

# Total Tax Contribution 2021

**endesa**

March 2022



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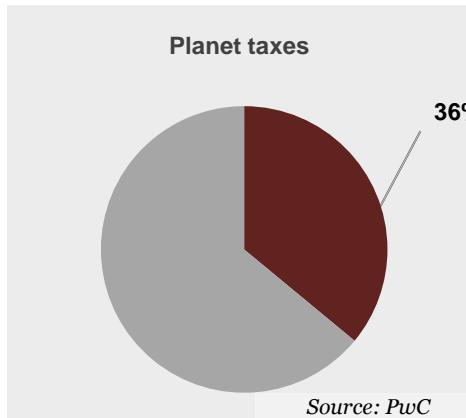
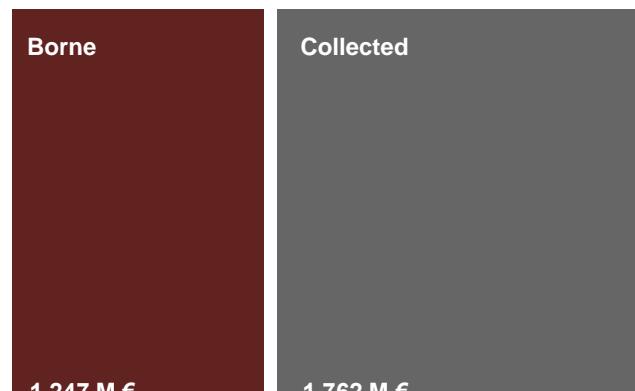
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# Executive summary

## 1. Executive summary

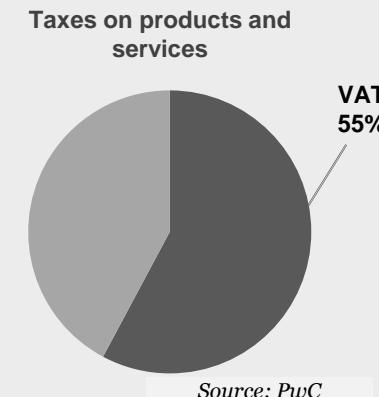
Endesa's total tax contribution in 2021 amounted to **3,009 million euros**, with 41% corresponding to taxes borne and 59% to taxes collected.

**Total Tax Contribution 2021**  
**3,009 M €**



### Taxes borne in 2021

**Taxes borne** by Endesa in year 2021, amounted to **1,247 million euros**, among which the **planet taxes** are the most relevant ones, despite the year's decreasing trend due to the refund of the Hydraulic charge tax as it was considered non-liable by the Supreme Court, continue to have a relative weight of 36%.



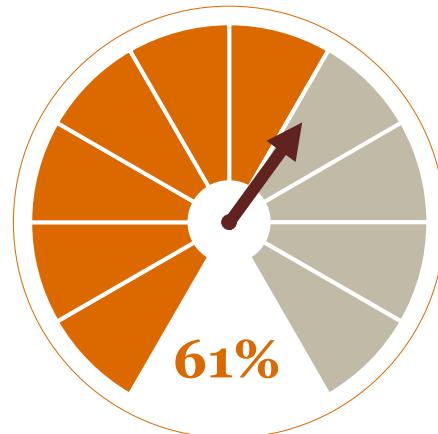
### Taxes collected in 2021

**Taxes collected** by Endesa in 2021 amounted to **1,762 million euros**.

A major part of theses corresponds to taxes on **products and services**, mainly **VAT**, which accounted for **55%** of total taxes collected.

## 1. Executive summary

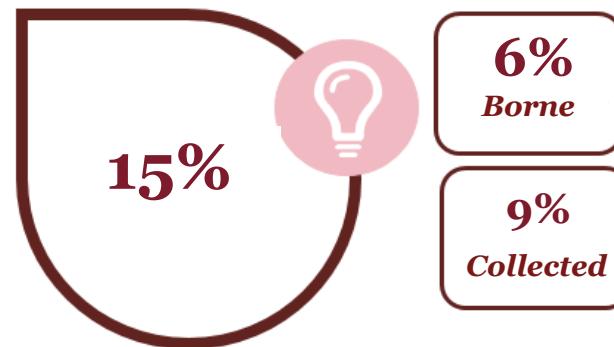
### Distributed tax value 2021



Source: PwC

**61% 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 2021, **61 euros were destined to the payment of taxes**.

### Tax contribution of Endesa with respect to turnover in 2021



Source: PwC

For every **100 euros of net revenues** obtained by the Company, **15 euros** are destined to paying taxes. Of this amount **6 euros** correspond to taxes borne and **9 euros** to taxes collected.

### Total Tax Contribution Rate in 2021



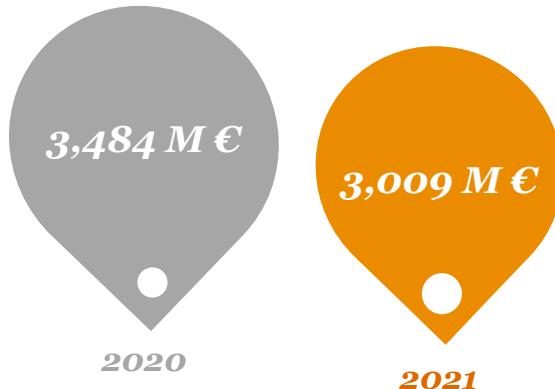
Source: PwC

### TTC Ratio for Endesa 2021

During the financial year 2021, taxes borne represent **45%** of the total profit before all taxes borne.

# 1. Executive summary

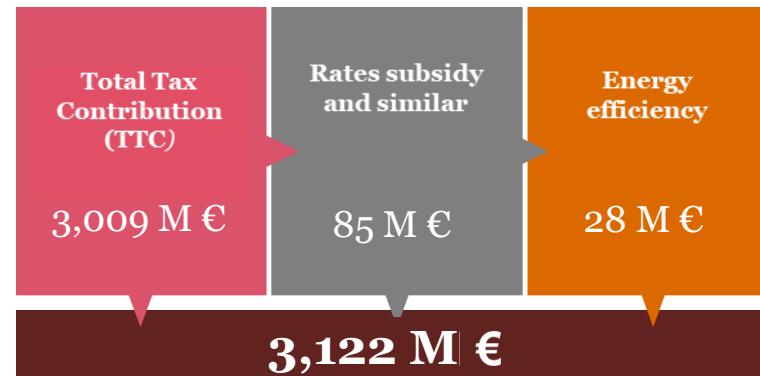
## TTC trend for 2020-2021



Source: PwC

Endesa's **Tax Contribution** in Spain has decreased by 14% compared to 2020. Being the main reason for this decrease the **Hydraulic charge tax** refunds received and the measures introduced by the Government to **reduce the tax impact on the final price of electricity**.

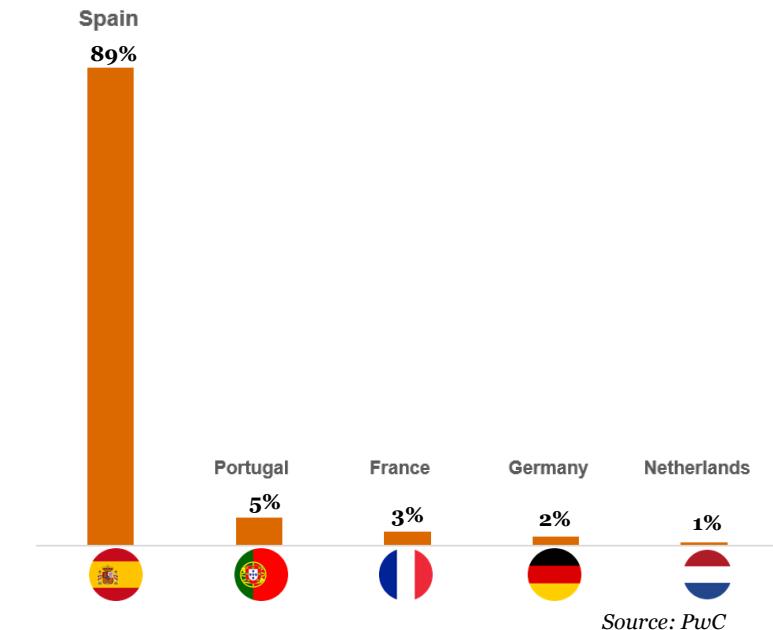
## Total amount of payments made to Public Administrations



Source: PwC

The total amount of Payments made by Endesa to Public Administrations in 2021, including payments in respect of the rates subsidy and energy efficiency charges and other regulatory payments, was of **3,122 million euros**.

## Geographic distribution of the tax contribution in 2021



Source: PwC

**Of every 100 euros that Endesa pays in taxes worldwide, almost 90 euros are paid in Spain**, a proportion consistent with the volume of business generated in Spain, which almost amounts to 90% in 2021.

## 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

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<sup>[1]</sup>.

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.

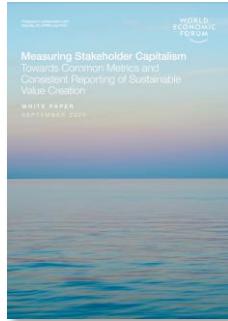
The publication of the Total Tax Contribution facilitates stakeholder scrutiny and is therefore a sign of companies' commitment to achieving the UN Sustainable Development Goals

[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**"<sup>[1]</sup> 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](http://www3.weforum.org/docs/WEF_IBC_Measuring_Stakeholder_Capitalism_Report_2020.pdf)

Endesa has been recognized for the third consecutive year as the Ibex 35 company that best reports on tax issues according to the "Contribution and Transparency Report 2020" just published by the Haz Foundation.

