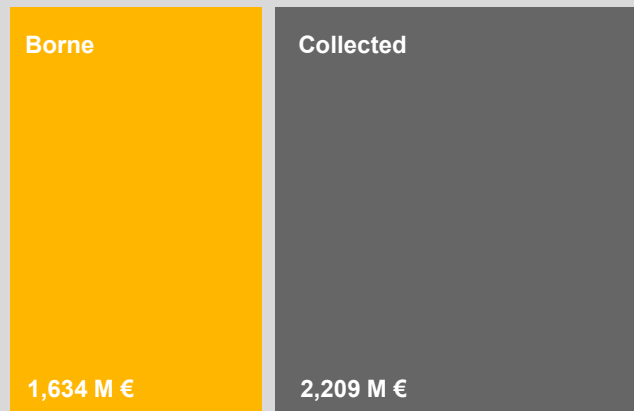
Executive summary

1. Executive summary

Endesa's total tax contribution in 2022 amount to **3,843 million euros**, with 43% corresponding to taxes borne and 57% to taxes collected.

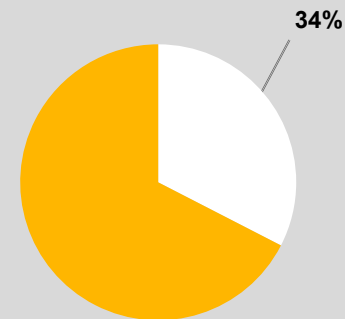
Total Tax Contribution 2022

3,843 M €



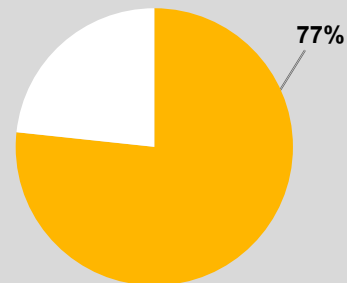
Source: PwC

Profit taxes



Source: PwC

Taxes on products and services



Source: PwC

Taxes borne in 2022

Taxes borne by Endesa in year 2022, amounted to 1,634 million euros. The most relevant ones are profit taxes borne, reaching a relative weight of 34%, in line with an increase in the EBIT in the countries where Endesa operates and certain legislative changes.

Planet taxes maintain a significant 33%, despite the temporary measures designed to reduce the price of electricity, and therefore, its tax burden.

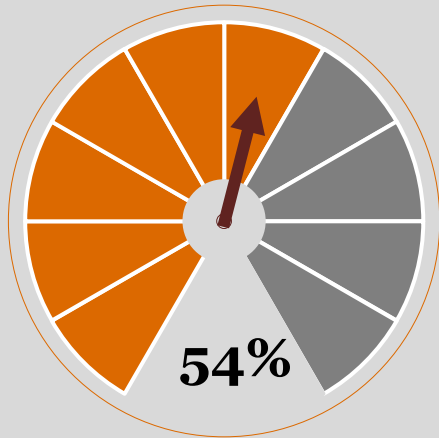
Taxes collected in 2022

Taxes collected by Endesa in year 2022, amounted to 2,209 million euros.

A major part of these corresponds to taxes on products and services stand out, mainly VAT, which accounted for 77% of the total taxes collected (compared to 55% in 2021), due to the increase in the production of electricity during the year 2022.

1. Executive summary

Distributed tax value 2022

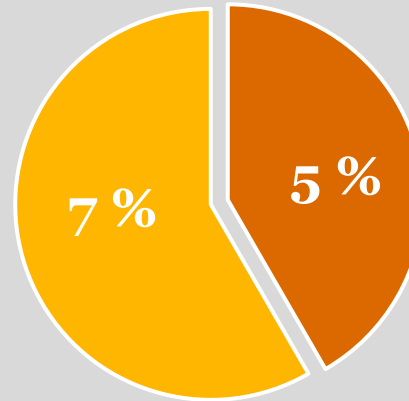


Source: PwC

54% of the value generated by Endesa has been paid to the Public Treasury in the form of taxes borne and taxes collected. Of every 100 euros of value generated by the group in 2022, **54 euros** were destined to the payment of taxes.

Tax contribution of Endesa with respect to turnover in 2022

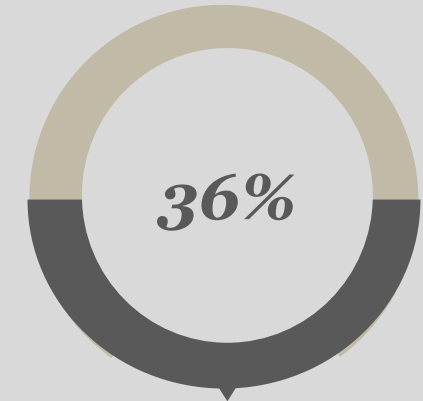
TTC/Turnover = 12 %



Source: PwC

For every 100 euros of net revenues obtained by the Company, **12 euros** are destined to paying taxes. Of this amount, **5 euros** correspond to taxes borne and **7 euros** to taxes collected.

Total Tax Contribution Rate in 2022



Source: PwC

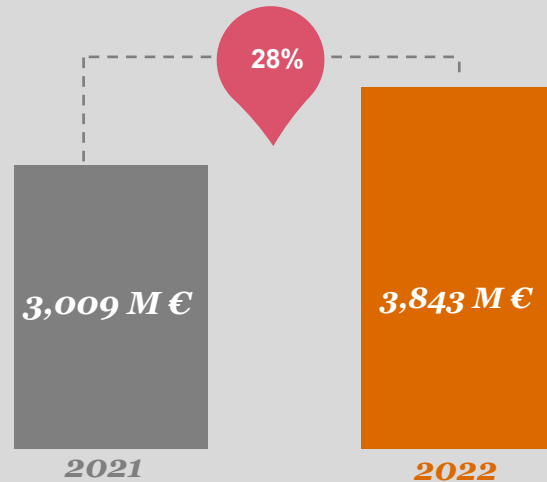
$$TTC\ Rate = \frac{Taxes\ borne}{Profit\ before\ taxes\ borne}$$

Durante the financial year 2022, taxes borne represent **36%** of the total profit before all taxes borne.

Taking into account taxes borne, for every **100 euros** of profit before taxes borne, Endesa pays **36 euros** to the Public Treasury.

1. Executive summary

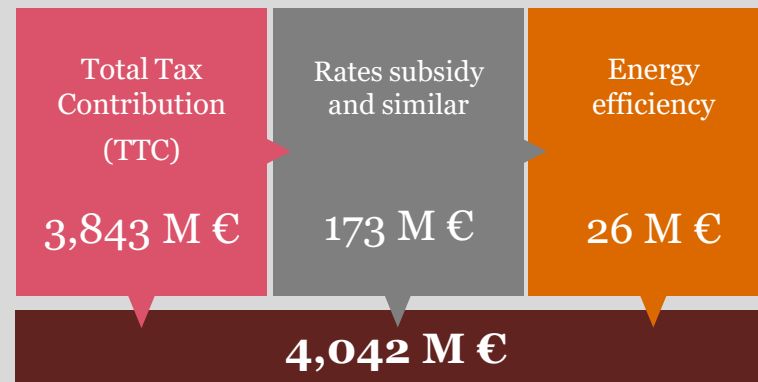
TTC Trend for 2021-2022



Source: PwC

Endesa's **Tax Contribution** has increased by 28% compared to 2021, mainly due to higher payments for Corporate Income Tax, in line with the increase in the EBIT in the countries in which it operates, and a higher revenue of Value Added Tax.

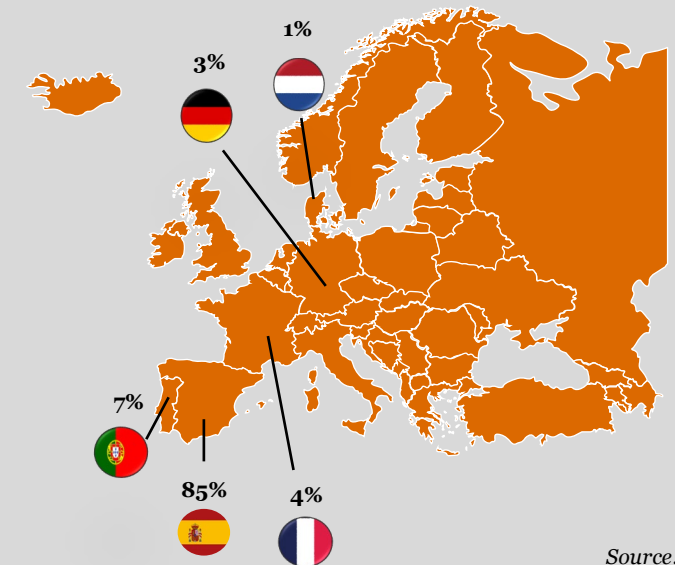
Total amount of payments made to Public Administrations



Source: PwC

The total amount of Payments made by Endesa to Public Administrations in 2022, including payments in respect of the rates subsidy and energy efficiency charges and other regulatory payments, amounts to **4,042 million euros**.

Geographic distribution of the tax contribution in 2022



Source: PwC

Of every 100 euros that Endesa pays in taxes worldwide, **almost 85 euros are paid in Spain** a proportion consistent with the volumen of business generated in Spain, which almost amounts to 90% in 2022.

2

Background and
purpose of this report

2. Background and purpose of this report

Current context: Why is taxation a key element in Endesa's sustainability strategy?

In an environment that increasingly demands greater transparency in tax matters and commitment to all social agents on the part of organizations, there is a growing development of private initiatives that promote standards of public reporting of tax information.

GRI 207 standard: Tax

The Global Sustainability Standards Board (GSSB) of the Global Reporting Initiative (GRI) develops the main global standards for economic, environmental and social impact reporting. These standards are aligned with widely recognised international instruments, including the UN Guiding Principles on Business and Human Rights, ILO conventions and the OECD Guidelines for Multinational Enterprises.

In the current context, the GSSB has developed a tax-focused GRI reporting standard (GRI 207: Tax) in response to the growing concern to include the tax angle in the sustainability strategy of organisations and to contribute to the jurisdictions in which they operate. GRI 207 is the first global standard for detailed tax disclosure at country level, promoting the disclosure of the amount of tax paid by country, as well as other business metrics, and an organisation's approach to governance and tax strategy.

The GRI 207 standard is effective from 1 January 2021, and encourages organisations to report certain tax information as part of the sustainability strategy. It contains guidelines for tax reporting, recommending, among other qualitative metrics, Total Tax Contribution (taxes borne and collected) in its "Content 207.4" section.



Endesa, in line with the recommendations of GRI 207, publishes the taxes borne and collected in the territories in which it operates as part of its commitment to transparency and contribution to society

2. Background and purpose of this report

Current context: Why is taxation a key element in Endesa's sustainability strategy?

United Nations' Sustainable Development Goals (SDG)

In 2015, the UN approved the 2030 Agenda for Sustainable Development, establishing 17 Sustainable Development Goals (SDGs), which have been adopted by many governments around the world as a guide and benchmark for their actions.



Taking into consideration the nexus of both initiatives (SDGs and GRI), the GSSB has published a mapping of the 17 SDGs with the GRI reporting standards^[1].

It identifies SDGs 1, 10 and 17 (End poverty, reduce inequalities and partnerships to achieve the goals) as targets linked to the GRI 207 tax recommendations.



Voluntary disclosure of Total Tax Contribution information in countries of operation facilitates stakeholder scrutiny of companies' tax positions.

Such publication is therefore a sign of the organisations' commitment to the achievement of SDGs 1 "End Poverty", 10 "Reduce Inequalities" and 17 "Partnerships to Achieve the Goals" as part of the organisations' sustainability strategy.

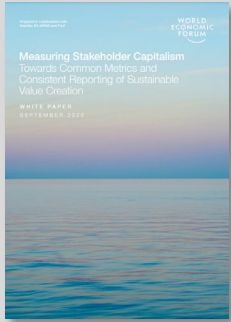
The publication of the Total Tax Contribution facilitates stakeholder scrutiny and is therefore a sign of companies' commitment to achieving the UN Sustainable Development Goals

^[1] <https://www.globalreporting.org/media/lbvnxb15/mapping-sdgs-gri-update-march.pdf>

2. Background and purpose of this report

Current context: Why is taxation a key element in Endesa's sustainability strategy?

