



OPEN POWER FOR A BRIGHTER FUTURE.

WE EMPOWER SUSTAINABLE PROGRESS.

**ANNUAL REPORT
2020**



**OPEN POWER
FOR A BRIGHTER
FUTURE.**

ANNUAL REPORT 2020

ABOUT ENDESA

ENDESA was incorporated in 1944 as Empresa Nacional de Electricidad, S.A. On 25 June 1997, the General Shareholders' Meeting changed the company's name to ENDESA, S.A.

ENDESA S.A. is registered in Volume 323, Book 1, Page 143, Sheet M6405 of the Madrid Trade and Companies Register. The Company's registered office and headquarters are at Ribera del Loira, 60, 28042 Madrid and its corporate tax identification number (NIF) is A-28023430.



endesa

ITS MAIN BUSINESS ACTIVITY

is the generation, distribution and supply of electricity. The Company is also a major operator in the natural gas market and carries out other services related to the energy business.

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for a brighter
future.**

**We empower
sustainable
progress.**

→ **ENDESA** is a leading company in Spain's electricity sector and the second largest operator in the Portuguese electricity market, with total assets of Euro 32,062 million as at 31 December 2020.

→ **At 31** December 2020, ENDESA, S.A. had share capital of Euro 1,270,502,540.40, represented by 1,058,752,117 shares with a par value of Euro 1.2 each, fully subscribed and paid up and all admitted for trading on the Spanish Stock Exchanges.

→ **IN** 2020, ENDESA posted total income of Euro 17,579 million, EBITDA of Euro 3,783 million, EBIT of Euro 1,886 million and net income of Euro 1,394 million.

→ **AT THE END** del of 2020, the company directly employed 9,591 workers in Spain and Portugal.

ENDESA is Open Power	8
Letter to shareholders	10
Key financial data	14
Key operating data	15
Key financial data	16
Operating indicators	17



THE ENEL GROUP 18

Commitment to sustainability	20
Transforming energy into opportunities	20
Open to the world	21
Global commitment	21



ECONOMIC, ENERGY AND REGULATORY FRAMEWORK 22

Macroeconomic highlights	24
Interest rate and exchange rate trends	32
International fuel and freight market	36
Regulatory Framework in 2020	39
Share price performance and investor relations	50



CORPORATE GOVERNANCE 56

Corporate governance	58
----------------------	----



STRATEGY 60

ENDESA's Industrial Plan **62**



FINANCIAL DATA 68

Consolidated key figures **70**



BUSINESSES 80

Generation business **82**

Supply business **91**

Infrastructure
and grid business **97**



**INTERNAL
CONTROL
SYSTEMS** 100

Internal control system	102
Internal control and risk management system	107



SUSTAINABILITY 110

Commitment to sustainability	112
Commitment to the United Nations Agenda	113
Strategic sustainability planning	114



**TECHNOLOGY
AND
INNOVATION** 134

ENDESA and research, technology and innovation activities	136
Technological projects	138



OUR PEOPLE 140

ENDESA's workforce	142
People leadership and development	143
Training	146
Attracting and retaining talent	149



OTHER ACTIVITIES 156

Digital transformation	158
Procurement	161



APPENDICES 162

ENDESA'S generation facilities in Spain at 31 December 2020	164
ENDESA'S generation facilities in Portugal at 31 December 2020	171
Endesa's generation facilities in Morocco at 31 December 2020	171

ENDESA IS OPEN POWER

VISION

Open Power to combat some of the biggest challenges facing our planet

POSITIONING

Open power

PURPOSE

MISSION

- > Opening energy up to more people.
- > Opening energy to new technologies.
- > Opening energy to new uses.
- > Opening up new ways to manage energy on behalf of the consumer.
- > Opening up to more collaborators.