## 2. Background and purpose of this report

### Purpose and scope

The purpose of this report is to obtain and analyse the data relating to the Total Tax Contribution (TTC) of the Endesa Group (hereinafter Endesa, the Group or the Company) in 2021, considering all the territories in which the Endesa Group is present: 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 at the center of the socio-economic debate the discussion on the contribution made by large sectors of activity to the public coffers of the jurisdictions in which they are present through the payment of taxes. Taxation is identified as part of the sustainability proposal of business groups to promote more prosperous societies.

In this regard, since 2014, Endesa has voluntarily decided to disclose publicly the main tax payments in the countries in which it operates, reflecting 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 no regulations requiring the publication of this information. Endesa has been recognized for the third consecutive year as the Ibex 35 company that best reports on tax issues according to the "Contribution and Transparency Report 2020" just published by the Haz Foundation.

The information offered in this report makes it possible to identify, measure and communicate the business asset which is Endesa's tax contribution, so that it can have an effective impact on its reputational value, given the value it generates and passes on to society. This report aims to adopt a broader approach towards the concept of Corporate Social Responsibility, highlighting the value of the social function deriving 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.



## 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 2021, and the analyses of contribution profiles and certain indicators have been compared with the equivalent data for the periods from 2016 to 2020, 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 14<sup>th</sup> of February 2022. Our fieldwork was concluded on the 22<sup>nd</sup> of February 2022, 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<sup>[1]</sup>, 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<sup>[2]</sup>, 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 2021, 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 329 million euros, and this same item paid by Enel Iberia S.L. to the tax authorities in the period would amount up to 152 million euros.

During 2021, corporate income tax payments amounting to 17 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.

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# TTC of Endesa in 2021

### 3. TTC of Endesa in 2021

Total Tax Contribution			
Taxes borne	M €	Taxes collected	M €
<b>Profit Taxes</b>	<b>374</b>	<b>Profit taxes</b>	<b>101</b>
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		
<b>Property Taxes</b>	<b>96</b>	<b>Property Taxes</b>	<b>0</b>
Tax on real property	64	Revenues from property investments	0
Other taxes	32		
<b>People Taxes</b>	<b>132</b>	<b>People Taxes</b>	<b>230</b>
Employer's social security contribution	132	Withholdings on earned income	210
Other withholding taxes	0	Employee social security contributions	20
<b>Taxes on products and services</b>	<b>194</b>	<b>Taxes on products and services</b>	<b>967</b>
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		
<b>Planet Taxes</b>	<b>451</b>	<b>Planet Taxes</b>	<b>464</b>
Tax on value of electricity generation	205	Taxes on electricity	369
Tax on nuclear fuels	132	Tax 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		
Tax on hydrocarbons	0		
Tax on coal	5		
Other taxes	0		
<b>TOTAL</b>	<b>1,247</b>	<b>TOTAL</b>	<b>1,762</b>
<b>Total Tax Contribution</b>			<b>3,009</b>

Note: the figures presented have 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 taxes borne	1,247
Total taxes collected	1,762
<b>Total Tax Contribution</b>	<b>3,009</b>

TTC Indicators	
1 TTC ratio	45%
2 TTC in relation to revenues	15%
3 Taxes borne in relation to revenues	6%
4 Taxes collected in relation to revenues	9%
5 Tax value distributed to 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 as of December 2021 closing
7. Total taxes linked to employment (borne and collected) / Number of employees as of December 2021 closing

### 3. TTC of Endesa in 2021

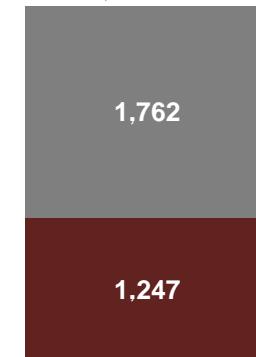
#### Analysis of the total tax contribution in 2021

Endesa's tax contribution decreases by 14% in 2021 mainly as a result of the modifications in environmental taxation, which include the following:

- The consideration of the Hydraulic charge tax as an non-liable tax by the Supreme Court, which has resulted in a refund to Endesa of **299 million euros in 2021**, added to the payments made for this concept in 2021, before the ruling release, had resulted in a **net refund of 271 million euros**.
- The measures adopted by the Spanish Government to reduce the impact on the final price of electricity, the most relevant being the reduction of the VAT rate from 21% to 10% for certain holders of electricity supply contracts, the suspension of the Tax on the Value of Electricity Production since July 10, 2021 and the reduction of the tax rate of the Special Tax on Electricity. These measures have resulted in a reduction in Endesa's 2021 CTT of **358 million euros**.

#### Total Tax contribution 2021

3,009 M €

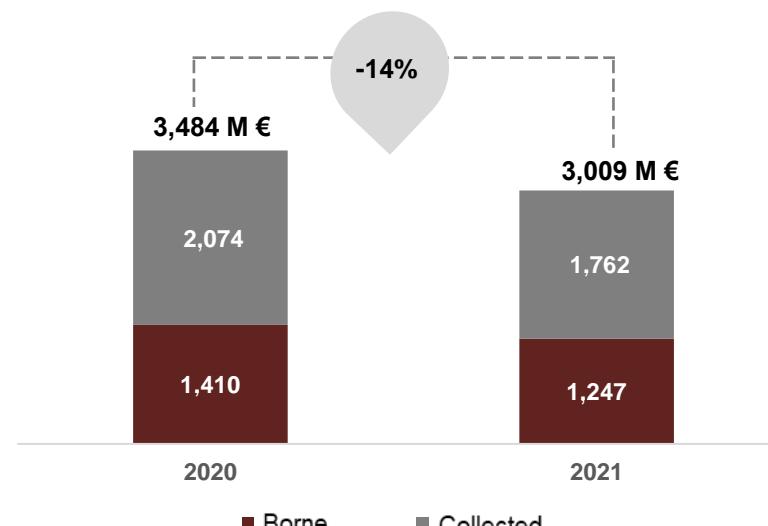


■ Borne

■ Collected

Source : PwC

#### Evolution of the Total Tax Contribution



Source : PwC

**Endesa's total tax contribution** in the countries in which it operates amounted to **3,009 million euros in 2021**, 89% of which relates to the contribution made in Spain.

In this regard, 41% corresponds to taxes borne that represent a cost for the group, and the remaining 59% 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 2019 and 2020, the figures relating to taxes borne and collected in all the territories in which Endesa operates are taken into account.

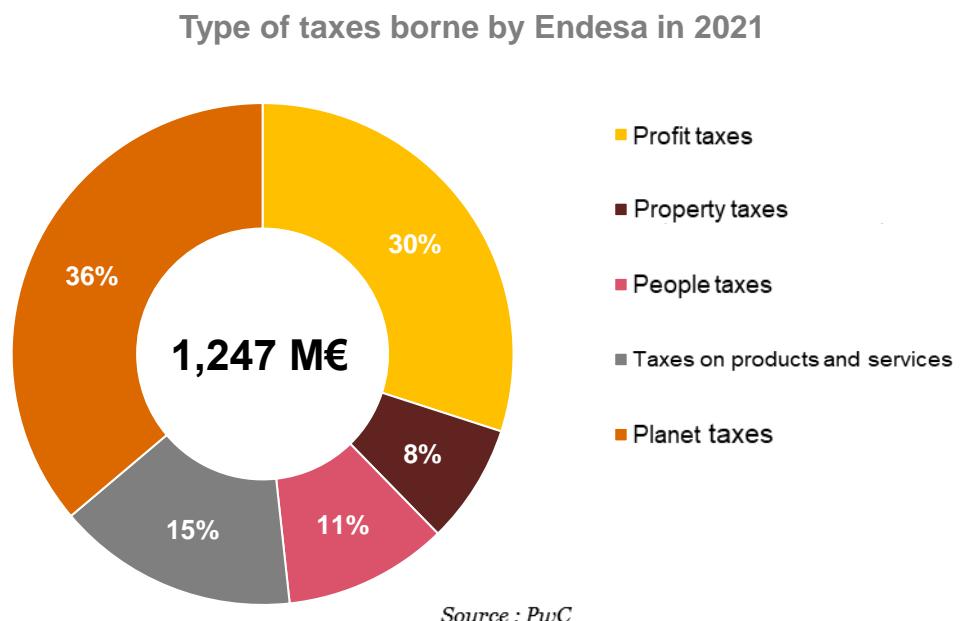
### 3. TTC of Endesa in 2021

## Analysis of the taxes borne in 2021

### Profile of taxes borne

Endesa's **taxes borne** in 2021 amounted to **1,247 million euros**.

Of particular relevance are **planet taxes**, which amounted to **451 million euros**, representing **36% of the total taxes borne**.



The main item of **planet taxes** is made up of the taxes regulated by Law 15/2012 (Tax on the value of electricity production, nuclear taxes and Hydraulic charge tax), which cost **337 million euros in 2021**. The contribution through these taxes has been affected due to the consideration of the Hydraulic Levy as a non-liable tax by the Supreme Court, which has resulted in a net refund to Endesa of **271 million euros in 2021**.

The contribution through the Coal Tax, Hydrocarbon Tax, Nuclear Service Charges and a multitude of planet taxes created by the Autonomous Regions, has amounted to a further **385 million euros**.



**Profit taxes** accounted for **30%** of Endesa's total taxes borne, amounting to **374 million euros**, including most notably payments made to the tax group in respect of Corporate Income Tax.



Next, accounting for **15%** of total taxes borne by Endesa, were taxes on **products and services**, mainly relating to Tax on the utilization of airspace, soil and subsoil and non-deductible VAT or similar (**168 million euros**) and other public domain taxes such as those relating to the concession and regulation of dams (**26 million euros**).