Measuring Stakeholder Capitalism



In September 2020, in the framework of the fourth edition of the *Sustainable Development Impact Summit*, the International Business Council of the World Economic Forum announced a set of measures in relation to ESG (*Environmental, Social and Governance*) commitments of companies. In this context, a document entitled **"Measuring Stakeholder Capitalism Towards Common Metrics and Consistent Reporting of Sustainable Value Creation"** ^[1] has been developed in collaboration with the Big Four, with the intention of improving the way in which companies measure and demonstrate their contribution to creating more prosperous and fulfilled societies and a more sustainable relationship with our planet. The document is currently in a consultation process open to large multinational groups, investors and other organisations.

Qualitative and quantitative metrics are identified to help measure or explain to organisations different areas of sustainability, including taxation. The document is structured into **four fundamental pillars** of ESG:

- **Principle of Governance:** embedding what relates to corporate governance (strategy, risk control and management, etc).
- **Planet:** relating to environmental impacts and nature protection;
- **People:** focused on employee principles including pay gap analysis or diversity policies;
- **Prosperity:** focused on community impact, including tax payments.

Within the *Prosperity* pillar, the contribution of **taxes borne** is identified as the main metric (adapted from the GRI standard), including not only Corporate Income Tax, but also other taxes paid by organisations, which is consistent with the **Total Tax Contribution** methodology used in this report. Likewise, the contribution of **taxes collected** as well as the information on taxes paid broken down **country by country** are identified as additional metrics to be assessed..

The World Economic Forum identifies Total Tax Contribution as a recommended metric to measure the impact on the prosperity of territories.

^[1] http://www3.weforum.org/docs/WEF_IBC_Measuring_Stakeholder_Capitalism_Report_2020.pdf

2. Background and purpose of this report

Current context: Why is taxation a key element in Endesa's sustainability strategy?

Directive (UE) 2021/2101, from the public Country-by-Country Report:



On December 22, 2022, Law 28/2022, of December 21, for the promotion of the ecosystem of emerging companies, was published in the Official State Gazette, which introduces, among other matters, **the obligation to disclose information related to tax on companies by certain companies and branches domiciled in Spanish territory (country-by-country information or country-by-country report).**

By means of said rule, the legislator transposes into the Spanish legal system the content of Directive 2021/2101, of November 24, 2021, published on November 11, 2021, by which Directive 2013/34/EU was modified in regards with the **disclosure of information related to corporation tax by certain companies and branches**, and which represents a substantial increase in information obligations for large multinational groups.

This new obligation, similar in content to the Country by Country Report that is currently in force as a result of the BEPS Plan, means that relevant information on the composition and activities of the group must be made public on the Group's website and in the annual accounts. multinational, the number of employees, revenues and profits earned, **taxes accrued and paid**, and reserves in the year relating to the more recent of those two years.

The obligation to make the country-by-country information public will apply **to fiscal years beginning on or after June 22, 2024**, in line with the deadline established in the Directive

The Public Country by Country Report must be published on the **corporate website of the multinational groups**, entities and branches included in the scope of application of the standard. The regulation contains an express mention that the **members of the governing bodies** of the ultimate parent company or of the obligated subsidiary, and the personnel responsible for complying with the publicity formalities in relation to the branches, will be collectively responsible for guaranteeing that the country-by-country information is made public under the terms provided.

The members of the governing bodies of the ultimate parent company or the obligated subsidiary, and the personnel responsible for complying with the publicity formalities in relation to the branches, will be collectively responsible for ensuring that country-by-country information is made public in the anticipated terms.

2. Background and purpose of this report

Purpose and scope

The purpose of this report is to obtain and analyze the data related to the Total Tax Contribution (TTC) of the Endesa Group (hereinafter Endesa, the Group or the Company) in 2022, considering all those territories in which the Endesa group is present in: Spain, Portugal, the Netherlands, France, and Germany.

As reflected in the first part of this section on the current context, the economic environment has placed the discussion around the contribution made by large sectors of activity to the public coffers of the jurisdictions in which they are presence through the payment of taxes. Taxation is identified as a part of the sustainability proposal of business groups to promote more prosperous societies.

In this regard, since 2014, Endesa has voluntarily decided to publicly disclose the main tax payments in those countries in which it has a presence, which reflects the importance given by the Group to tax matters and its level of Commitment to its main stakeholders, insofar as in recent years there were regulations requiring the publication of this information.

This aligns with regulatory trends at European level, having approved on November 11 Directive 2021/2101, of November 24, 2021, which modifies Directive 2013/34/EU with regard to the disclosure of information relating to corporation tax by certain companies and branches, representing a substantial increase in the information obligations in tax matters for those multinational groups.

This study makes it possible to effectively identify, measure and communicate the asset that represents Endesa's tax contribution so that it is effectively incorporated into the reputational value given the value it generates and contributes to society.

In this sense, this report aims to provide a broader dimension to the concept of the group's sustainability strategy, highlighting the social function derived from Endesa's tax contribution.

The way in which the tax information provided in this report is set out intends to make it more versatile and facilitate its integration so that it can be presented in accordance with the different parameters required by different stakeholders.

Endesa has been publishing, voluntarily and since 2014, detailed information on its Total Tax Contribution, which reflects the importance attached by the Group to tax matters and transparency.

2. Background and purpose of this report

Purpose and scope

The data compiled by PwC includes information received from Endesa, obtained from its own IT system and its internal working procedures. Our work has consisted of the analysis of the information supplied by Endesa and verification of the consistency of the trends and figures reflected. Their origin has been neither verified nor audited.

The data for 2022, and the analyses of contribution profiles and certain indicators have been compared with the equivalent data for the periods from 2017 to 2021, and a study made of the trend reflected.

In relation to the above mentioned, this report is based on the tax contribution figures provided as of February 2nd 2022. Our fieldwork was concluded on the March 7th 2023, and significant events may have occurred after that date that would not be covered in this report.



2. Background and purpose of this report

Total Tax Contribution Methodology

This report has been prepared using PwC's Total Tax Contribution methodology (see Appendix IV for further details), taking into account the specific characteristics and circumstances of the Endesa Group as set out below.

It takes into account 100% of the tax contribution of those companies that consolidate with the parent company using the full consolidation method in Spain. It also includes information on the branches established in other countries in which Endesa has a significant presence and for which it has been possible to obtain information.

A list of all taxes in Spain included in this analysis has been included as an appendix for illustrative purposes.

In line with the criteria established by Endesa in 2015 in its Sustainability Report^[1], in 2015 to 2017 the amounts estimated at year-end relating to the amount accrued for corporate income tax payable by Endesa, S.A. and the rest of its subsidiaries to Enel Iberia, S.L., which as the company representing the tax group, is the ultimate taxpayer^[2], have been included as "Corporate income tax" in the section on taxes on profits borne.

With effect from 2018, Law 11/2018 of 28 December provides that it will be mandatory to include within the statement of certain non-financial information "tax information", including, among others, taxes on profits paid.

As a result of the above, in 2018 Endesa decided to change the accrual criterion used until now in relation to corporate income tax information to the cash basis, in line with the criterion followed in the statement of non-financial information regulated by Law 11/2018.

Thus, during 2022, the amount of income tax paid by Endesa to Enel Iberia S.L., as the company representing the tax group to which Endesa belongs (insofar as the requirements for forming a tax consolidation group provided for in Law 27/2014 of 27 November on income tax are met), would amount to 472 million euros, and this same item paid by Enel Iberia S.L. to the tax authorities in the period would amount up to 187 million euros.

During 2022, corporate income tax payments amounting to 60 million euros were made by other companies taxed individually, both in Spain and abroad.

^[1] <https://www.endesa.com/content/dam/enel-es/home/inversores/infoeconomicafinanciera/informesanuales/documentos/2015/Informe%20de%20Sostenibilidad%202015.pdf>

^[2] To the extent that the requirements to form a tax consolidation group are met, as established in Law 27/2014.

3

TTC of Endesa in 2022

3. TTC of Endesa in 2022

Total Tax Contribution			
Taxes borne	M €	Taxes collected	M €
Profit Taxes	562	Profit taxes	75
Corporate Income Tax (tax group regime)	472	Withholdings on payments to non-residents (without PE)	0
Corporate Income Tax (individual regime)	60	Revenues from investment capital	0
Business Activity Tax	28	Withholdings on payments to non-residents	75
Other	2		
Property Taxes	99	Property Taxes	0
Tax on real property	61	Revenues from property investments	
Other taxes	38		
People Taxes	131	People Taxes	234
Employer's social security contribution	131	Withholdings on earned income	214
Other withholding taxes		Employee social security contributions	20
Taxes on products and services	310	Taxes on products and services	1,694
Non-deductible VAT/IGIC	1	VAT (Net position)	1,692
Tax on the utilization of airspace, soil and subsoil	288	Tax on the utilization of airspace, soil and subsoil	2
Other publicdomain charges	21		
Planet Taxes	532	Planet Taxes	206
Tax on value of electricity generation	1	Taxes on electricity	102
Tax on nuclear fuels	112	Taxes on hydrocarbons	104
Hydraulic charge tax	0	Tax on coal	0
Tax on nuclear services	214		
Other environmental taxes (regional)	200		
Taxes on electricity	0		
Taxes on hydrocarbons	0		
Tax on coal	5		
Other taxes			
TOTAL	1,634	TOTAL	2,209
Total Tax Contribution		3,843	

Economic data	M €
Revenues	32,545
Wages and salaries	711
Average number of employees	9,142
Income before tax	3,487
Income before tax borne	4,559
Total tax borne	1,634
Total tax collected	2,209
Total Tax Contribution	3,843

TTC Indicators		
1	TTC Ratio	36%
2	TTC in relation to revenues	12%
3	Taxes borne in relation to revenues	5%
4	Taxes collected in relation to revenues	7%
5	Tax value distributed society	54%
6	Wages and salaries per employee (€)	77,772
7	Taxes paid per employee (€)	39,925

1. Total taxes borne / Income before taxes borne
2. Total Tax Contribution / Revenues
3. Taxes borne / Revenues
4. Tax collected / Revenues
5. Tax borne and collected / Total value distributed (regarded as the sum of income after tax or shareholder value, wages and salaries, net interest, taxes borne and collected)
6. Wages and salaries / Average number of employees FY22
7. Total taxes linked to employment (borne and collected) / Average number of employees FY22

Note: the figures presented had been rounded.

3. TTC of Endesa in 2022

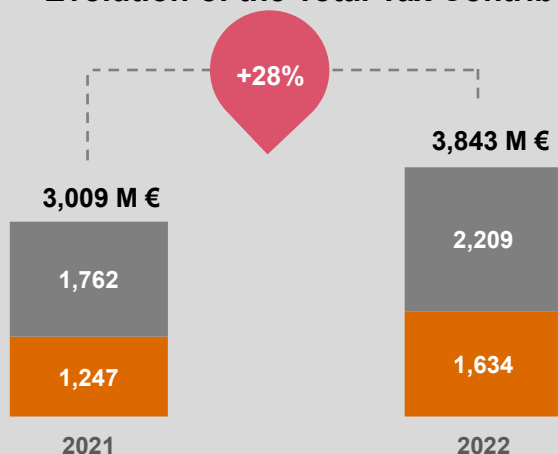


Analysis of the total tax contribution in 2022

Endesa's tax contribution increases by **28%** in 2022, in comparison with 2021, mainly as a result of the following factors:

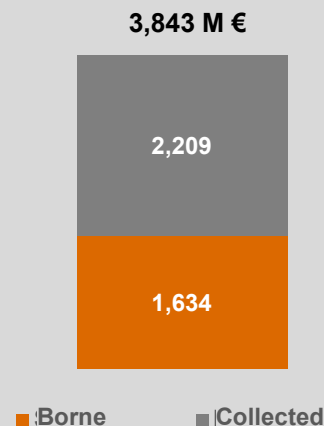
- The increase in turnover, which led to an increase of **727 million of euros** in the collection of Value Added Tax (VAT), and an increase of **116 million of euros** in taxes on products and services borne.
- An increase in profit taxes borne of **188 million euros**, due to the higher payments made to Enel Iberia S.L during 2022 and the amendment returns corresponding to financial years 2019 and 2020 filed after the closure of the General Inspection related to financial years 2015 to 2018.
- The measures adopted by the Spanish Government to reduce the impact on the final price of electricity (in contrast to its partial application during 2021) which have led to an aggregate decrease in environmental taxes, borne and collected, for a value of **177 million euros**, as a result of the impact during 2022.