VALUES

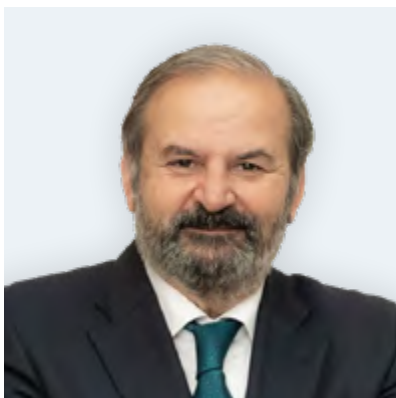
- > Responsibility
- > Innovation
- > Trust
- > Proactiveness

**Open power
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progress.**

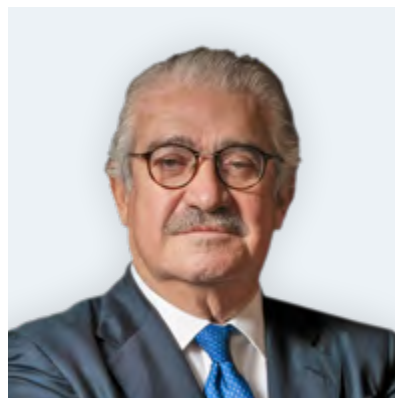
- > **Responsibility.** Each of us is responsible for the success of the Group, across all levels. We make our energy available to people so they can improve their lives and become more sustainable
- > **Innovation.** A certain curiosity is at the heart of what we do and who we are, striving to go one step further and overcome our fears with a view to opening energy up to new uses, technologies, and people. Learning both from our mistakes and our successes.
- > **Trust.** We prioritise competence, honesty and transparency, gaining the trust of our colleagues, customers and external partners, acknowledging individual differences. In turn, we trust in their ability to create value and share it.
- > **Proactiveness.** We all assume responsibility for our own work. We constantly interpret global scenarios and challenges to anticipate changes, redefining priorities when the context so requires.

VALUES



**Juan Sánchez-Calero
Guilarte**

Chairman



**José Damián Bogas
Gálvez**

Chief Executive Officer

Letter to shareholders

Dear shareholder:

Once again, we are reflecting on a year that will go down in history as one of the most difficult years that mankind has experienced in recent times. This year has been marked by a global pandemic affecting millions of people around the world, which has paralysed the economic activity of entire countries and resulted in profound changes in society, businesses and the level of awareness as regards the growth model we need.

We would like to take this opportunity to remember all the victims of the Covid pandemic and send our condolences to their families and close friends. It is with a heavy heart and special fondness that we remember our colleagues from ENDESA and the Enel Group as a whole who have passed away as a result of the virus.

If there is one thing that this pandemic has resulted in, it is speed at which change is being made and the commitment to Sustainability as an essential way for companies to head into the future efficiently, in a cost-effective way and respecting the social, environmental and financial environment. Companies that fail to commit to Sustainability will have no future.

This commitment to Sustainability had a huge impact in 2020 at ENDESA and will continue to do so in the future. This comprehensive sustainability encompasses the fight against climate change, equality, equity, inclusion and transparency.

And so, how have we gone about addressing this over the past 12 months? We have gone well beyond the targets set out in our strategic plan published in 2019 and reviewing the targets we defined as part of a new three-year plan and a new framework with a ten-year vision.

ENDESA is a main player in the redefinition of the industry, as we are the biggest electricity operator in the Iberian Peninsula. To harness the opportunities provided by both the Spanish National Integrated Energy and Climate Plan and the recovery funds provided by the European Union, we have estimated that investments of around 25 billion euros will be made between 2021 and 2030. Of these, 40% will be used to increase the renewable energy generation facilities to more than 18,000 MW, in other words, a further 10,000 MW beyond those in operation at the end of 2030. Another 40% will go to the distribution network, seeing the base of regulated grid assets rise from 11.6 billion to 13 billion by the end of 2030. In this regard, our aim is to

go further in the improvement of security and the quality of supply, make the grid more efficient and flexible to meet the requirements of the new renewable generation planned, in addition to the new needs of customers.

This ambitious investment plan will make it easier to increase the percentage of all ENDESA CO₂ emission-free production to 80% by the end of the decade and convert our electricity into the lowest-emission integrated electricity on the Iberian Peninsula in 2022.