**People taxes** account for **11%** of Endesa's taxes borne during the year. This amount is made up of **132 million euros** in social security contributions (or similar bodies).



**Property taxes**, which mainly include property tax, accounted for **8%** of the company's total borne tax payments, amounting to **96 million euros**.

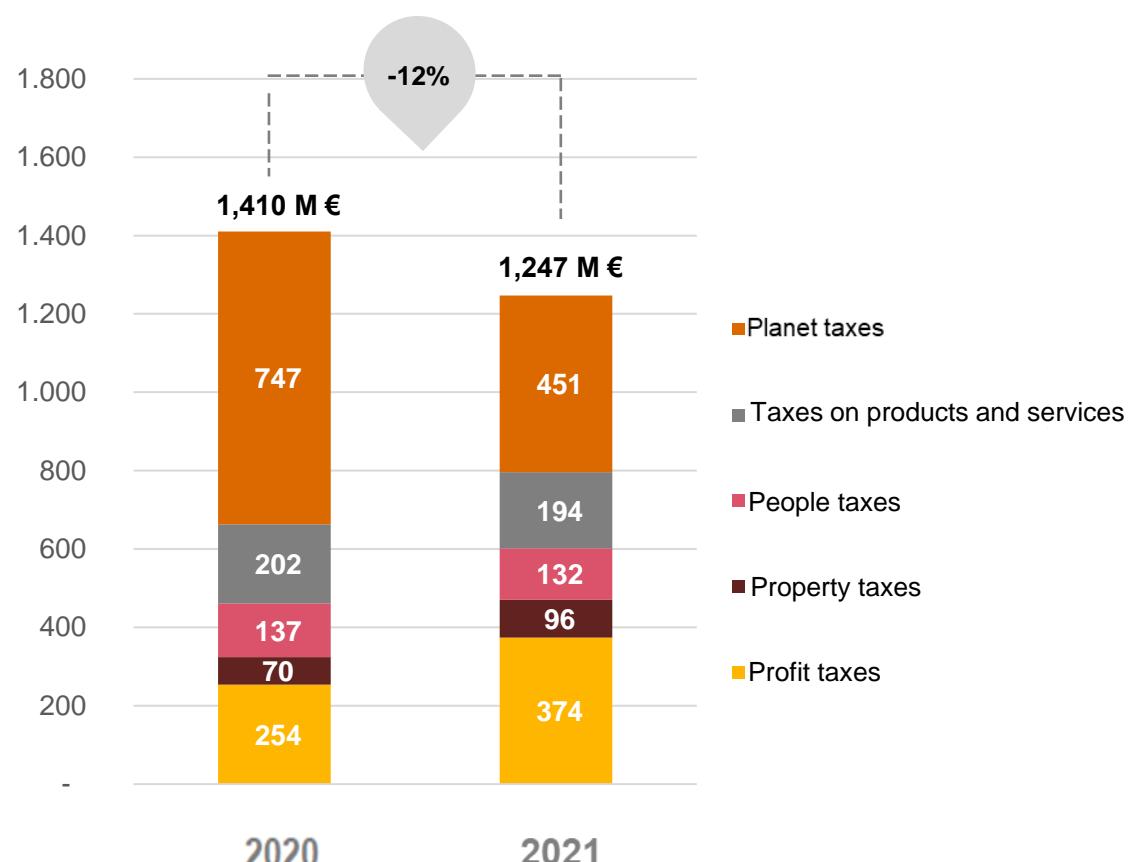
### 3. TTC of Endesa in 2021

#### Analysis of the total tax contribution in 2021

##### Trend of taxes borne

Taxes borne show a downward trend in the last year, decreasing by 12% compared to the previous year.

Evolution of taxes borne by Endesa in 2021



Taxes borne decreased by 163 million euros mainly as a result of lower **planet taxes** that experienced the most significant decrease, **296 million euros**, as a result of the following circumstances:

1. During 2021 the **Hydraulic charge tax** paid during the fiscal years 2013-2020 has been refunded to Endesa after the Supreme Court ruling 1462/2021 which has considered the tax as non liable.
2. Decrease in the **Coal Tax** as a consequence of the decarbonization process and the eventual closure of power plants.
3. Decrease in the **Tax on the Value of Electricity Production**, suspended since July 2021, as an urgent measure due to the increase in the price of electricity.

Total borne taxes paid by Endesa had decreased despite an increase in the regional environmental taxes paid, as a consequence of the full-year validity of the "**Ecotasa Catalana**", which came into force in the middle of 2020.

Income taxes increased by **47%** due to the following factors:

- **Lower tax refund** received for this concept during 2021, in comparison to the previous year, when extraordinarily two refunds were received in the same year.
- Increase in the CIT interim payments due to the implementation of **the 5% limitation of the exemption of dividends and capital gains**, in addition to the lower tax depreciation of the coal-fired power plants, as a result of their expected closing.

### 3. TTC of Endesa in 2021

## Analysis of the taxes borne in 2021

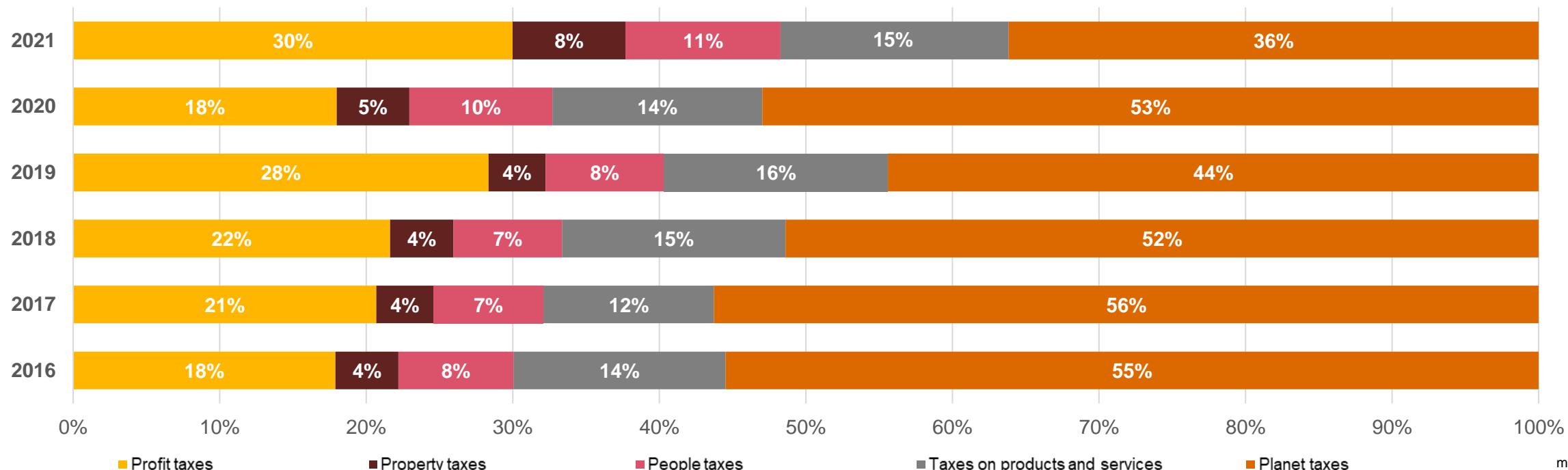
### Trend of taxes borne

#### Evolution of the profile of taxes borne by Endesa in the period 2016-2021

Regarding the evolution of the profile of taxes borne during the last six fiscal years, it should be noted that **planet taxes** maintain their **main role**, despite decreasing their relative weight with respect to the previous year, mainly due to the refund of the Hydraulic charge tax. In the other hand, the relative weight of the contribution through profit taxes borne has increased, due to the lower refunds received during 2021.

As for the other tax categories, we can appreciate a similar behavior to previous years, without appreciating major differences.

Source : PwC



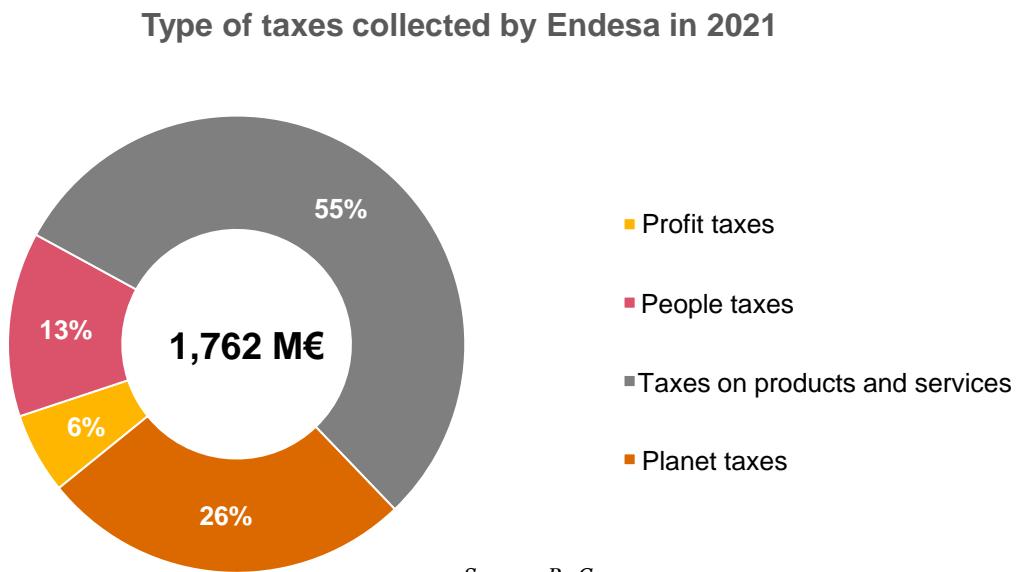
### 3. TTC of Endesa in 2021

## Analysis of the taxes collected in 2021

### Profile of taxes collected

Endesa's taxes collected in 2021 amounted to **1,762 million euros**.