Evolution of the Total Tax Contribution



Source: PwC

Total Tax Contribution 2022



Source: PwC

Endesa's total tax contribution in the countries in which it operates amount to **3,843 million euros in 2022**, 85% of which relates to the contribution made in Spain.

In this regard, el 43% corresponds to taxes borne that represent a cost for the group, and the remaining 57% relates to taxes collected by the Group in the course of its economic activity.

Note: For the purposes of analysing the trend of the Total Tax Contribution in 2021 and 2022, the figures relating to taxes borne and collected in all the territories in which Endesa operates are taken into account.

3. TTC of Endesa in 2022



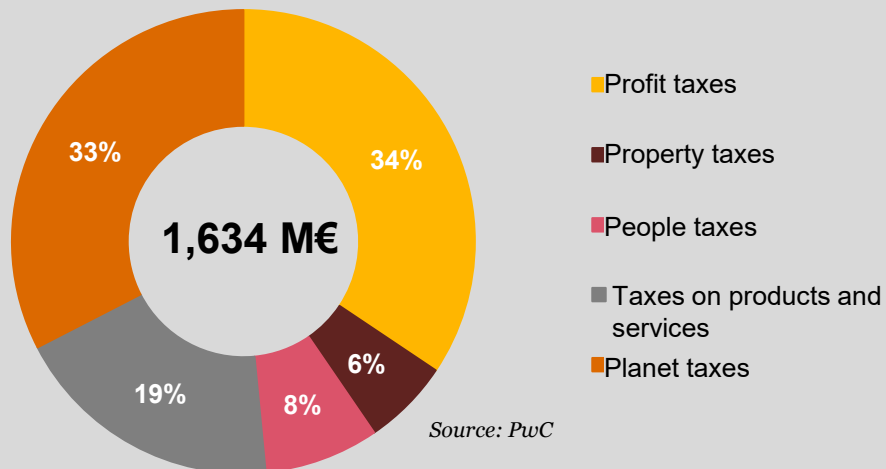
Analysis of the taxes borne in 2022

Profile of taxes borne

Endesa's taxes borne in 2022 amounted to **1,634 millones de euros**.

Of particular relevance profit taxes, which amounted to **562 millones de euros**, representing **34% of the total taxes borne**.

Type of taxes borne by Endesa in 2022



[1] For the purposes of calculating the contribution for corporate tax in Spain, the effect of the limitation to 95% of the exemption for dividends and capital gains introduced in article 21.10 of the Corporate Tax Law has been taken into account, limitation configured as a mechanism to avoid double deduction of management expenses associated with investee entities



Taxes on profits accounted for **34%** of the total taxes borne by Endesa, amounting to **562 million euros**, among which the payments made (including payments to the Fiscal Group) for Corporate Income Tax^[1] amounting to **532 million euros**, payments for the Tax on Economic Activities for **28 million euros** and **2 million euros** for other tax concepts.



Although the **planet taxes item (33%)** is usually made up of the taxes regulated by Law 15/2012, during 2022 the **Tax on the value of electricity production** has remained suspended and no payments have been made, in regards with the **Hydraulic Canon**, no payment has been made, as they have been declared unenforceable by the Supreme Court in 2021. Even so, the contribution for **nuclear taxes, fees for nuclear services** and **regional taxes** created by the Autonomous Regions have amounted to **532 million euros**.



In addition, accounting for **19%** of the total taxes borne by Endesa, are taxes on **products and services**, which basically correspond to taxes on the utilization of airspace, soil and subsoil (for an amount of **288 million euros**) and other public domain taxes, such as those related to the concession and regulation of dams and non-deductible VAT (**22 million euros**).



People taxes account for **8%** of Endesa's taxes borne during the year. This amount is made up of **131 million euros** in social security contributions (or similar bodies).



Property taxes, which mainly include property tax, accounted for **6%** of the company's total borne tax payments, amounting to **99 million euros**.

3. TTC of Endesa in 2022

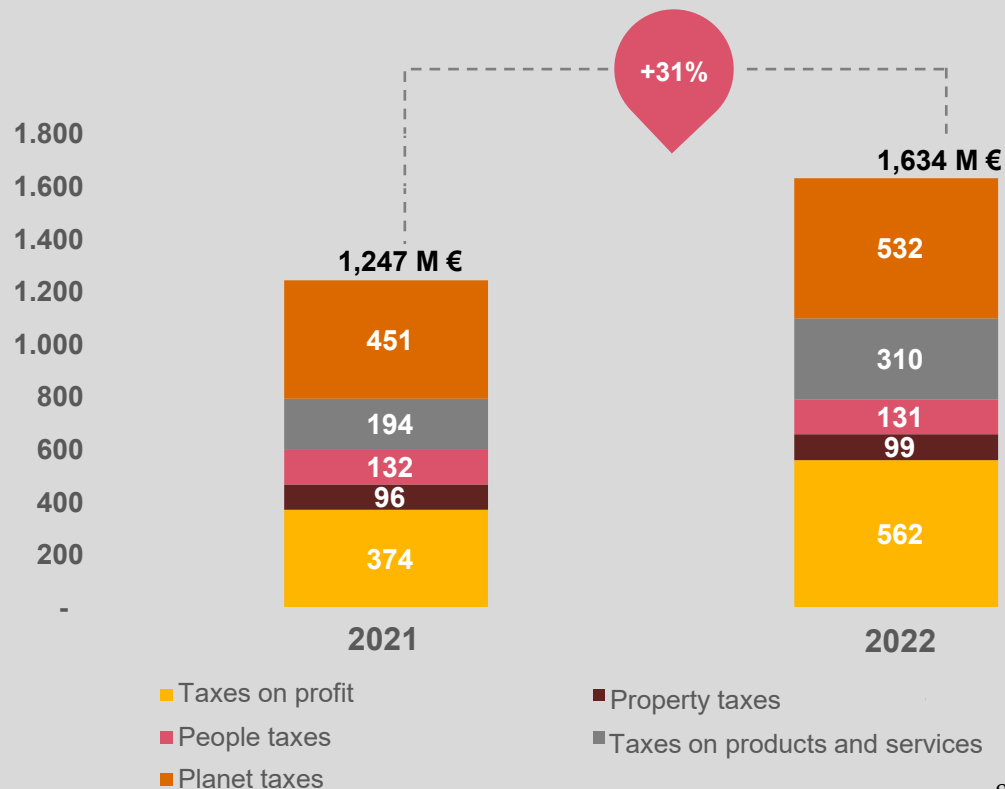


Analysis of the total tax contribution in 2022

Trend of taxes borne

Taxes borne show an upward trend in the last year, increasing by 31% compared to the previous year.

Evolution of taxes borne by Endesa in 2022



Source: PwC

Taxes borne increased by **387 millones de euros**, compared to 2021, mainly due to:

- Increase of **188 million euros** in contributions through profit taxes mainly as a result of:
 - Increase in profit before taxes due to the increase in electricity production during the year.
 - Increase in the contribution due to the entry into force of the limitation to 5%^[1] of the exemption of dividends and capital gains, in addition to the lower tax amortization of coal plants, as a result of their planned closure.
 - The regularizations related to the years 2019 and 2020, submitted in 2022, as a consequence of aligning the tax audit criteria reflected in the dis-agreement minutes of **Corporation Income Tax 2015-2018**.
- Increase of **81 million euros** in the contribution through planet taxes borne, as a result of the following circumstances:
 - The statement as unenforceable of the Hydraulic Canon during 2021 represented as a return of **271 million euros**. Although, during 2022 no amount have been paid for this concept, the variation between years in positive.
 - The increases in other planet, state and regional taxes, for a value of **14 million euros**.
 - All this, despite of the suspensión throughout the 2022 of the TVPEE (**-204 million euros**).
- An increase of **116 million euros** in taxes on products and services borne, mainly related to the 1.5% rate, whose tax base is related to the increase in the electricity sales.
- An increase of **3 million euros** in property taxes and a reduction of **1 million euros** in taxes associated with employment.

PwC ^[1] Limitation configured as a mechanism to avoid double deduction of managements expenses associated with investee entities, which are presumed to be equivalent to 5% of the rental value.

3. TTC of Endesa in 2022



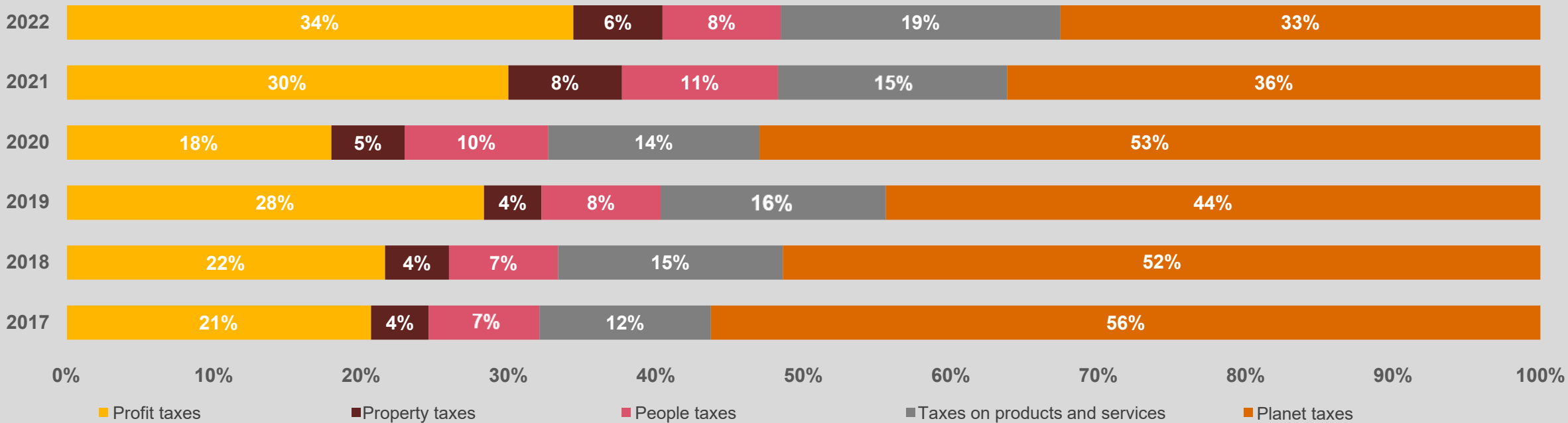
Analysis of the taxes borne in 2022

Trend of taxes borne

Evolution of the profile of taxes borne by Endesa in the period 2017-2022

Regarding the evolution of the profile of the taxes borne during the last six years, it should be noted that **planet taxes** maintain their relevance, despite decreasing their **relative weight** in the last two years, mainly due to the unenforceability of the Hydraulic Canon by rulement of the Supreme Court and the suspension during the entire financial year 2022 of the TVPEE, and an increase of the relative weight of **profit taxes** and **taxes on products and services** in financial year 2022, as a result of the **increase in turnover and the profit before taxes with respect to the financial year 2021**.

Source: PwC



3. TTC of Endesa in 2022



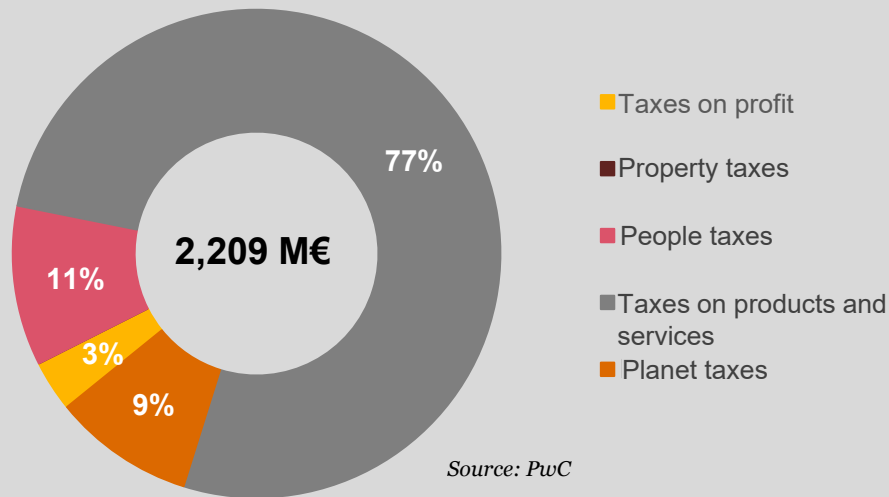
Analysis of the taxes collected in 2022

Profile of taxes collected

Endesa's taxes collected in 2022 amounted to **2,209 million euros**.