In terms of the past year and our economic performance, it is worth noting that we have overcome the impact of the coronavirus, increasing our net ordinary income by 36% year on year. In the report following this letter, you will find details about both our financial and non-financial performance. In terms of our non-financial performance, I would like to emphasise an aspect that is important to all of us at ENDESA: we have received widespread acclaim for our progress in sustainability during the year: 15% of our share capital is held by shareholders whose investment strategy is linked to ESG criteria and we maintain an important presence in the world's leading socially responsible investment indices.

This can be attributed to one factor: at ENDESA we are committed to changing the way we generate, distribute and supply power. The facts speak for themselves. The progress made in terms of decarbonisation following the closure, in June 2020, of the thermal power plants in Compostilla (León) and Andorra (Teruel) have already made it possible, during the year in question, to achieve the CO₂-emission free production target set for the mainland for 2022: 85%. The new target for 2023 is to reach 89%. Furthermore, we ended the year having strengthened our leadership in electric mobility, with a network of 7,100 public and private charging stations at the end of 2020, 42% up on year-end 2019.

During 2020, we achieved strong operational and financial performance in a year that was full of challenges at all levels due to the impact of the pandemic. We have maintained and sped up our path of decarbonisation, digitalisation and electrification on the basis of robust results that will also allow us to distribute a truly outstanding dividend in the current climate.

2020 is also the year in which we have tangibly materialised our motto of leaving no one behind, neither as a result of the Energy Transition process that we believe must be fair, nor as a result of the Covid pandemic, against which we

have deployed a Public Accountability Plan endowed with 25 million euros; this plan was outlined to the Shareholders' Meeting held in May 2020, at which time we were already in lockdown as a result of the pandemic. The plan has helped us to make progress in three areas: health, society and the economy. We have achieved all this with a workforce that is committed, dedicated and devoted to making sure nothing fails and not letting up in our efforts to provide households and businesses with power.

Dear shareholder, our company is and will continue to be an essential player in the major industrial transformation that our sector is undergoing. We are already one of the biggest investors in Spain and, thanks to the implementation of and compliance with our strategic plan, we will play an essential role in economic development and accelerating the energy transition. We will continue to play the leadership role that we have assumed.

Once again, we would like to thank you for your trust and support. Rest assured that we will continue to strive to fulfil the targets that we have set ourselves, pursuing a path of sustainability and profitability.



Juan Sánchez-Calero Guilarte

Chairman



José Damián Bogas Gálvez

Chief Executive Officer

KEY FINANCIAL DATA

	2017	2018	2019	2020
Key statement of financial position data (Euro million)				
Total Assets	31,037	31,656	31,981	32,062
Property, plant & equipment	21,727	21,840	21,329	21,354
Total liabilities	21,844	22,475	24,144	24,597
Shareholders' equity	9,096	9,037	7,688	7,315
Equity corresponding to minority shareholders	137	144	149	150
Net financial debt	4,985	5,770	6,377	6,899
Key income statement data (Euro million)				
Operating income	20,057	20,195	20,158	17,579
EBITDA	3,542	3,627	3,841	3,783
Profit from operations (EBIT)	2,031	1,919	388	1,886
Net income	1,463	1,417	171	1,394
Key economic flows (Euro million)				
Net cash flows from operating activities	2,438	2,420	3,181	2,951
Total investment	1,175	1,470	2,202	1,846
Dividends paid	1,411	1,463	1,511	1,562

KEY OPERATING DATA

	2017	2018	2019	2020
Workforce				
Spain and Portugal	9,706	9,763	9,952	9,591
Capacity (MW)				
Spain and Portugal	23,678	23,766	24,231	22,465
Hydroelectric	4,752	4,804	4,792	4,793
Conventional thermal	8,130	8,077	7,659	5,506
Nuclear plant	3,443	3,443	3,443	3,453
Combined cycle	5,678	5,678	5,677	5,681
Renewables	1,675	1,764	2,660	3,032
Output (GWh)				
Spain and Portugal¹	78,648	74,193	61,402	56,269
Hydroelectric	5,004	8,459	5,861	7,681
Conventional thermal	31,906	28,997	13,346	5,650
Nuclear plant	26,448	24,067	26,279	25,839
Combined cycle	11,849	8,957	11,687	11,365
Renewables	3,441	3,713	4,229	5,734
Sales (GWh)				
Spain and Portugal	96,513	89,639	89,441	80,772
Regulated price	12,919	12,356	11,385	11,342
Deregulated market ²	83,594	77,283	78,056	69,430
Number of customers (thousands)				
Spain and Portugal^{3,4}	10,848	10,754	10,635	10,420
Regulated market	5,255	5,029	4,807	4,730
Deregulated market	5,593	5,725	5,828	5,690
Energy distributed (GWh)				
Spain and Portugal	117,961	117,029	126,454	124,658

¹ Data measured according to busbar cost.