Among these, taxes on products and services stand out, which account for 55% of the total taxes collected, amounting to **967 million euros**.



The main tax item collected is **taxes on products and services**, which correspond entirely to the VAT and equivalent taxes collected and paid by Endesa in the various geographical areas under analysis, amounting to **approximately 965 million euros**, reflecting its commercial activity, mainly in Spain and Portugal. In addition, the company has collected **2 million euros from the subsoil occupancy tax (TOS) in Portugal**.



Also, in line with previous years, **planet taxes** stand out, which in 2021 accounted for 26% of total taxes collected. Within this category, the most significant is the **tax on electricity** paid by Endesa in all the jurisdictions in which it operates, which amounted to **369 million euros** in 2021, and the tax on hydrocarbons (**94 million euros** in the year). At last, the contribution through the Coal Tax has amounted for **1 million euros**.



On the other hand, it is important to point out that **people taxes** represent nearly 13% 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, **amounting to 230 million euros**.



**Profit taxes represent 6%** of the total taxes collected, corresponding to withholdings made to non-resident entities without a permanent establishment in Spain, as well as to withholdings made on movable capital during 2021, for a total amount of **101 million euros**.



During 2021, like in the previous year, payments made for **property taxes have not been relevant**.

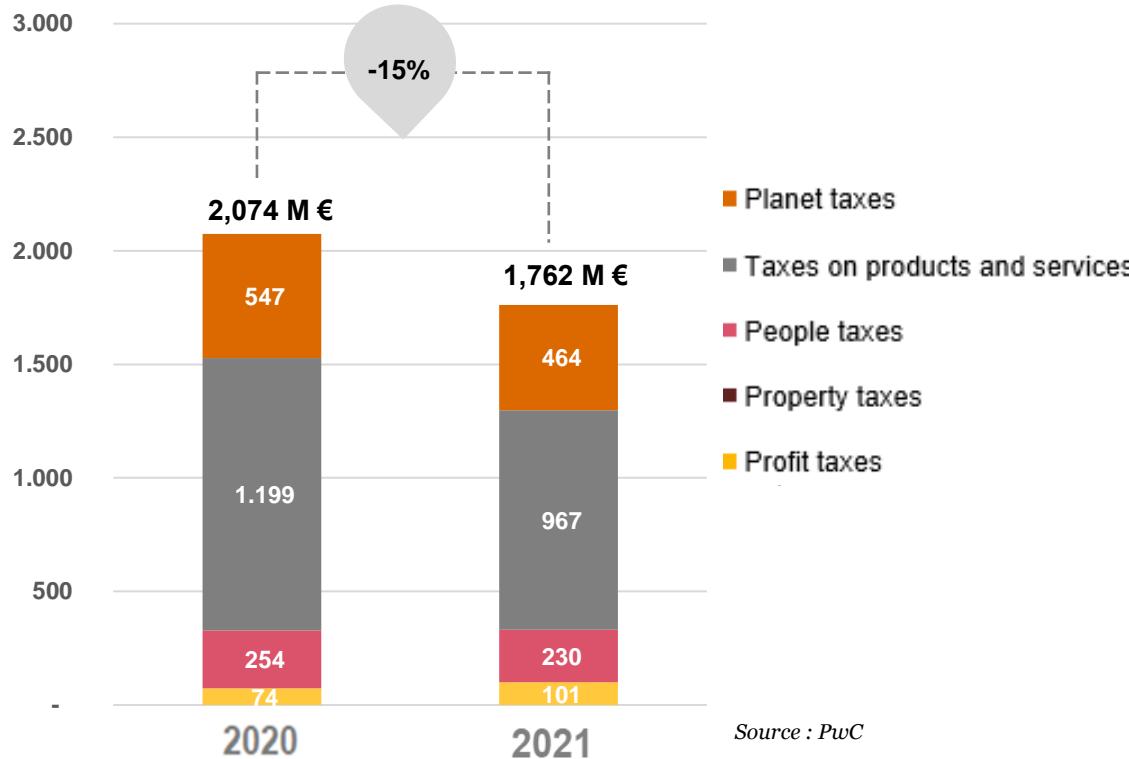
### 3. TTC of Endesa in 2021

## Analysis of the taxes collected in 2021

### Trend of taxes collected

Taxes collected in 2021 show a downward trend decreasing by 15% compared to 2020, 312 million euros in absolute terms.

Evolution of taxes collected by Endesa in 2021



Source : PwC

During 2021, the item with the most significant variation was **taxes on products and services**, which decreased by 19%, meaning **232 million euros** in absolute terms.

The main reason for this decrease in VAT payments<sup>[1]</sup> is the Spanish government's reduction of the tax rate from 21% to 10% for certain electricity supply contract holders, to deal with the crisis generated by the increase in electricity prices.

There was also a significant decrease in **planet taxes**, which fell by 15% compared to the previous year, mainly to the implementation of the 0.5% reduced rate in the Special Tax on Electricity. In absolute terms the contribution through planet taxes has decreased in **83 million euros**.

In the other hand, the main increase in collected taxes taxes during 2021 comes from profit taxes, which had increased in **27 million euros**, mainly due to the higher supplementary dividend paid during the year, with the associated increase in the withholdings applied to the payments.

Finally, Endesa is showing a decreasing trend in **people taxes**, 24 million euros, mainly due to the decrease of the Group's staff in comparison with 2020 closing.

[1] VAT net position.

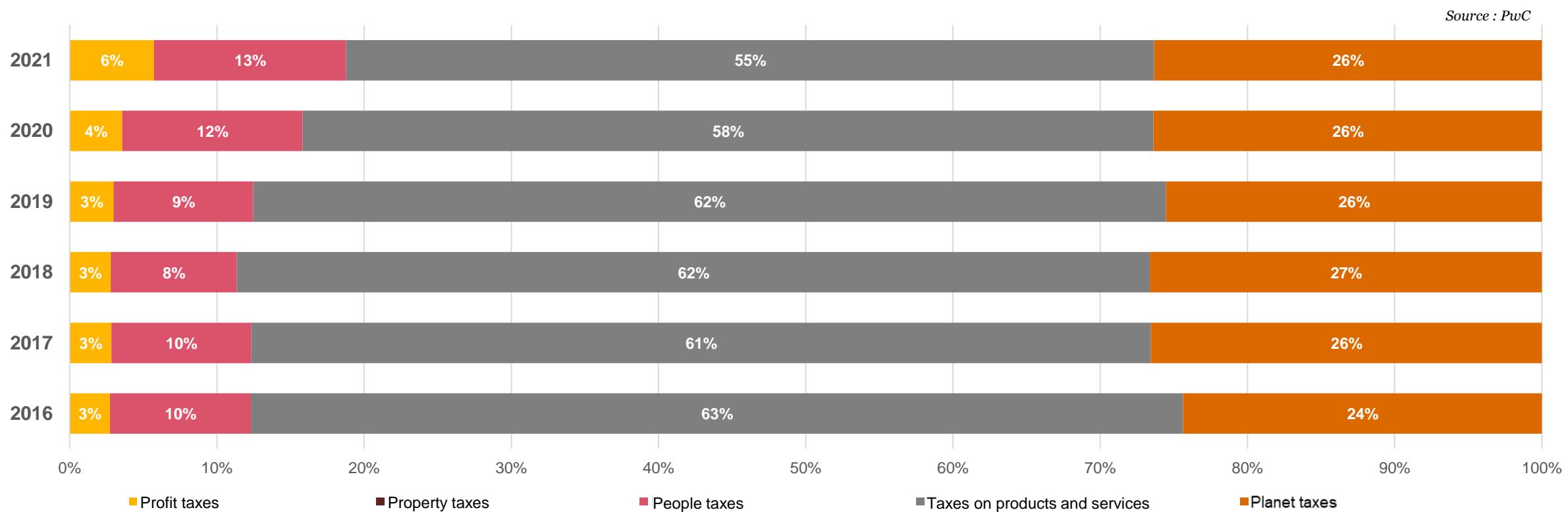
### 3. TTC of Endesa in 2021

#### Analysis of the taxes collected in 2021

##### Trend of taxes collected

###### Evolution of the profile of taxes collected by Endesa in the period 2016-2021

In line with the last six years, Endesa's contribution profile remains consistent in 2016 to 2021 in terms of taxes collected, with a moderate increase in the relative weight of profit taxes



### 3. TTC of Endesa in 2021

#### 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.

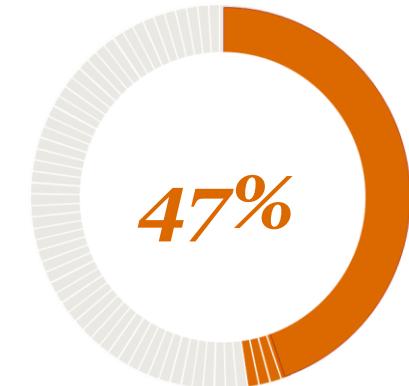
In 2021, of the total profit before all taxes borne for the purposes of the Total Tax Contribution, taxes borne represent **45%**.

Despite the decreasing trend in taxes borne for the year, this ratio decreased by only 3 percentage points with respect to the previous year, maintaining a stable position.

This ratio is used in the *Paying Taxes* study conducted annually by the World Bank and PwC with the aim of measuring the competitiveness of the tax systems of 190 countries, carried out with the PwC Total Tax Contribution methodology. According to the results of the *Paying Taxes* 2020 report, the last available ratio for Spain amounted to **47%**.