Among these, taxes on products and services stand out, which account for **77%** of the total taxes collected, amounting to **1,694 million euros**.

Type of taxes collected by Endesa in 2022



The main item of **taxes collected** is made up of taxes on products and services (77%), which correspond practically entirely to VAT (and equivalent taxes) collected and paid by Endesa in the different geographies under analysis, amounting to **1,692 million euros**, and that during this financial year 2022 it has been strongly conditioned by the increase in VAT charged by Endesa Generación associated with the increase in electricity production during 2022. Additionally, the company has entered **2 million euros for the subsoil occupancy rate (TOS) in Portugal**.



On the other hand, it is important to point out that **people taxes** represent **11%** of the total taxes collected and correspond mainly to withholdings made on personal income paid to employees and payments to Social Security on behalf of employees, for a **amounting to 234 million euros**.



Planet taxes, during the year 2022 lose relative weight, accounting for **9%** of the total taxes collected, made up of the Tax on Electricity for **102 million euros** (tax rate reduced to 0.5% applicable during the entire year) and the Tax on Hydrocarbons for a value of **104 million euros**.



Taxes on profits account for **3%** of the total taxes collected, corresponding to withholdings made in the payment of dividends, both to residents and non-residents, for a value of **75 million euros**.



During 2022, the payments made for **property taxes** have not been relevant.

3. TTC of Endesa in 2022

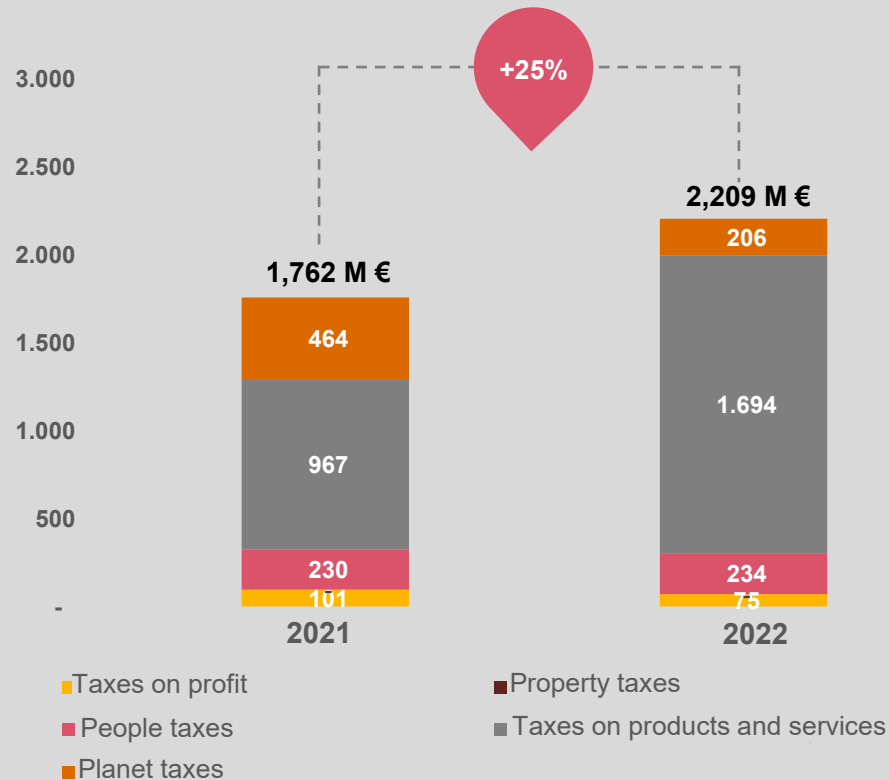


Analysis of the taxes collected in 2022

Trend of taxes collected

Taxes collected in 2022 show an upward trend increasing a **25%** compared to 2021, which in absolute terms represents an increase of **447 millones de euros**.

Evolution of taxes collected by Endesa in 2022



Source: PwC

1. The main increase in the payment of taxes collected during 2022 corresponds to the **taxes on products and services** collected, which increased by **727 million euros**, associated with the increase in production in 2022, in all the countries where the Group operates.
2. Likewise, there is a slight increase in collected people taxes, of **4 million euros**, linked to the increase in wages by **5%** compared to 2021.
3. On the other hand, the main decrease in the contribution for planet taxes counteracts the global growing trend of taxes collected, by decreasing by **56%** compared to the previous year, it is mainly due to the extension of the reduced rate of 0.5% in the special tax on electricity. In absolute terms, the contribution through planet taxes has been reduced by **258 million euros**.
4. Regarding the collection of **profit taxes**, this is reduced by **26 million euros**, due to a lower payment of interim dividends compared to the previous year (0.5 compared to 0.7 in 2021 and a complementary amount of 0.9372 compared to 1.3136 in 2021).

3. TTC of Endesa in 2022



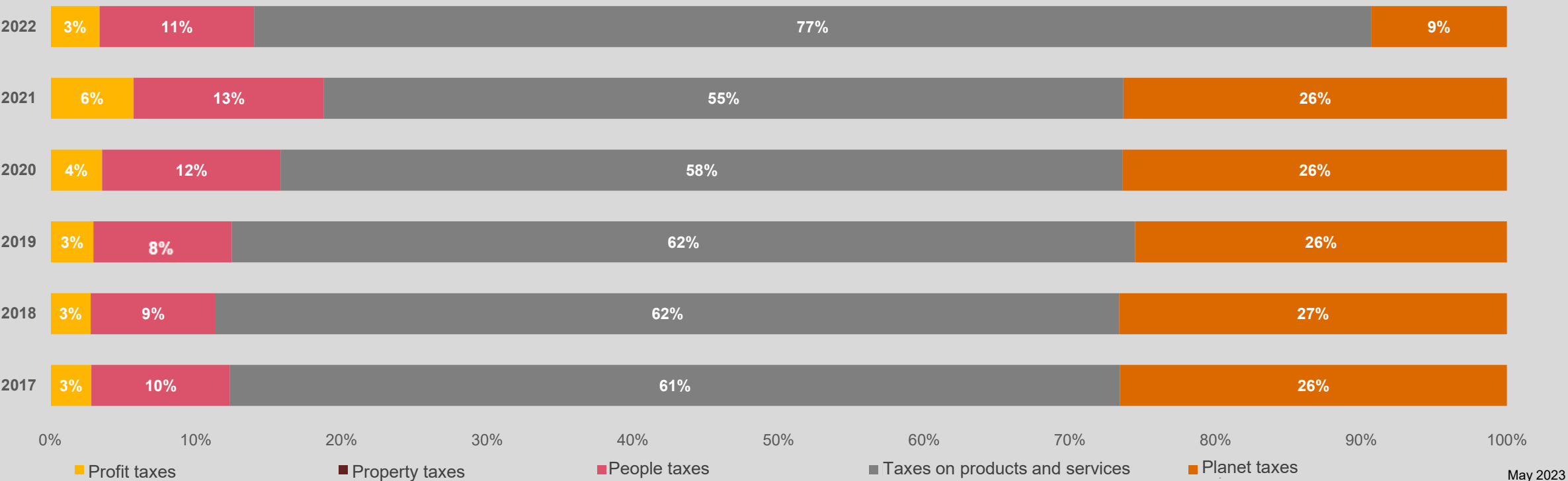
Analysis of the taxes collected in 2022

Trend of taxes collected

Evolution of the profile of taxes collected by Endesa in the period 2017-2022

Compared to the linear composition of the profile of taxes collected during previous years (2017 to 2021), in 2022 there was a significant increase in the weight of taxes on products and services (+22 pp), due to the increase in the turnover, and a significant reduction in the weight of planet taxes (-17 pp), due to the reduction in the tax rate of the Electricity Tax (0.05%) throughout the 2022.

Source: PwC



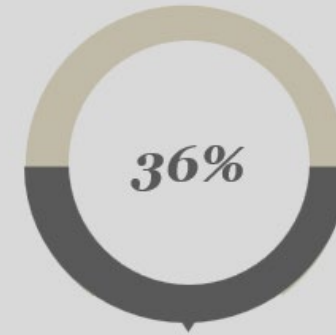
3. TTC of Endesa in 2022

TTC Indicators

Total Tax Contribution Rate

The Tax Contribution Rate is an indicator of the cost of taxes borne in relation to profits obtained. It is calculated as **the percentage of the taxes borne in relation to the profit before these taxes**, taking into account consolidated figures that include the activity carried out by Endesa at a global level.

Despite the decreasing trend in taxes borne for the year, this ratio decreased by only 9 percentage points with respect to previous year, **due to the significant increase in the profit before taxes**.



Source: PwC

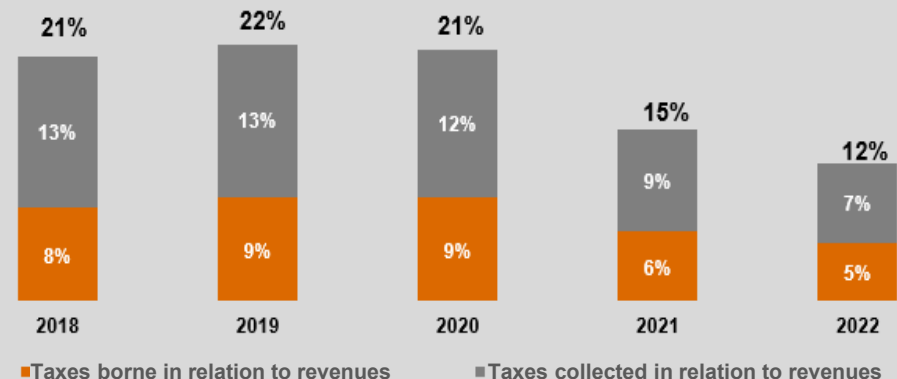
Total Tax Contribution Rate of Endesa in 2022

TTC with respect to turnover

TTC with respect to turnover is an indicator that reflects the extent of the contribution made by the Company in relation to the size of its business. For Endesa, the average **Total Tax Contribution rate in relation to net revenues averages at 12% for 2022**.

The indicator has decreased considerably, compared to recent years' average (20%), mainly due to the increase in the Company's turnover (+59%), which is not transferred, to the significant increase in the tax contribution (834 million euros) compared to the previous year. This situation may be due to the measures introduced by the Government of Spain, in the last two years, to reduce the tax associated with the electricity bill, both supported (TVPEE) and collected (VAT and Electricity Tax).

Trend of the TTC with respect to turnover



Source: PwC

The measures introduced by the Government to reduce the price of the electricity bill, during the last two years, have reduced the associated planet tax, both borne (TVPEE) and collected (VAT and Electricity Tax).

3. TTC of Endesa in 2022

TTC Indicators

Tax value distributed to society

According to the TTC methodology, the distributed value of a company is made up of the sum of the following elements:

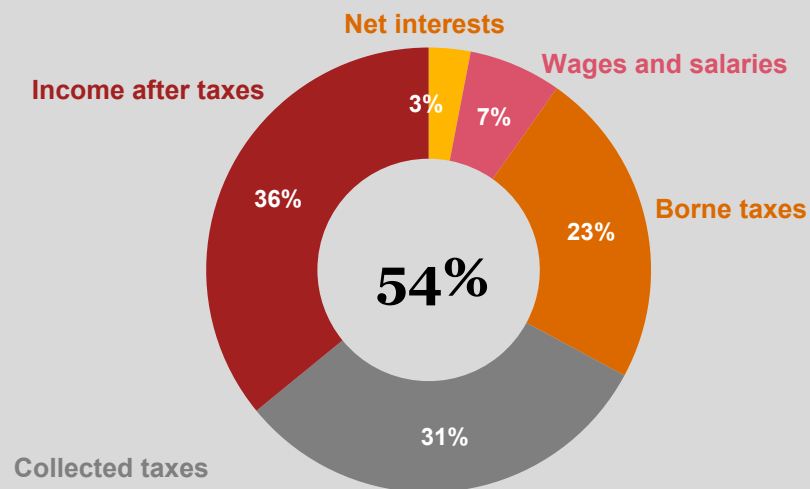
- Net interests
- Wages and salaries (net of taxes collected from employees)
- Taxes (borne and collected)
- Shareholder value (i.e. dividends, reserves, etc.)