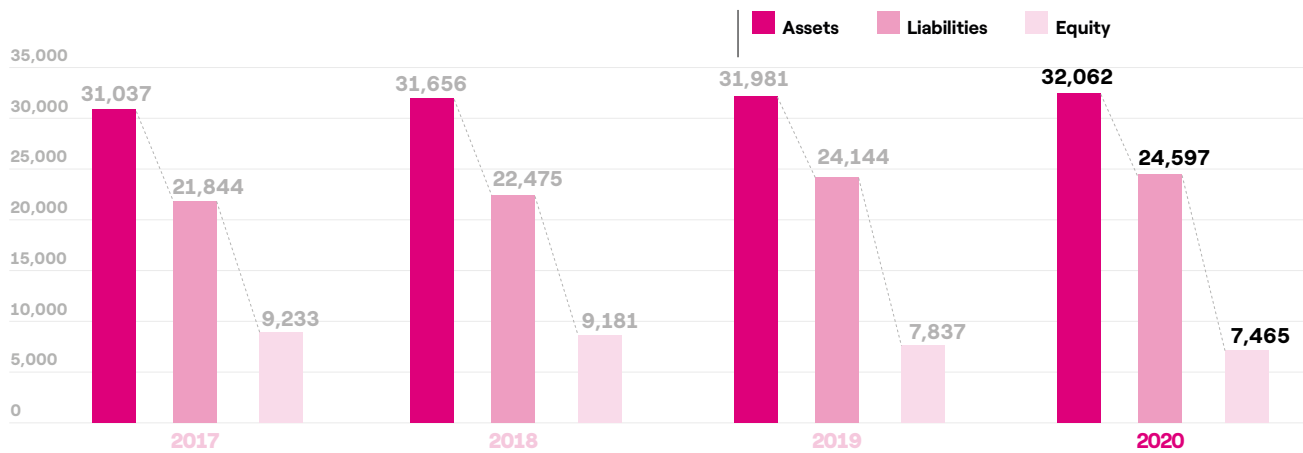
² Includes ENDESA Energía sales to customers in European countries.

³ Supply points.

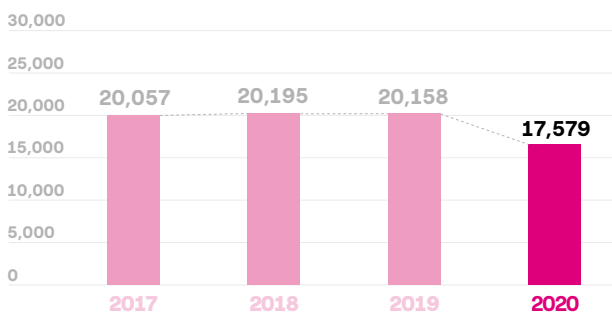
⁴ Customers of retailers.

KEY FINANCIAL DATA

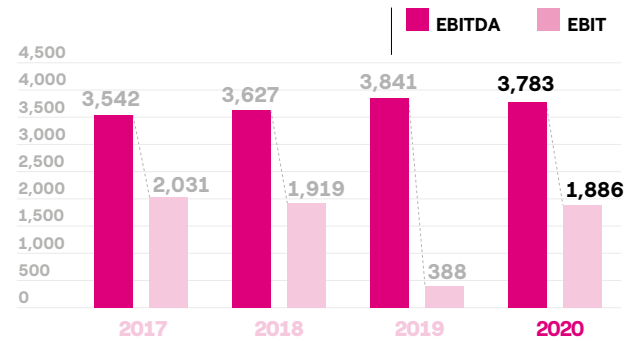
ASSETS, LIABILITIES AND EQUITY (thousands of euros)