Total Tax Contribution Rate  
of Endesa in 2021



Total Tax Contribution Rate  
in Spain  
Paying Taxes Report (PwC)

Source : PwC

In 2021, the borne taxes, which represent a direct cost for Endesa, account for almost half of the pre-tax profits incurred

### 3. TTC of Endesa in 2021

#### TTC Indicators

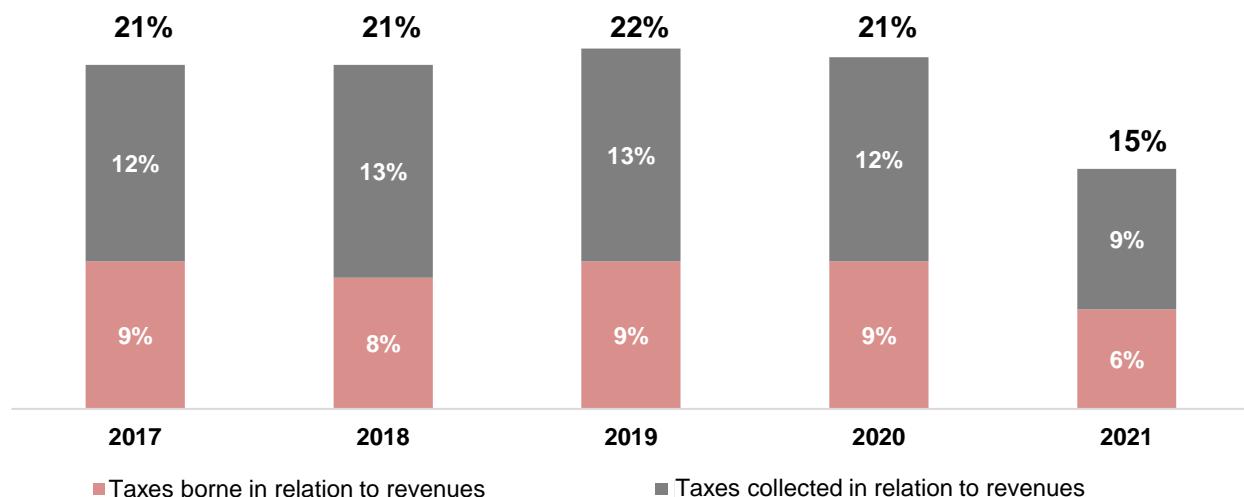
##### TTC with respect to turnover

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 15% for 2021.

This indicator has decreased considerably, compared to recent years' average (21%), mainly due to the different regulatory measures introduced by the Spanish government in the last period, which have resulted in a reduction in the contribution (impact of 358 million euros), combined with the consideration of the Hydraulic charge tax as non-liable, resulting in a refund of 299 million euros. These factors have caused a decrease in Endesa's CTT despite a context of business growth.

On the other hand, the 22.6% increase in turnover in 2021 is mainly due to the increase in electricity sales as well as the recording of 186 million euros for the recovery of CO2 costs in 2006 as a result of a court ruling.

Trend of the TTC with respect to turnover



Source : PwC

The measures introduced by the Spanish Government to reduce the price of electricity, combined with the refunds of the Hydraulic charge tax, impacting Endesa's total contribution by more than 650 million euros, justify the reduction of this ratio during 2021

### 3. TTC of Endesa in 2021

During 2021, 61% of the value generated by Endesa was allocated to the payment of both borne and collected taxes

#### TTC Indicators

##### Tax value distributed to society

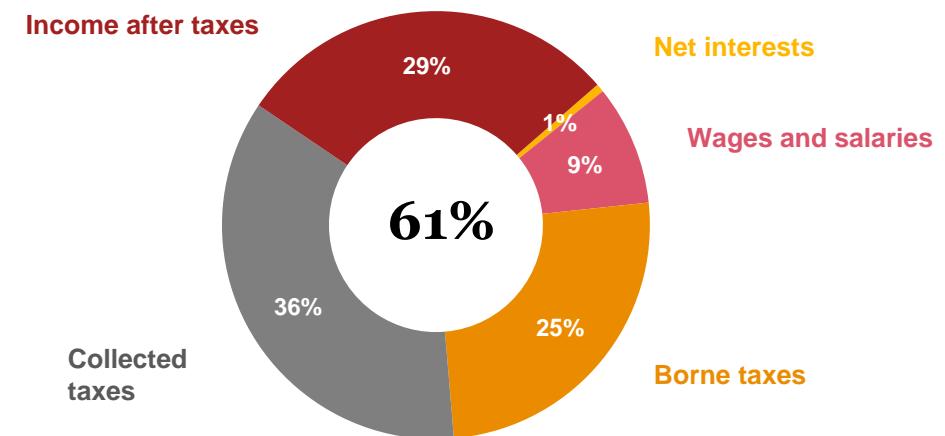
According to the TTC methodology, the distributed value of a company is made up of the sum of the following elements:

- 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	31	1%
Wages and salaries (net of collected taxes)	447	9%
Taxes borne	1,247	25%
Taxes collected	1,762	36%
Income after taxes	1,435	29%
<b>Total</b>	<b>4,922</b>	<b>100%</b>



In 2021, the total amount of value distributed was **4,922 million euros**, of which **3,009 million euros** were paid to the various public administrations as input and collected taxes.

As shown in the graph, in 2021 almost **61%** 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.

This Ratio remains in line with the previous year (64%), with an increase in the value distributed to the shareholders, due to a higher payment in 2021 of the supplementary dividend.

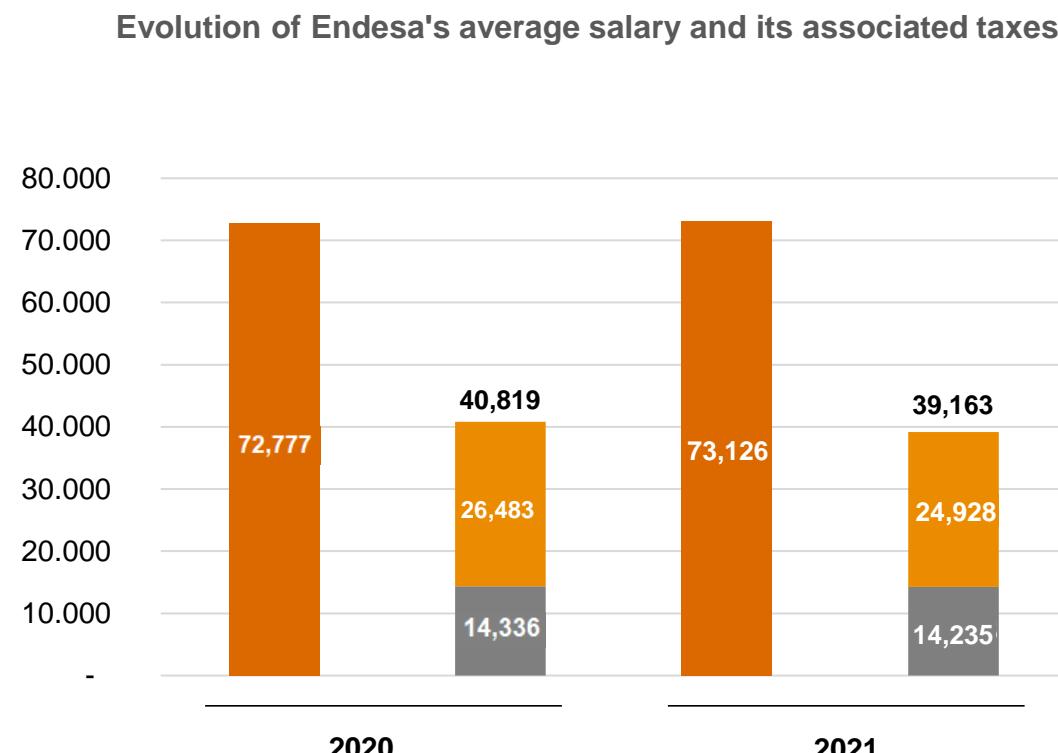
### 3. TTC of Endesa in 2021

During 2021, people taxes paid by Endesa accounted for more than 50% of the average salary paid by the Group.

#### TTC Indicators

##### Taxes paid on wages and salaries per employee

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.



In 2021, Endesa paid **39,163 euros** per employee in employment-related taxes. Of this figure for employment-related taxes, **24,928 euros** correspond to taxes collected on behalf of the employee and **14,235 euros** to taxes borne by Endesa, which represent a cost for the Group.

The average **employment-related taxes** paid by Endesa in 2021 represented **54% of the Group's average salary** (73,126 euros), a decrease of 2% compared to the previous year.