The **distributed tax value ratio** indicates the percentage of the total value generated by Endesa that is used to pay taxes borne and collected to Public Administrations.

In essence, the distributed tax value reflects the way in which Endesa brings to society the economic value it generates.

Concept	Amount (M €)	%
Net interests	215	3%
Wages and salaries (net of collected taxes)	477	7%
Taxes borne	1,634	23%
Taxes collected	2,209	31%
Income after taxes (IAT)	2,541	36%
Total	7,076	100%

Source: PwC



In 2022, the total amount of value distributed was **7,076 million euros**, of which **3,843 million euros** were paid to the various public administrations as input and collected taxes.

As shown in the graph, in 2022 almost **54%** of the value generated by Endesa is allocated to society through the payment of taxes paid and collected in the various territories where it operates.

The Ratio remains in line with the previous year (**61%**), standing out a reduction of 5 percentage points in the weight of taxes collected caused by the reduction of the tax rate of the Tax on Electricity from 5% to 0.05 %.

During 2022, 54% of the value generated by Endesa was allocated to the payment of both borne and collected taxes.

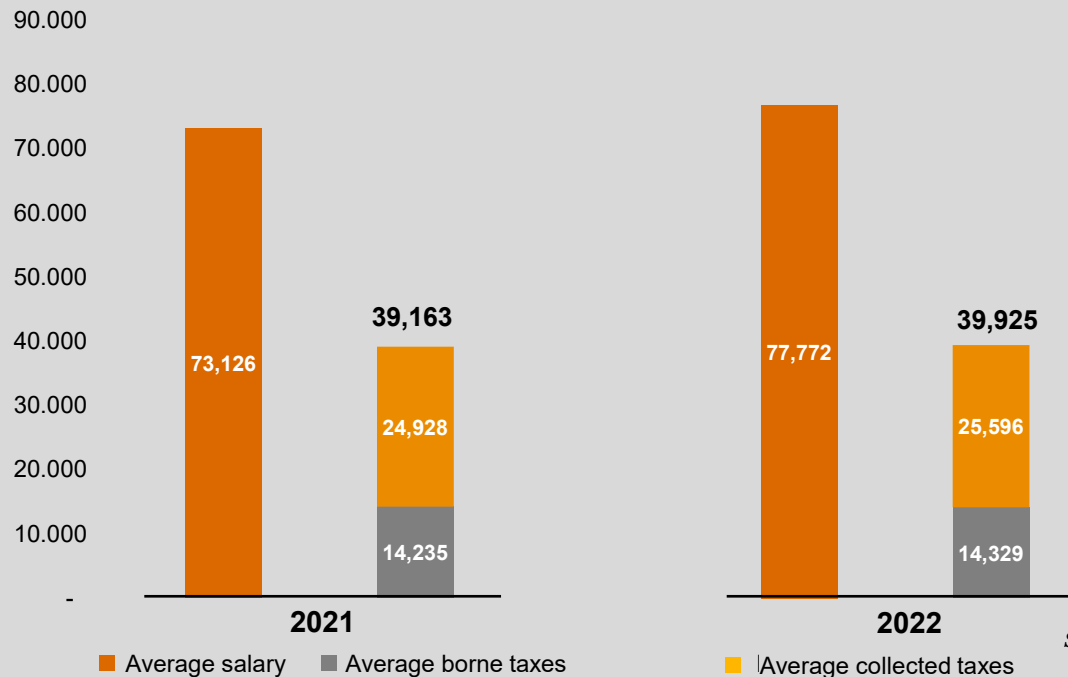
3. TTC of Endesa in 2022

TTC Indicators

Taxes paid on wages and salaries per employee ^[1]

Taxes paid in respect of **wages and salaries per employee** are an indicator that relates the level of employment to associated taxes. This indicator is calculated by dividing total taxes linked to employment (borne and collected) by the number of employees.

Evolution of Endesa's average salary and its associated taxes



In 2022, Endesa paid **39,925 euros** per employee in employment-related taxes. Of this figure for employment-related taxes, **25,596 euros** correspond to taxes collected on behalf of the employee and **14,329 euros** to taxes borne by Endesa, which represent a cost for the Group.

The average **employment-related taxes** paid by Endesa in 2022 represented **51% of the Group's average salary** (77,772 euros), a **decrease of 3%** compared to the previous year.

[1] For the purposes of calculating this ratio during the year 2022, the data on average employees for the year has been taken into account, unlike previous periods where the data on employees at the end of the year was taken as a reference.

During 2022, people taxes paid by Endesa accounted for more than 50% of the average salary paid by the Group.

4

TTC of Endesa in 2022 by
country

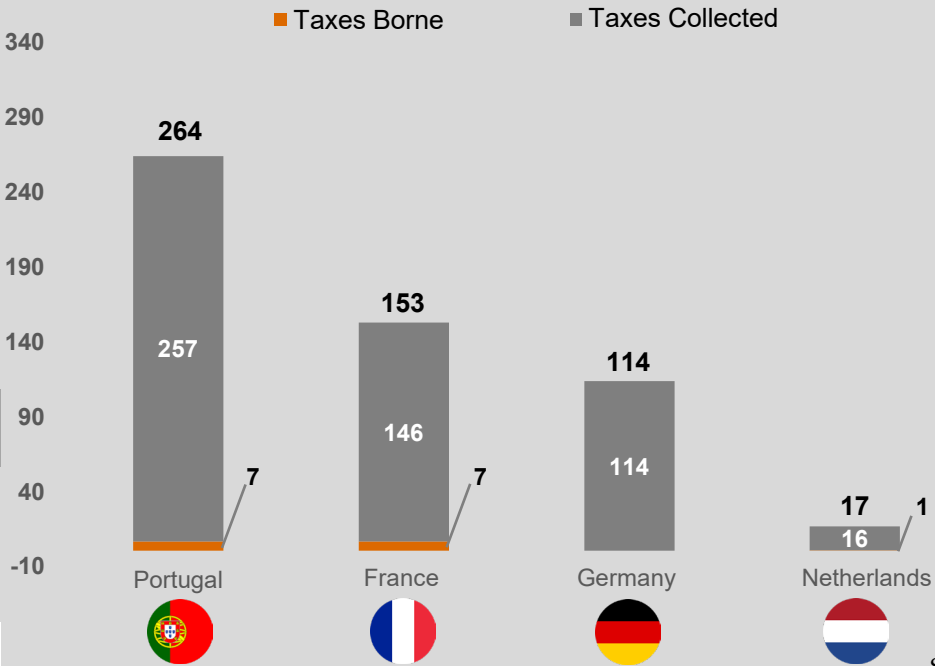
4. TTC of Endesa in 2022 by country

Analysis of the total tax contribution in 2022

Spain is the main country in which Endesa operates, representing **90% of its turnover in 2022** as well as almost **97% of its profit after tax** (both figures according to consolidated anual accounts). In line with the business generated, the tax contribution made by Endesa in Spain accounted for **85%** of the total (3,295 million euros of the total contribution made in 2022).

With regard to the other countries (Portugal, France, Germany and Netherlands ^[1] , there was a **25%** increase in taxes borne, mainly due to the higher result registered in the different countries. On the other hand, taxes collected increased by **70%** mainly due to the increase in taxes on products and services borne.

Endesa's TTC profile in the main countries where it operates ^[1]



Source: PwC

As shown in the graphic, the distribution between taxes borne and collected is not homogeneous as in Spain (see page 38 of this report), but instead the highest percentage of Endesa's contribution abroad corresponds to taxes collected for the Tax Administrations of the countries in which it operates as a result of the business generated.

Figures in million euros

^[1] A detail of the taxes paid in each territory is included in Annex II to this report

5

Comparative
indicators

5. Comparative indicators

Effective Corporate Income Tax Rate

The benchmarks considered in the following pages for the purposes of comparison are: (i) the Corporate Income Tax effective rate of the companies that make up the IBEX 35^[1]; and (ii) a group of multinational companies which operate in different jurisdictions in the years 2018, 2019 and 2020.

We will analyze the effective tax rate ("ETR") and the items affecting the difference with the nominal tax rate. Our methodology is based on the publicly available information; tax expense data is information which is published by companies in their consolidated annual accounts and this enables us to perform comparative analyses such as that contained in this section^[2].

Particular features from fiscal year 2020 as a consequence of the economic crisis of COVID-19

According to the methodology adopted during this period, entities in a loss situation are assigned an effective rate of 0% since mathematically the formula generates inconsistencies such as a positive ETR for loss situations and recording of income for Corporate Income Tax or negative ETRs. In 2020, due to the economic crisis caused by COVID-19, the number of entities in loss situations is representative therefore the effective rate drops considerably with respect to previous years.

^[1] According to the composition as at 31st December of each FY

^[2] See Annex VI of this report.

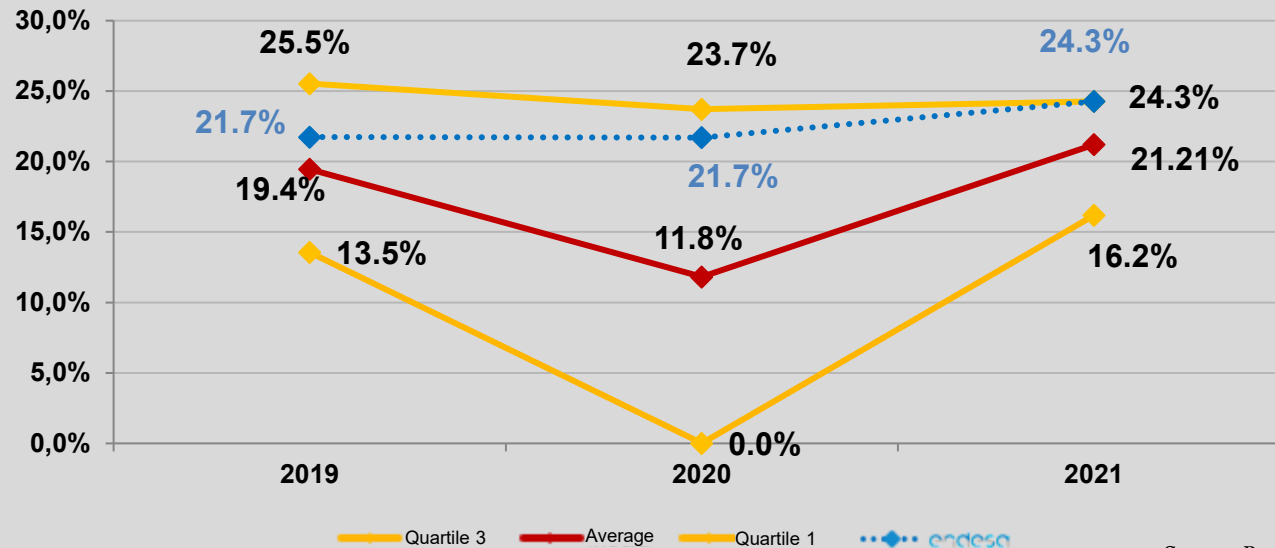
5. Comparative indicators

Comparison of the ETR of Endesa with that on the IBEX 35 companies

In relation to the effective tax rate (ETR), calculated as the ratio of **Corporate Income Tax expense to income before taxes**, the attached chart compares the effective tax rate of Endesa with the average effective tax rate of the IBEX 35 companies, taking into account all 35 companies making up this index, irrespective of whether they are in a loss-making or profit-making situation.

In 2021, the effective rate of the IBEX35 is 21.2%, determined by the economic crisis due to the pandemic. In accordance with the methodology applied, entities in a loss situation are assigned an effective rate of 0%.

ETR Benchmark of Endesa with other IBEX 35 Companies



Source: PwC

The chart shows that the average effective rate for the year 2021 of the IBEX 35 companies is of 21.2%, below the ETR of Endesa, which is 24.3%, in line with previous year.

Likewise, Endesa's average ETR for 2019-2021 remains around a 22%, which is above the media de las compañías del IBEX companies for that period (18%).

Endesa's average effective tax rate in 2021 was 24%, more than 3 percentage points higher than the average effective tax rate of the other IBEX 35 companies in the same period.

5. Comparative indicators

Comparison of the ETR of Endesa with that of the 50 companies in the gas, electricity and water sector with the highest stock market capitalization

For the purposes of this comparative study, we have taken into account the following:

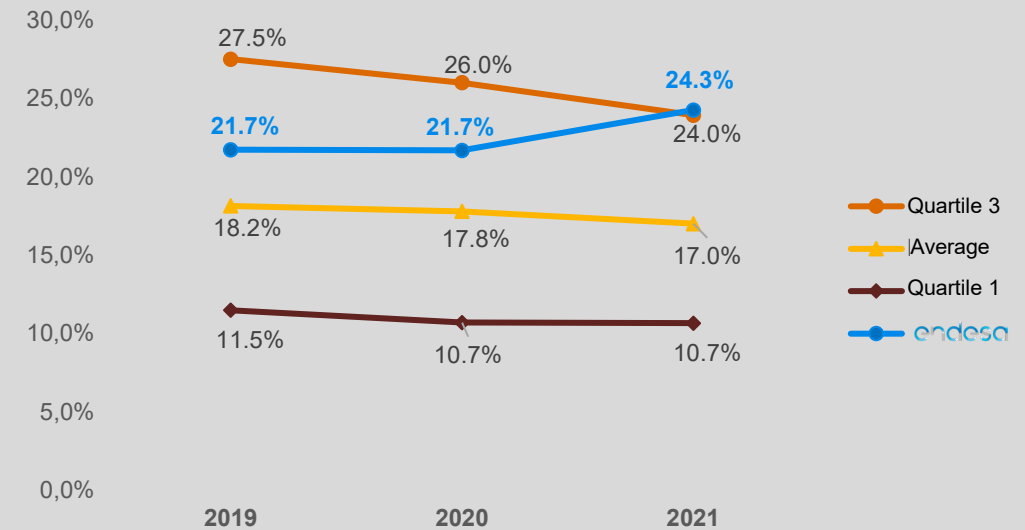
- (i) The 50 companies in the electricity, water and gas sector with the highest stock market capitalization.
- (ii) We have used in the publicly available information in the data base Refinitiv, updated as of March 9, 2023.
- (iii) We have analyzed the financial data of these companies for the years 2019 to 2021.

These data have been duly compared with Endesa's information, which was provided to us during the preparation of this report.

As shown in the graph, in 2021 **Endesa is slightly above the average for other multinational companies in its sector**, with an ETR of **24.3%**.

Throughout the three years analyzed, we can see that Endesa's ETR remains at very similar levels, always above the average ETR of the companies in the same period

Comparison of the ETR of Endesa with that of the 50 companies in the gas, electricity and water sector with the highest stock market capitalization



Source: PwC

5. Comparative indicators

Reconciliation between the nominal rate and the effective tax rate of Endesa compared to the IBEX35

In relation to the difference between the nominal rate in 2021 (25%) and the effective rate (24.3%), the elements that impact the ETR for both IBEX 35 companies and Endesa are shown below.

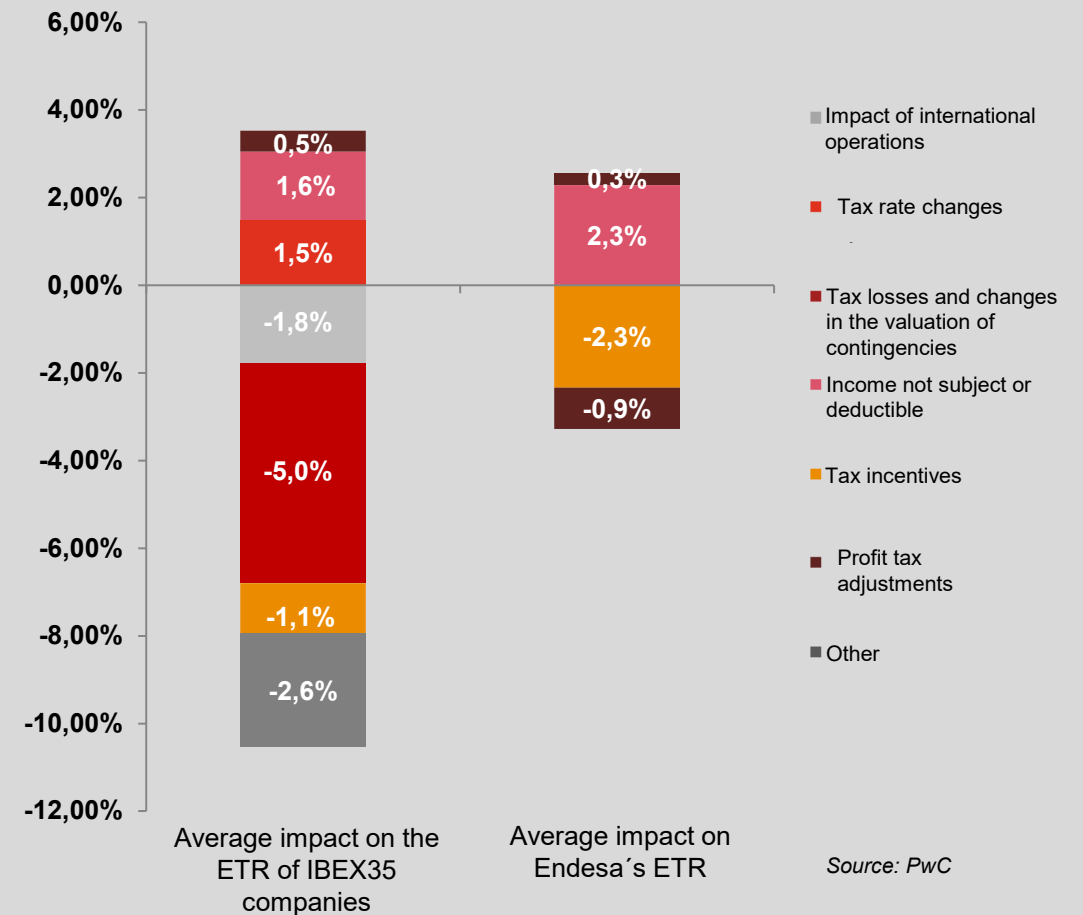
The graph attached below shows the elements that favorably affect the reduction of the nominal rate (those with a negative impact are below 0%), as well as those that affect unfavorably (positive impact, above 0%).

In this sense, the elements are grouped into seven generic categories, based on the descriptions given by the companies in the reconciliation between the accounting result and the tax expense contained in the consolidated annual accounts and in the breakdown of tax information published in the Endesa website[1].

In line with previous years, one of the elements that most influences Endesa's nominal rate are tax incentives (-2.3%), mainly related to the benefits of Canary Islands legislation and other deductions and bonuses generated in the year. Also noteworthy this year is the impact of the adjustments in the tax on profits (-0.9%), and with the opposite effect, that of income not subject to or not deductible, related to expenses and allocations of provisions that are not tax deductible (+2.3%).

Within the IBEX 35, the element with the greatest impact on the ETR are tax losses and the change in valuation of contingencies (-5.0%), other tax items and consolidation adjustments (-2.6%) and with a positive impact, non-subject income (1.6%) and the effect of changes in the tax rate (+1.5%).

Comparison of Endesa's ETR with the IBEX35



[1] <https://www.endesa.com/en/our-commitment/transparency/tax-information-breakdown>

5. Comparative indicators

Endesa's tax contribution in economic and social terms

... el 15% of the European recovery funds assigned to Spain for 2022.

Source: Website of the Spanish Government



... 38% of the Budget allocated to industry and energy in 2023

Source: General Budget of the State 2023



... the payment of 10.5 million euros per day in taxes borne and collected in taxes in 2022

Source: PwC



... 7% of the EU Budget for sustainable growth: natural resources

Source: EU Budget 2022-2023



... 1.72% of the Spanish Tax Administration's gross revenue in 2021

Source: STA Annual Tax Collection Report



6

Other payments made to
Public Administrations

6. Other payments made to Public Administrations

In addition to its Total Tax Contribution, it should be noted that Endesa makes other contributions to Public Administrations in the jurisdictions in which it operates. These include, among others, **regulatory payments to the national energy efficiency fund and contributions towards the funding of the rates subsidy.**

During 2022, payments made by Endesa to different Public Administrations have amounted to **199 million euros**. This figure is aligned with the payments made during the previous year. The breakdown of contributions is as follows:

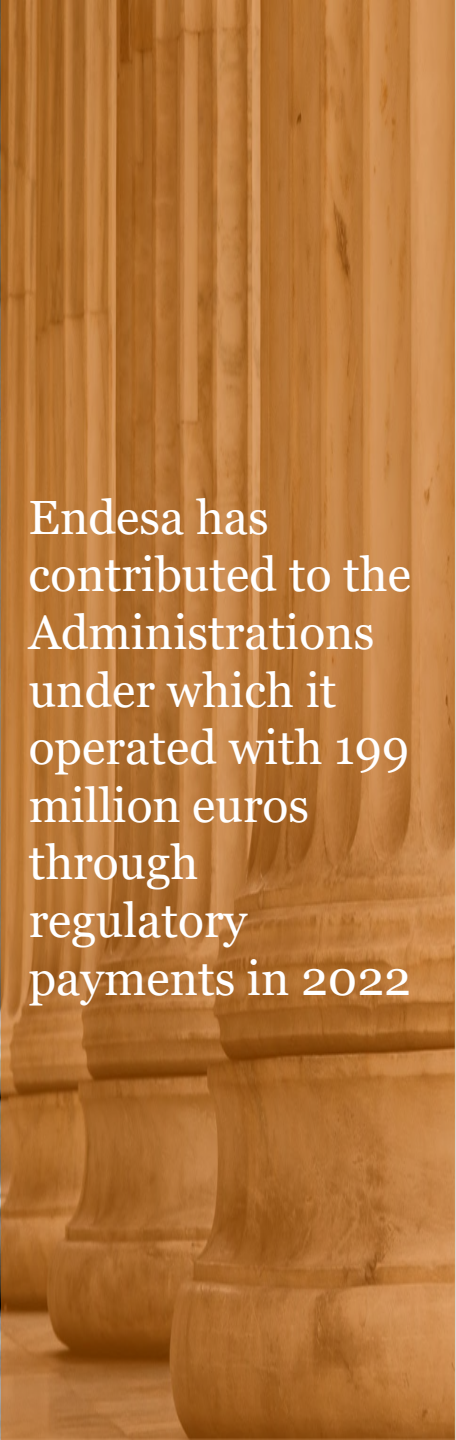
(i) Energy efficiency: as a result of its consideration as a gas and electricity trading company, Endesa is an obligated subject of the system of energy efficiency obligations, which must make an annual financial contribution to the national energy efficiency fund by virtue of the provisions of the Law 18/2014, of October 15, approval of urgent measures for growth, competitiveness, which establishes the obligations to the National Energy Efficiency Fund in the year 2022. During the year 2022, the payments for this concept amounted to **€26 million euros**.

(ii) Bono social: in 2022, Endesa paid **134 million euros** as a contribution to the financing of the rates subsidy, a mechanism regulated by Law 24/2013, of December 26, imposing a funding obligation on certain companies in the electricity system. In addition, **9 million euros** were paid in concept of rates subsidy to Portuguese Public Administration.

(iii) Reduction of the excess remuneration of the electricity market: during the financial year 2022 and as a consequence of the entry into force of Royal Decree-Law 17/2021 that reduces the remuneration of the electricity production activity of non-emitting technology production facilities of greenhouse gases to their holders. The introduction of this limitation had an impact of 9 million euros for Endesa in 2022.

(iv) Others: Endesa pays the French Administration contributions intended to finance pensions in the electricity and gas sector (Contribution Tarifaire d'Acheminement), paid directly to a government association, amounting to **4 million euros**.

Additionally, the Portuguese Audiovisual Tax (CAV) is paid, for which Endesa contributed **17 million euros** in 2022, in that country.