4

# TTC of Endesa in 2021 by country

## 4. TTC of Endesa in 2021 by country

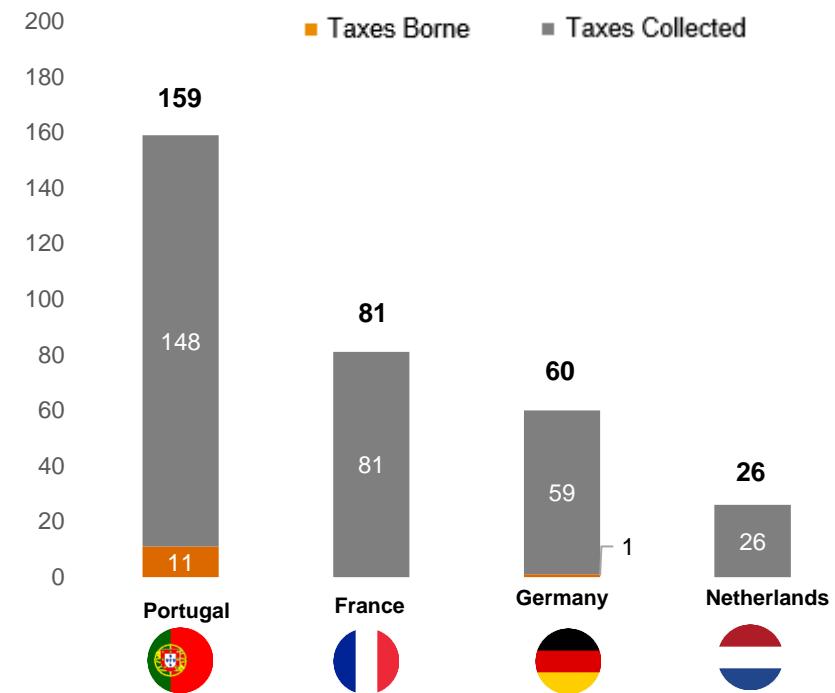
### Analysis of the total tax contribution in 2021

Spain is the main country in which Endesa operates, representing 89% of its turnover in 2021 as well as almost 100% of its profit after tax (both figures according to consolidated annual accounts). In line with the business generated, the tax contribution made by Endesa in Spain accounted for 89% of the total (2,683 million euros of the total contribution made in 2021).

With regard to the other countries (Portugal, France, Germany and the Netherlands)<sup>[1]</sup>, there was a 59% decrease in taxes borne, mainly coming from the reclassification of the Portuguese Audiovisual Tax (CAV) of Portugal as other payments made to the Public Administrations. On the other hand, taxes collected decreased by 3%, mainly due to the decrease of taxes on products and services collected.

Country	Spain	Portugal	France	Germany	Netherlands	TOTAL
Taxes borne	1,235	11	0	1	0	1,247
Taxes collected	1,448	148	81	59	26	1,762
Total Tax Contribution	2,683	159	81	60	26	3,009
TTC percentage overall	89%	5%	3%	2%	1%	100%

Endesa's TTC profile in the main countries where it operates



Source : PwC

As shown in the graph, the distribution between taxes borne and collected is not homogeneous as in Spain (see page 37 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.

<sup>[1]</sup> 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<sup>[1]</sup>; 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"). 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<sup>[2]</sup>.

## **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.

The section '**Reconciliation between Endesa's nominal rate and effective tax rate compared to IBEX 35**' is not included in this report since the data therein is not representative in 2020. This is because the difference between the average nominal and effective rates is due mainly to the fact that 34% of companies in the index are in an operating loss situation, which means that the impacts of other differences between accounting and taxation are not representative of the difference between the ETR and the average nominal rates.



[1] According to the composition as at 31st December 2020

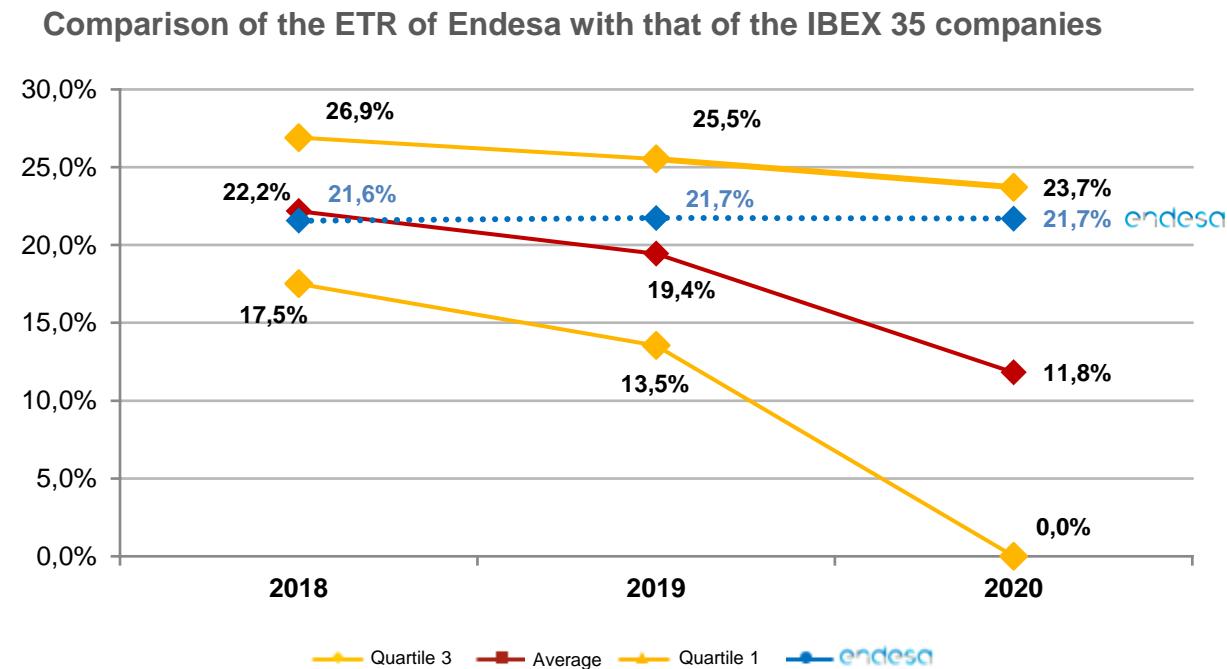
<sup>[2]</sup> See Annex VI of this report.

## 5. Comparative Indicators

### Comparison of the ETR of Endesa with that of 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 2020, the effective rate of the IBEX35 is 11.8%, 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%.



The chart shows that the average effective rate for the year 2020 of the IBEX 35 companies is of 11,8%, below the ETR of Endesa, which is of 21.7%, pin line with previous year.

Likewise, Endesa's average ETR for 2018-2020 remains around a 22%, which is above the average ETR of IBEX companies for that period (18%).

Endesa's average effective tax rate in 2020 was almost 22%, 10 percentual points above the average ETR of the companies of the IBEX 35 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:

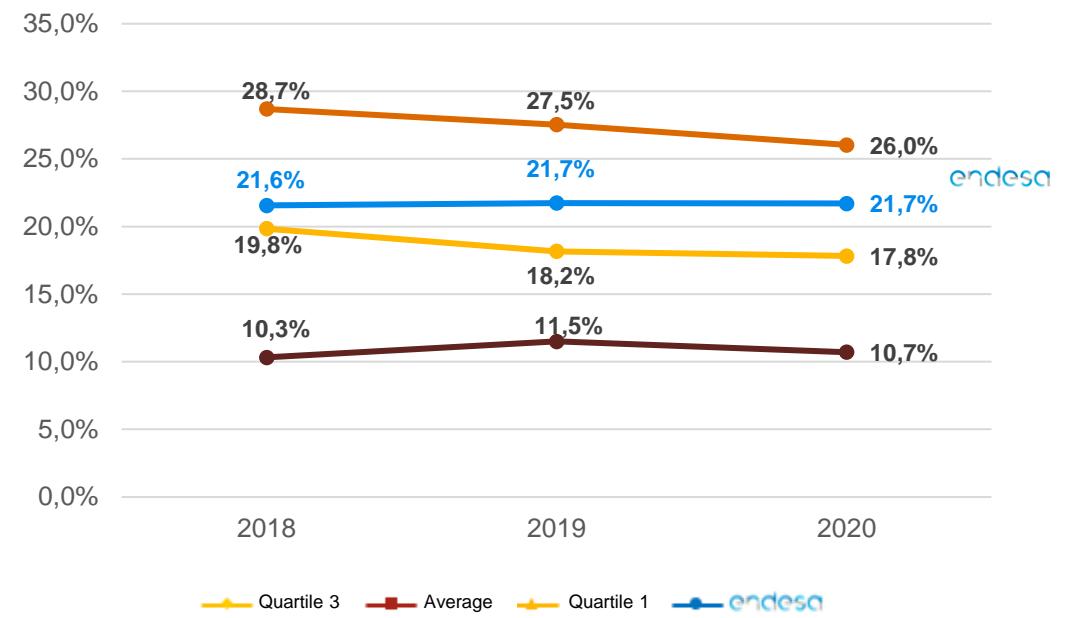
- (i) The 50 companies in the electricity, water and gas sector with the highest stock market capitalization.
- (ii) We have used the publicly available information in the data base Refinitiv, updated as of March 3, 2022.
- (iii) We have analyzed the financial data of these companies for the years 2018 to 2020.

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 2020 **Endesa is above the average of other multinational companies in its sector**, with an ETR close to 22%.

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

### Endesa's tax contribution in economic and social terms

... 2.15% of the European recovery funds assigned to Spain for the period 2021-2027.

*Source: Website of the Spanish Government*



... the payment of 8.2 million euros per day in taxes borne and collected taxes in 2021

*Source: PwC*



... 1.21% of the Spanish Tax Administration's gross revenue in 2020

*Source: STA Annual Tax Collection Report*



... 27% of the budget allocated to industry and energy in 2022

*Source: General Budget of the State 2022*



... 5% of the EU budget for sustainable growth: natural resources

*Source: EU Budget for 2020*





# 6 Other payments made to Public Administrations

Endesa has contributed to the Administrations under which it operates with 113 million euros through regulatory payments in 2021

## 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 2021, payments made by Endesa to different Public Administrations have amounted to **113 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 status as a gas and electricity trading company, Endesa is an obligated subject of the energy efficiency obligations system, which has to make an annual financial contribution to the national energy efficiency fund by virtue of the provisions of Royal Decree-Law 8/2014 of 4 July. During 2021, payments for this concept amounted to **28 million euros**.