Endesa has contributed to the Administrations under which it operated with 199 million euros through regulatory payments in 2022



Annexes

7. Annexes

Annex I: Global Summary 2022

Country	Spain	Portugal	France	Germany	Netherlands	TOTAL
Taxes borne	1,619	7	7	0	1	1,634
Taxes collected	1,676	257	146	114	16	2,209
Total Tax Contribution	3,295	264	153	114	17	3,843

TTC percentage overall	85.7%	6.9%	4.0%	3.0%	0.4%	100%
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Other regulatory payments	Spain	Portugal	France	Germany	Netherlands	TOTAL
Rates subsidy	134	9	0	0	0	143
Energy efficiency	26	0	0	0	0	26
Other	9	17	4	0	0	30
Total other payments made to Public Administrations	169	26	4	0	0	199

TOTAL PAYMENTS MADE TO PUBLIC AUTHORITIES	3,464	290	157	114	17	4,042
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7. Annexes

Annex II: Endesa 2022 TTC report by country

Spain

Total Tax Contribution			
Taxes borne		Taxes collected	
	M €		M €
Profit taxes	549	Profit taxes	75
Corporate Income Tax	519	Withholdings on payments to non-residents (without PE)	0
Business Activity Tax	28	Revenues from investment capital	33
Other	2	Withholdings on payments to non-residents	42
Property taxes	99	Property taxes	0
Tax on real property	61	Revenues from property investments	0
Other taxes	38		
People taxes	129	People taxes	232
Employer's social security contribution	129	Withholdings on earned income	213
Other withholding taxes	0	Employee social security contributions	19
Taxes on products and services	310	Taxes on products and services	1,260
Non-deductible VAT/IGIC	1	VAT (Net position)	1,260
Tax on the utilization of airspace, soil and subsoil	288		
Other public domain charges	21		
Planet taxes	532	Planet taxes	109
Tax on value of electricity generation	1	Taxes on electricity	70
Tax on nuclear fuels	112	Tax on hydrocarbons	39
Hydraulic charge tax	0	Tax on coal	0
Tax on nuclear services	214		
Other environmental taxes (regional)	200		
Taxes on electricity	0		
Tax on hydrocarbons	0		
Tax on coal	5		
Other taxes	0		
TOTAL	1,619	TOTAL	1,676
Total Tax Contribution		3,295	

Note: the figures presented had been rounded

7. Annexes

Annex II: Endesa 2022 TTC report by country

Portugal

Total Tax Contribution			
Taxes borne		M €	
Profit Taxes		6	
Corporate Income Tax		6	
Business Activity Tax		0	
Other		0	
Property Taxes		0	
Tax on real property		0	
Other taxes		0	
People Taxes		1	
Employer's social security contribution		1	
Other withholding taxes		0	
Taxes on products and services		0	
Non-deductible VAT/IGIC		0	
Tax on the utilization of airspace, soil and subsoil		0	
Other publicdomain charges		0	
Planet Taxes		0	
Tax on value of electricity generation		0	
Tax on nuclear fuels		0	
Hydraulic charge tax		0	
Tax on nuclear services		0	
Other environmental taxes (regional)		0	
Taxes on electricity		0	
Tax on hydrocarbons		0	
Tax on coal		0	
Other taxes		0	
TOTAL		7	
Taxes collected		M €	
Profit Taxes		0	
Withholdings on payments to non-residents (without PE)		0	
Revenues from investment capital		0	
Withholdings on payments to non-residents		0	
Property Taxes		0	
Revenues from property investments		0	
People Taxes		1	
Withholdings on earned income		1	
Employee social security contributions		0	
Taxes on products and services		238	
VAT (Net position)		236	
Tax on utilization of airspace, soil and subsoil		2	
Planet Taxes		18	
Taxes on electricity		4	
Taxes on hydrocarbons		14	
Taxes on coal		0	
TOTAL		257	
Total Tax Contribution			264

7. Annexes

Annex II: Endesa 2022 TTC report by country

France

Total Tax Contribution			
Taxes borne		Taxes collected	
	M €		M €
Profit Taxes	6	Profit Taxes	0
Corporate Income Tax	6	Withholdings on payments to non-residents (without PE	0
Business Activity Tax	0	Revenues from investment capital	0
Other	0	Withholdings on payments to non-residents	0
Property Taxes	0	Property Taxes	0
Tax on real property	0	Revenues from property investments	0
Other taxes	0		
People Taxes	1	People Taxes	1
Employer's social security contribution	1	Withholdings on earned income	0
Other withholding taxes	0	Employee social security contributions	1
Taxes on products and services	0	Taxes on products and services	98
Non-deductible VAT/IGIC	0	VAT (Net position)	98
Tax on the utilization of airspace, soil and subsol	0		
Other public domain charges	0		
Planet Taxes	0	Planet Taxes	47
Tax on value of electricity generation	0	Taxes on electricity	0
Tax on nuclear fuels	0	Taxes on hydrocarbons	47
Hydraulic charge tax	0	Taxes on coal	0
Tax on nuclear services	0		
Other environmental taxes (regional)	0		
Taxes on electricity	0		
Tax on hydrocarbons	0		
Tax on coal	0		
Other taxes	0		
TOTAL	7	TOTAL	146
Total Tax Contribution		153	

7. Annexes

Annex II: Endesa 2022 TTC report by country

Germany

Total Tax Contribution			
Taxes borne		Taxes collected	
	M €		M €
Profit Taxes	0	Profit Taxes	0
Corporate Income Tax	0	Withholding on payments to non-residents (without PE)	0
Business Activity Tax	0	Revenues from investment capital	0
Other	0	Withholding on payments to non-residents	0
Property Taxes	0	Property Taxes	0
Tax on real property	0	Revenues from property investments	0
Other taxes	0		
People Taxes	0	People Taxes	0
Employer's social security contribution	0	Withholdings on earned income	0
Other withholding taxes	0	Employee social security contributions	0
Taxes on products and services	0	Taxes on products and services	88
Non-deductible VAT/IGIC	0	VAT (Net position)	88
Tax on utilization of airspace, soil and subsoil	0		
Other public domain charges	0		
Planet Taxes	0	Planet Taxes	26
Tax on value of electricity generation	0	Taxes on electricity	24
Tax on nuclear fuels	0	Taxes on hydrocarbons	2
Hydraulic charge tax	0	Taxes on coal	0
Tax on nuclear services	0		
Other environmental taxes (regional)	0		
Taxes on electricity	0		
Tax on hydrocarbons	0		
Tax on coal	0		
Other taxes	0		
TOTAL	0	TOTAL	114
Total Tax Contribution		114	

7. Annexes

Annex II: Endesa 2022 TTC report by country

Netherlands

Total Tax Contribution			
Taxes borne		Taxes collected	
	M €		M €
Profit Taxes	1	Profit Taxes	0
Corporate Income Tax	1	Withholding on payments to non-residents (without PE)	0
Business Activity Tax	0	Revenues from investment capital	0
Other	0	Withholdings on payments to non-residents	0
Property Taxes	0	Property Taxes	0
Tax on real property	0	Revenues from property investments	0
Other taxes	0		
People Taxes	0	People Taxes	0
Employer's social security contribution	0	Withholdings on earned income	0
Other withholding taxes	0	Employee social security contributions	0
Taxes on products and services	0	Taxes on products and services	10
Non-deductible VAT/IGIC	0	VAT (Net position)	10
Tax on utilization of airspace, soil and subsoil	0		
Other public domain charges	0		
Planet Taxes	0	Planet Taxes	6
Tax on value of electricity generation	0	Taxes on electricity	4
Tax on nuclear fuels	0	Taxes on hydrocarbons	2
Hydraulic charge tax	0	Taxes on coal	0
Tax on nuclear services	0		
Other environmental taxes (regional)	0		
Taxes on electricity	0		
Tax on hydrocarbons	0		
Tax on coal	0		
Other taxes	0		
TOTAL	1	TOTAL	16
Total Tax Contribution		17	

7. Annexes

Annex III: Endesa 2021 TTC report

Total Tax Contribution			
Economic data		TTC Indicators	
	M €		
Revenues	20,527	1 TTC Ratio	44.58%
Wages and salaries	677	2 TTC in relation to revenues	15%
Average number of employees	9,258	3 Taxes borne in relation to revenues	6.07%
Income before tax	1,924	4 Taxes collected in relation to revenues	8.58%
Income before tax borne	2,797	5 Tax value distributed society	61%
Total tax borne	1,247	6 Wages and salaries per employee	73,126
Total tax collected	1,762	7 Taxes paid per employee	39,101
Total Tax Contribution	3,009		

Taxes borne		Taxes collected	
	M €		M €
Profit Taxes	374	Profit taxes	101
Corporate Income Tax (tax group regime)	329	Withholdings on payments to non-residents (without PE)	0
Corporate Income Tax (individual regime)	17	Revenues from investment capital	0
Business Activity Tax	28	Withholdings on payments to non-residents	101
Other	0		
Property Taxes	96	Property Taxes	0
Tax on real property	64	Revenues from property investments	0
Other taxes	32		
People Taxes	132	People Taxes	230
Employer's social security contribution	132	Withholdings on earned income	210
Other withholding taxes	0	Employee social security contributions	20
Taxes on products and services	194	Taxes on products and services	967
Non-deductible VAT/IGIC	0	VAT (Net position)	965
Tax on the utilization of airspace, soil and subsoil	168	Tax on the utilization of airspace, soil and subsoil	2
Other publicdomain charges	26		
Planet Taxes	451	Planet Taxes	464
Tax on value of electricity generation	205	Taxes on electricity	369
Tax on nuclear fuels	132	Taxes on hydrocarbons	94
Hydraulic charge tax	(271)	Tax on coal	1
Tax on nuclear services	216		
Other environmental taxes (regional)	164		
Taxes on electricity	0		
Taxes on hydrocarbons	0		
Tax on coal	5		
Other taxes	0		
TOTAL	1,247	TOTAL	1,762

Total Tax Contribution		3,009
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Note: the figures presented had been rounded

Economic data	M €
Revenues	20,527
Wages and salaries	677
Average number of employees	9,258
Income before tax	1,924
Income before tax borne	2,797
Total tax borne	1,247
Total tax collected	1,762
Total Tax Contribution	3,009

TTC Indicators		
1	TTC Ratio	44.58%
2	TTC in relation to revenues	15%
3	Taxes borne in relation to revenues	6.07%
4	Taxes collected in relation to revenues	8.58%
5	Tax value distributed society	61%
6	Wages and salaries per employee	73,126
7	Taxes paid per employee	39,101

1. Total taxes borne / Income before taxes borne
2. Total Tax Contribution / Revenues
3. Taxes borne / Revenues
4. Tax collected / Revenues
5. Tax borne and collected / Total value distributed (regarded as the sum of income after tax or shareholder value, wages and salaries, net interest, taxes borne and collected)

6. Wages and salaries / Number of employees at December 31, 2021

7. Total taxes linked to employment (borne and collected) / Number of employees at December 31, 2021

Annex IV: Total Tax Contribution Methodology

The Total Tax Contribution (hereinafter TTC) methodology measures the total impact of the payment of taxes by a company. This valuation takes into account the total contribution of taxes paid to different Administrations, either directly or indirectly, as a result of Endesa's economic activity.

The key points to be borne in mind in relation to this methodology are:

1. It distinguishes between those taxes that constitute a cost for Endesa and those taxes that it collects

Taxes borne are the taxes that Endesa has paid to the Administrations of the different States in which it operates. These are taxes that represent an actual cost for the Company, e.g. certain planet taxes.

Taxes collected are those that have been paid in because of Endesa's economic activity but which, apart from the related management expenses, imply no cost for the Company.

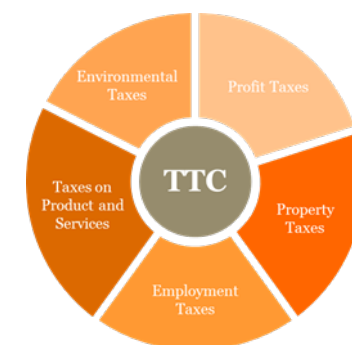
These are nevertheless amounts which are paid into the public purse as a result of Endesa's economic activity and should therefore be taken into consideration when analysing its tax contribution. Taxes withheld on the earned income paid to workers are one example of what we refer to as a tax collected.

In this respect, the TTC methodology is consistent with the approach adopted by the OECD, which highlights the relevance of the role played by business groups in the taxation system, both as contributors of taxes which imply a cost ("Legal Tax Liability"), and as "collectors" of taxes on behalf of others ("Legal Remittance Responsibility"), as reflected in working paper no. 32. "Legal tax liability, remittance responsibility and tax incidence"[1].

2. Since taxes are known by different names in different countries, taxes borne and taxes collected have been grouped into 5 main categories:

(i) Profit taxes: : This includes taxes borne on the income obtained by companies, such as corporate income tax, the tax on economic activities and taxes collected in the form of withholdings on payments made to third parties.

(ii) Property taxes: These are taxes levied on the ownership, sale, transfer or tenancy of property.



Source: PwC

PwC ^[1] https://www.oecd-ilibrary.org/taxation/legal-tax-liability-legal-remittance-responsibility-and-tax-incidence_e7ced3ea-en

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(iii) People taxes: Taxes linked to employment comprise both taxes borne and those collected, including personal income tax withholdings on payments to employees and the social security contributions payable by both the employee and the company.

(iv) Product taxes: These are indirect taxes levied on the production and consumption of goods and services, including VAT, customs duties, etc.

(v) Planet taxes: Taxes levied on the supply, use or consumption of products and services which are considered to have an environmental impact.

The classing of planet taxes is based on the definition agreed upon for the purposes of the harmonized statistical framework developed jointly, in 1997, by Eurostat, the European Commission, the Organization for Economic Cooperation and Development (OECD), and the International Energy Agency (IEA), according to which planet taxes *"are taxes whose base is a physical unit (or a proxy of a physical unit) of something that has a proven, specific, negative impact on the environment. All taxes on energy and transport are included and all value-added-type taxes are excluded"*^[1].

The Spanish National Institute of Statistics (INE) has also adopted this definition for the purpose of classing taxes as environmental^[2].

All of this is without prejudice to the fact that Endesa has challenged some of these taxes on the ground that the legislature has not established them for environmental purposes.

3. It includes all tax payments made to Public Administrations

When considering the figures reflected in this report, it should be borne in mind that they include tax payments made to Public Administrations in respect of items which, given their characteristics, are in fact taxes even though, for historic or circumstantial reasons, they are not classed as such.

In line with the philosophy adopted by the OECD in relation to the analysis of a country's tax burden, **"social security contributions"** made to different Administrations have also been taken into account in the above-mentioned data, since such contributions are obligatory in nature and generally make up an important part of a State's revenues. In Spain, the design of such payments means that they are charges rather than contributions and they are therefore clearly a form of taxation.

This is indeed the conclusion reached in the **Mirrlees Report**^[3], which recommends the integration of taxes levied on earned income and social security charges when the latter are a form of taxation rather than being contributory in nature.

^[1] <https://stats.oecd.org/glossary/detail.asp?ID=6437>

^[2] <http://www.ine.es/daco/daco42/ambiente/aguasatelite/metimpuestos.pdf>

^[3] The Mirrlees Report was commissioned by the IFS of the United Kingdom and published in 2011, after four years of development, under the title "Tax by Design, The Mirrlees Review". This same report has been analyzed by experts from the University of Vigo and its conclusions have been presented in the document entitled "The Mirrlees Report and Environmental Taxation in Spain".
<http://www.ifs.org.uk/mirrleesReview/design>.

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Similarly, in the so-called "**Lagares report**", Social Security contributions are looked upon as a form of taxation, since they are taken into consideration in the analysis it offers for the purpose of reforming the Spanish tax system. It defines these payments as *"a tax which is levied directly on employment revenues, although it is based on certain very specific criteria, and which has a crucial economic impact on occupation and employment in the Spanish economy"*.

On the other hand, with regard to the possibility of considering surcharges and interest on arrears as a greater (or lesser) contribution, the OECD in its document on the classification as tax on the various payments to public^[1], does not expressly refer to interest on arrears and surcharges. In line with this criterion, for the purposes of this report they are not considered as a tax contribution.

Likewise, the same document clearly indicates that fines and sanctions would not be considered tax even if they are amounts paid to the Tax Authorities, and therefore should not be considered as a greater contribution. In this sense, we maintain the criterion followed by the OECD, and they are not considered as a higher contribution.

4. The special characteristics of Value Added Tax and equivalent taxes are taken into account

Value Added Tax (and equivalent taxes) are classed as a tax on products and services collected, and its amount reflects the net payments made by Endesa to the tax authorities of each of the jurisdictions in which it operates in the corresponding period.

In view of the way in which VAT works, the figure presented in this respect for a particular country includes the positive amount paid in to the corresponding Treasury, arrived at by subtracting VAT deducted from VAT accrued.

If in the overall calculation for the year for a particular country, the net figure arrived at by subtracting VAT deducted from VAT accrued is negative, owing to a refund, no figure is shown.

On the other hand, amounts of VAT which are not recoverable because the continuation of the value chain through the charging of output tax is not possible, are regarded as a tax on products and services borne, since they represent a cost for the company.

[1] <https://www.oecd.org/tax/tax-policy/oecd-classification-taxes-interpretative-guide.pdf>

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5. Other payments made to Public Administrations and other circumstances are also taken into consideration

In relation to the amount for total payments made to Public Administrations, this methodology also takes into account - in addition to the contribution of taxes - various non-tax payments made to public bodies of a regulatory nature, such as the rates subsidy or energy efficiency charges:

(i) Rates subsidy: certain companies within the electricity system are required by Law 6/2022 of March 29, to contribute to the financing of the rates subsidy.

(ii) Energy efficiency: gas and electricity trading companies, wholesale petroleum product operators and wholesale liquefied petroleum gas operators are obligated subjects of the national system of energy efficiency obligations in accordance with Law 18/2014, of October 15 , approval of urgent measures for growth, competitiveness and efficiency.

(iii) Reduction of the excess remuneration of the electricity market: as a consequence of the entry into force of Royal Decree-Law 17/2021, the remuneration of the activity of electricity production of the production facilities of technologies that do not emit greenhouse gases is reduced to their holders.

7. Annexes

Annex V: List of taxes considered

Type of tax		State Taxes	Regional Taxes	Local Taxes	Taxes borne	Taxes collected	Scope
"Profit"							
1	Corporate Income Tax	✓			✓		✓
2	Non-resident Income Tax	✓				✓	✓
3	Withholding tax on income from movable capital	✓				✓	✓
4	Business Tax			✓	✓		✓
"Property"							
5	Property Tax			✓	✓		✓
6	Tax on the Increase in Value of Urban Nature Land			✓	✓		✓
7	Tax on Construction, Installations and Works			✓	✓		✓
8	Withholding tax on income from rental of urban property	✓				✓	✓
9	Withholding tax on income from the sale by non-residents in Spain of property located in Spanish territory	✓				✓	✓
"People"							
10	Withholding tax from employment income	✓				✓	✓
11	Withholding tax on income from economic and professional activities	✓				✓	✓
12	Withholding tax on income from movable capital	✓				✓	✓
13	Withholding tax on capital gains	✓				✓	✓
14	Social Security paid by the Company	✓			✓		✓
15	Social Security paid on behalf of the workers	✓				✓	✓
"Products and services"							
16	Value Added Tax	✓				✓	✓
17	General Indirect Canary Islands Tax	✓				✓	✓
18	Tax on Production, Services and Imports (IPSI)			✓	✓		✓
19	Customs Tariff	✓			✓		✓
20	Tax on onerous transfers and documented legal acts		✓		✓		✓
21	Corporate operations		✓		✓		✓
22	Documented legal acts		✓		✓		✓
23	Tax on Mechanical Traction Vehicles			✓	✓		✓
24	Excise duty on certain means of transport		✓		✓		✓
25	Manufacturing Excise Duties	✓			✓		

7. Annexes

Annex V: List of taxes considered

Type of tax		State Taxes	Regional Taxes	Local Taxes	Taxes borne	Taxes collected	Scope
26	Excise duty on beer	✓			✓		
27	Special tax on wine and fermented beverages	✓			✓		
28	Excise duty on intermediate products	✓			✓		
29	Excise duty on alcohol and derived beverages	✓			✓		
30	Excise duty on mineral oils	✓			✓		✓
31	Special Tax on Tobacco Work	✓			✓		
32	Excise tax on electricity	✓			✓		✓
33	Insurance premium tax	✓			✓		
34	Gaming Activity Tax	✓			✓		
35	Tax on Sumptuary Expenses. Hunting and fishing grounds			✓	✓		
36	Fee for private use or special use of the local public domain			✓	✓		✓
37	Telecommunications fee	✓			✓		
38	Fee for the reservation of public radio space	✓			✓		✓
39	Fee for the provision of urban services			✓	✓		
40	Ford rate			✓	✓		
41	Airport taxes	✓			✓		
42	Telephone numbering fee						
43	Tax on Hunting Exploitation		✓		✓		
"Planet"							
44	Tax on the development of certain activities that affect the environment		✓		✓		✓
45	Tax on Waste Deposits		✓		✓		
46	Fee for the provision of urban waste management services			✓	✓		
47	Sanitation fee		✓		✓		
48	Enhancement fee			✓	✓		
49	Tax on gas emissions into the atmosphere		✓		✓		✓
50	Tax on discharges into coastal waters		✓		✓		✓
51	Tax on deposit of radioactive waste		✓		✓		
52	Tax on deposit of hazardous waste		✓		✓		
53	Tax on facilities that affect the environment		✓		✓		✓
54	Ditch, cove and test pits rate			✓	✓		
55	Civil protection levy		✓		✓		✓
56	Tax on the visual impact produced by electricity supply elements and fixed elements of telephone or telematic communication networks		✓		✓		✓
57	Tax on environmental impact caused by certain activities		✓		✓		✓
58	Tax on the environmental impact caused by certain uses of dammed water, by wind farms and by high-voltage electricity transmission facilities		✓		✓		✓
59	Other fees not specified above			✓	✓		✓
60	Other payments and contributions with Public Administrations			✓	✓		✓

Annex VI: Methodology used in the comparative analysis of effective Corporate Income Tax rates

The analysis was carried out on the basis of publicly available information from the sample of the 35 IBEX 35 companies as well as the 50 companies in the gas, electricity and water sector with the largest market capitalization, without any direct contact with any of them.

For these purposes, the effective corporate income tax rate (ETR) has been calculated as the quotient between corporate income tax expense and pre-tax profit, both figures taken from the consolidated income statement for the year.

In this respect, the average of the last three financial years (2018, 2019 and 2020) as well as the upper and lower quartiles have been used to illustrate the results:

- **Narrow arithmetic average**

Our conclusions regarding the individual analysis of companies are based on a statistical analysis of the RTE. In this type of analysis, there are usually elements that distort the mean, such as non-recurring operations or exceptional elements, which must be eliminated in order to draw reasonable conclusions about the sample studied.

- **Quartiles**

The upper quartile (75%) and the lower quartile (25%) of the sample of companies are also calculated, indicating the results obtained. In this way, it is easy to identify the average range of results in which the majority of companies find themselves.

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Annex VII: List of the 50 gas, electricity and water companies with the highest stock market capitalisation (1)

1	Abu Dhabi National Energy Company PJSC	26	Enel SpA
2	ACWA Power Co	27	Engie SA
3	AES Corp	28	Entergy Corp
4	Ameren Corp	29	Eversource Energy
5	American Electric Power Company Inc	30	Exelon Corp
6	American Water Works Company Inc	31	FirstEnergy Corp
7	CenterPoint Energy Inc	32	Fortis Inc
8	CEZ as	33	Hydro One Ltd
9	China Longyuan Power Group Corp Ltd	34	Iberdrola SA
	China Three Gorges Renewables Group Co		
10	Ltd	35	National Grid PLC
11	China Yangtze Power Co Ltd	36	Nextera Energy Inc
12	CLP Holdings Ltd	37	Orsted A/S
13	CMS Energy Corp	38	PG&E Corp
14	Consolidated Edison Inc	39	Power Grid Corporation of India Ltd
15	Constellation Energy Corp	40	PPL Corp
16	Dominion Energy Inc	41	Public Service Enterprise Group Inc
17	DTE Energy Co	42	RWE AG
18	Dubai Electricity and Water Authority PJSC	43	Saudi Electricity Company SJSC
19	Duke Energy Corp	44	Sempra Energy
20	E.ON SE	45	Southern Co
21	Edison International	46	SSE PLC
22	EDP Energias de Portugal SA	47	Uniper SE
23	Electricite de France SA	48	Veolia Environnement SA
24	EnBW Energie Baden Wuerttemberg AG	49	WEC Energy Group Inc
25	Endesa SA	50	Xcel Energy Inc

[1] Ranked in alphabetical order

pwc.com/es

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