**(ii) Rates subsidy:** in 2021, Endesa paid **52 million euros** as a contribution to the financing of the rates subsidy, a mechanism regulated by Law 24/2013, of 26 December, imposing a funding obligation on certain companies within the electricity system. In addition, **14 million euros** were paid in concept of rates subsidy to the Portuguese Public Administration, is on the same line as in the 2020 financial year.

**(iii) 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 **5 million euros**.

Lastly, we should bring forward the Portuguese Audiovisual Tax (CAV), for which Endesa contributed with **14 million euros** in Portugal in 2021.





7

# Annexes

## 7. Annexes

### Annex I: Global Summary 2021

Country	Spain	Portugal	France	Germany	Netherlands	TOTAL
Taxes borne	1,235	11	0	1	0	1,247
Taxes collected	1,448	148	81	59	26	1,762
<b>Total Tax Contribution</b>	<b>2,683</b>	<b>159</b>	<b>81</b>	<b>60</b>	<b>26</b>	<b>3,009</b>
<b>TTC percentage overall</b>	<b>89%</b>	<b>5%</b>	<b>3%</b>	<b>2%</b>	<b>1%</b>	<b>100%</b>
Other regulatory payments	Spain	Portugal	France	Germany	Netherlands	TOTAL
Rates subsidy	52	14	0	0	0	66
Energy efficiency	28	0	0	0	0	28
Other	0	14	5	0	0	19
<b>Total other payments made to Public Administrations</b>	<b>80</b>	<b>28</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>113</b>
<b>TOTAL PAYMENTS MADE TO PUBLIC AUTHORITIES</b>	<b>2,763</b>	<b>187</b>	<b>86</b>	<b>60</b>	<b>26</b>	<b>3,122</b>

## 7. Annexes

### Annex II: Endesa 2021 TTC report by country

#### Spain

Total Tax Contribution			
Taxes borne	M €	Taxes collected	M €
<b>Profit Taxes</b>	<b>365</b>	<b>Profit taxes</b>	<b>101</b>
Corporate Income Tax	336	Withholdings on payments to non-residents (without PE)	0
Business Activity Tax	28	Revenues from investment capital	0
Other	1	Withholdings on payments to non-residents	101
<b>Property Taxes</b>	<b>96</b>	<b>Property Taxes</b>	<b>0</b>
Tax on real property	64	Revenues from property investments	0
Other taxes	32		
<b>People Taxes</b>	<b>129</b>	<b>People Taxes</b>	<b>229</b>
Employer's social security contribution	129	Withholdings on earned income	209
Other withholding taxes	0	Employee social security contributions	20
<b>Taxes on products and services</b>	<b>194</b>	<b>Taxes on products and services</b>	<b>745</b>
Non-deductible VAT/IGIC	0	VAT (Net position)	745
Tax on the utilization of airspace, soil and subsoil	168		
Other publicdomain charges	26		
<b>Planet Taxes</b>	<b>451</b>	<b>Planet Taxes</b>	<b>373</b>
Tax on value of electricity generation	205	Taxes on electricity	335
Tax on nuclear fuels	132	Tax on hydrocarbons	37
Hydraulic charge tax	(271)	Tax on coal	1
Tax on nuclear services	216		
Other environmental taxes (regional)	164		
Taxes on electricity	0		
Tax on hydrocarbons	0		
Tax on coal	5		
Other taxes	0		
<b>TOTAL</b>	<b>1,235</b>	<b>TOTAL</b>	<b>1,448</b>
<b>Total Tax Contribution</b>			<b>2,683</b>

Note: the figures presented had been rounded

## 7. Annexes

### Annex II: Endesa 2021 TTC report by country

#### Portugal

Total Tax Contribution			
Taxes borne	M €	Taxes collected	M €
<b>Profit Taxes</b>	<b>10</b>	<b>Profit taxes</b>	<b>0</b>
Corporate Income Tax	10	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
<b>Property Taxes</b>	<b>0</b>	<b>Property Taxes</b>	<b>0</b>
Tax on real property	0	Revenues from property investments	0
Other taxes	0		
<b>People Taxes</b>	<b>1</b>	<b>People Taxes</b>	<b>1</b>
Employer's social security contribution	1	Withholdings on earned income	1
Other withholding taxes	0	Employee social security contributions	0
<b>Taxes on products and services</b>	<b>0</b>	<b>Taxes on products and services</b>	<b>135</b>
Non-deductible VAT/IGIC	0	VAT (Net position)	133
Tax on the utilization of airspace, soil and subsoil	0	Tax on the utilization of airspace, soil and subsoil	2
Other publicdomain charges	0		
<b>Planet Taxes</b>	<b>0</b>	<b>Planet Taxes</b>	<b>12</b>
Tax on value of electricity generation	0	Taxes on electricity	4
Tax on nuclear fuels	0	Tax on hydrocarbons	8
Hydraulic charge tax	0	Tax 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		
<b>TOTAL</b>	<b>11</b>	<b>TOTAL</b>	<b>148</b>
<b>Total Tax Contribution</b>			<b>159</b>

Note: the figures presented had been rounded

## 7. Annexes

### Annex II: Endesa 2021 TTC report by country

#### France

Total Tax Contribution			
Taxes borne	M €	Taxes collected	M €
<b>Profit Taxes</b>	<b>(2)</b>	<b>Profit taxes</b>	<b>0</b>
Corporate Income Tax	(1)	Withholdings on payments to non-residents (without PE)	0
Business Activity Tax	0	Revenues from investment capital	0
Other	(1)	Withholdings on payments to non-residents	0
<b>Property Taxes</b>	<b>0</b>	<b>Property Taxes</b>	<b>0</b>
Tax on real property	0	Revenues from property investments	0
Other taxes	0		
<b>People Taxes</b>	<b>2</b>	<b>People Taxes</b>	<b>0</b>
Employer's social security contribution	2	Withholdings on earned income	0
Other withholding taxes	0	Employee social security contributions	0
<b>Taxes on products and services</b>	<b>0</b>	<b>Taxes on products and services</b>	<b>36</b>
Non-deductible VAT/IGIC	0	VAT (Net position)	36
Tax on the utilization of airspace, soil and subsoil	0		
Other publicdomain charges	0		
<b>Planet Taxes</b>	<b>0</b>	<b>Planet Taxes</b>	<b>45</b>
Tax on value of electricity generation	0	Taxes on electricity	0
Tax on nuclear fuels	0	Tax on hydrocarbons	45
Hydraulic charge tax	0	Tax 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		
<b>TOTAL</b>	<b>0</b>	<b>TOTAL</b>	<b>81</b>
<b>Total Tax Contribution</b>			<b>81</b>

Note: the figures presented had been rounded

## 7. Annexes

### Annex II: Endesa 2021 TTC report by country

#### Germany

Total Tax Contribution			
Taxes borne	M €	Taxes collected	M €
<b>Profit Taxes</b>	<b>1</b>	<b>Profit taxes</b>	<b>0</b>
Corporate Income Tax	1	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
<b>Property Taxes</b>	<b>0</b>	<b>Property Taxes</b>	<b>0</b>
Tax on real property	0	Revenues from property investments	0
Other taxes	0		
<b>People Taxes</b>	<b>0</b>	<b>People Taxes</b>	<b>0</b>
Employer's social security contribution	0	Withholdings on earned income	0
Other withholding taxes	0	Employee social security contributions	0
<b>Taxes on products and services</b>	<b>0</b>	<b>Taxes on products and services</b>	<b>37</b>
Non-deductible VAT/IGIC	0	VAT (Net position)	37
Tax on the utilization of airspace, soil and subsoil	0		
Other publicdomain charges	0		
<b>Planet Taxes</b>	<b>0</b>	<b>Planet Taxes</b>	<b>22</b>
Tax on value of electricity generation	0	Taxes on electricity	21
Tax on nuclear fuels	0	Tax on hydrocarbons	1
Hydraulic charge tax	0	Tax 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		
<b>TOTAL</b>	<b>1</b>	<b>TOTAL</b>	<b>59</b>
<b>Total Tax Contribution</b>			<b>60</b>

Note: the figures presented had been rounded

## 7. Annexes

### Annex II: Endesa 2021 TTC report by country

#### Netherlands

Total Tax Contribution			
Taxes borne	M €	Taxes collected	M €
<b>Profit Taxes</b>	0	<b>Profit taxes</b>	0
Corporate Income Tax	0	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
<b>Property Taxes</b>	0	<b>Property Taxes</b>	0
Tax on real property	0	Revenues from property investments	0
Other taxes	0		
<b>People Taxes</b>	0	<b>People Taxes</b>	0
Employer's social security contribution	0	Withholdings on earned income	0
Other withholding taxes	0	Employee social security contributions	0
<b>Taxes on products and services</b>	0	<b>Taxes on products and services</b>	14
Non-deductible VAT/IGIC	0	VAT (Net position)	14
Tax on the utilization of airspace, soil and subsoil	0		
Other publicdomain charges	0		
<b>Planet Taxes</b>	0	<b>Planet Taxes</b>	12
Tax on value of electricity generation	0	Taxes on electricity	9
Tax on nuclear fuels	0	Tax on hydrocarbons	3
Hydraulic charge tax	0	Tax 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		
<b>TOTAL</b>	0	<b>TOTAL</b>	26
<b>Total Tax Contribution</b>			<b>26</b>

Note: the figures presented had been rounded

## 7. Annexes

### Annex III: Endesa 2020 TTC report

Total Tax Contribution		
		M €
<b>Taxes borne</b>		
Profit Taxes	254	
Corporate Income Tax (tax group regime)	207	
Corporate Income Tax (individual regime)	22	
Business Activity Tax	24	
Other	1	
<b>Property Taxes</b>	70	
Tax on real property	66	
Other taxes	4	
<b>People Taxes</b>	137	
Employer's social security contribution	137	
Other withholding taxes	0	
<b>Taxes on products and services</b>	202	
Non-deductible VAT/IGIC	2	
Tax on the utilization of airspace, soil and subsoil	173	
Other publicdomain charges	27	
<b>Planet Taxes</b>	747	
Tax on value of electricity generation	254	
Tax on nuclear fuels	134	
Hydraulic charge tax	32	
Tax on nuclear services	202	
Other environmental taxes (regional)	115	
Taxes on electricity	0	
Tax on hydrocarbons	1	
Tax on coal	9	
Other taxes	0	
<b>TOTAL</b>	<b>1,410</b>	
<b>Taxes collected</b>		M €
<b>Profit taxes</b>	74	
Withholdings on payments to non-residents (without PE)	0	
Revenues from investment capital	0	
Withholdings on payments to non-residents	74	
<b>Property Taxes</b>	0	
Revenues from property investments	0	
<b>People Taxes</b>	254	
Withholdings on earned income	226	
Employee social security contributions	28	
<b>Taxes on products and services</b>	1,199	
VAT (Net position)	1,199	
<b>Planet Taxes</b>	547	
Taxes on electricity	458	
Tax on hydrocarbons	89	
Tax on coal	0	
<b>TOTAL</b>	<b>2,074</b>	
<b>Economic data</b>		M €
Revenues	16,644	
Wages and salaries	698	
Average number of employees	9,591	
Income before tax	1,788	
Income before tax borne	2,944	
Total taxes borne	1,410	
Total taxes collected	2,074	
<b>Total Tax Contribution</b>	<b>3,484</b>	
<b>TTC Indicators</b>		
1 TTC ratio	48%	
2 TTC in relation to revenues	21%	
3 Taxes borne in relation to revenues	9%	
4 Taxes collected in relation to revenues	12%	
5 Tax value distributed to society	64%	
6 Wages and salaries per employee	72,777	
7 Taxes paid per employee	40,819	
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		
7. Total taxes linked to employment (borne and collected) / Number of employees		
<b>Total Tax Contribution</b>	<b>3,484</b>	

### 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.

They constitute tax revenues obtained by the Administration thanks to the economic value generated by Endesa.

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

[1] <http://www.oecd-ilibrary.org/docserver/download/e7ced3ea-en.pdf?expires=1518608619&id=id&accname=guest&checksum=F8B98F3CB2D74B6C44A7DB049DF7A63B>

## 7. Annexes

**(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"<sup>[1]</sup>.

The Spanish National Institute of Statistics (INE) has also adopted this definition for the purpose of classing taxes as environmental<sup>[2]</sup>. 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**<sup>[3]</sup>, 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<sup>[1]</sup>, 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.

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

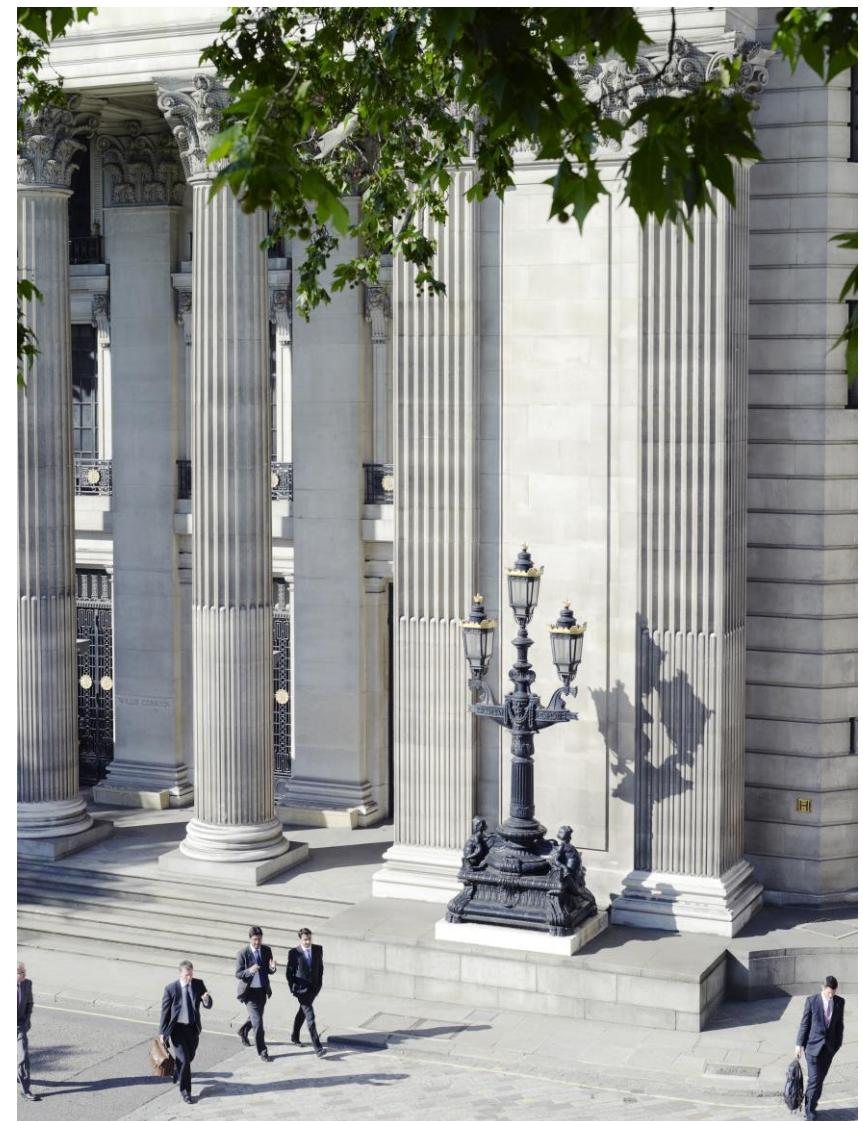
## 7. Annexes

### 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 24/2013 of 26 December to contribute to the financing of the rates subsidy.

**(ii) Energy efficiency:** gas and electricity marketing companies are required, under the energy efficiency obligations system, to make an annual financial contribution to the national energy efficiency fund. This obligation is regulated by Royal Decree 8/2014 of 4 July.



## 7. Annexes

### Annex V: List of taxes considered

Type of tax	State Taxes	Regional Taxes	Local Taxes	Taxes borne	Taxes collected	Scope
<b>"Profit"</b>						
1 Corporate Income Tax	✓			✓		✓
2 Non-resident Income Tax	✓				✓	✓
3 Withholding tax on income from movable capital	✓				✓	✓
4 Business Tax			✓	✓		✓
<b>"Property"</b>						
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	✓				✓	✓
<b>"People"</b>						
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	✓				✓	✓
<b>"Products and services"</b>						
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	✓			✓		

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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		✓		✓		
<b>"Planet"</b>						
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<sup>[1]</sup>

- |           |  |           |                                     |
|-----------|--|-----------|-------------------------------------|
| <b>1</b>  | Abu Dhabi National Energy Company PJSC | <b>26</b> | Exelon Corp                         |
| <b>2</b>  | AES Corp                               | <b>27</b> | FirstEnergy Corp                    |
| <b>3</b>  | Ameren Corp                            | <b>28</b> | Fortis Inc                          |
| <b>4</b>  | American Electric Power Company Inc    | <b>29</b> | Fortum Oyj                          |
| <b>5</b>  | American Water Works Company Inc       | <b>30</b> | Hydro One Ltd                       |
| <b>6</b>  | Avangrid Inc                           | <b>31</b> | Iberdrola SA                        |
| <b>7</b>  | Brookfield Renewable Corp              | <b>32</b> | Korea Electric Power Corp           |
| <b>8</b>  | China Longyuan Power Group Corp Ltd    | <b>33</b> | National Grid PLC                   |
| <b>9</b>  | CK Infrastructure Holdings Ltd         | <b>34</b> | Nextera Energy Inc                  |
| <b>10</b> | CLP Holdings Ltd                       | <b>35</b> | Orsted A/S                          |
| <b>11</b> | CMS Energy Corp                        | <b>36</b> | PG&E Corp                           |
| <b>12</b> | Consolidated Edison Inc                | <b>37</b> | Power Grid Corporation of India Ltd |
| <b>13</b> | Dominion Energy Inc                    | <b>38</b> | PPL Corp                            |
| <b>14</b> | DTE Energy Co                          | <b>39</b> | Public Service Enterprise Group Inc |
| <b>15</b> | Duke Energy Corp                       | <b>40</b> | RWE AG                              |
| <b>16</b> | E.ON SE                                | <b>41</b> | Saudi Electricity Company SJSC      |
| <b>17</b> | Edison International                   | <b>42</b> | Sempra Energy                       |
| <b>18</b> | EDP Energias de Portugal SA            | <b>43</b> | Southern Co                         |
| <b>19</b> | Electricite de France SA               | <b>44</b> | SSE PLC                             |
| <b>20</b> | EnBW Energie Baden Wuerttemberg AG     | <b>45</b> | Tenaga Nasional Bhd                 |
| <b>21</b> | Endesa SA                              | <b>46</b> | Terna Rete Elettrica Nazionale SpA  |
| <b>22</b> | Enel SpA                               | <b>47</b> | Veolia Environnement SA             |
| <b>23</b> | Engie SA                               | <b>48</b> | Verbund AG                          |
| <b>24</b> | Entergy Corp                           | <b>49</b> | WEC Energy Group Inc                |
| <b>25</b> | Eversource Energy                      | <b>50</b> | Xcel Energy Inc                     |

[1] Ranked in alphabetical order