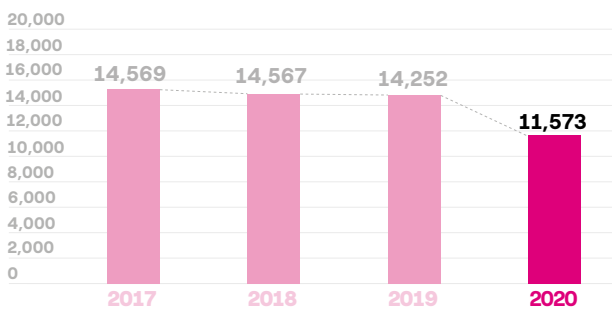
OPERATING INCOME (thousands of euros)



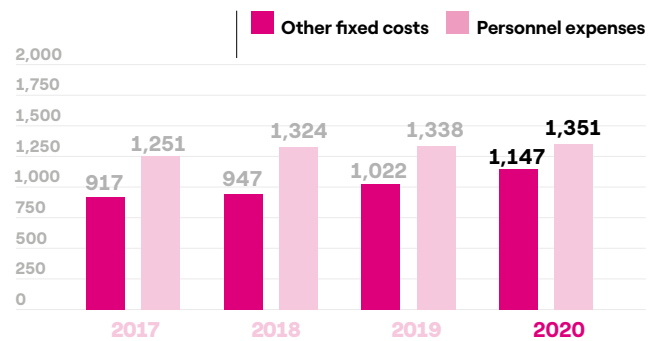
EBITDA AND EBIT (thousands of euros)



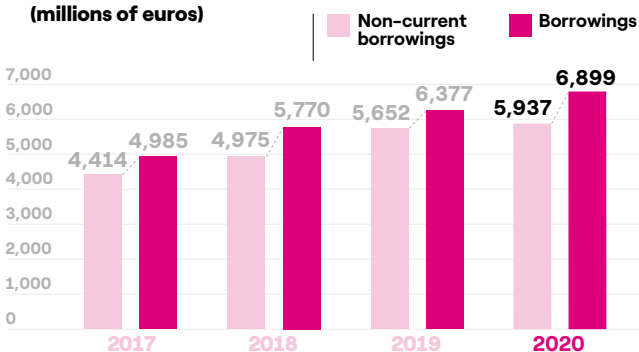
SUPPLY COSTS (millions of euros)



OTHER COSTS (millions of euros)

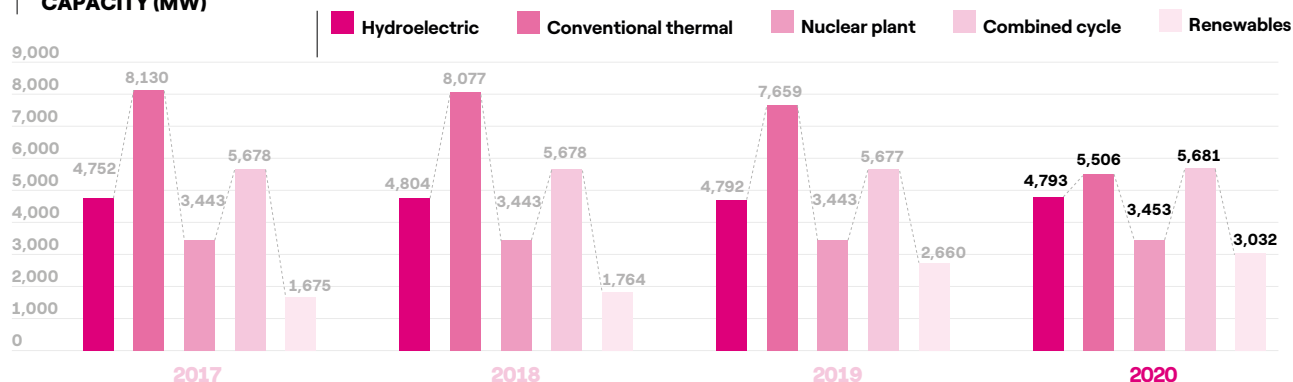


BORROWINGS AND NET FINANCIAL DEBT (millions of euros)

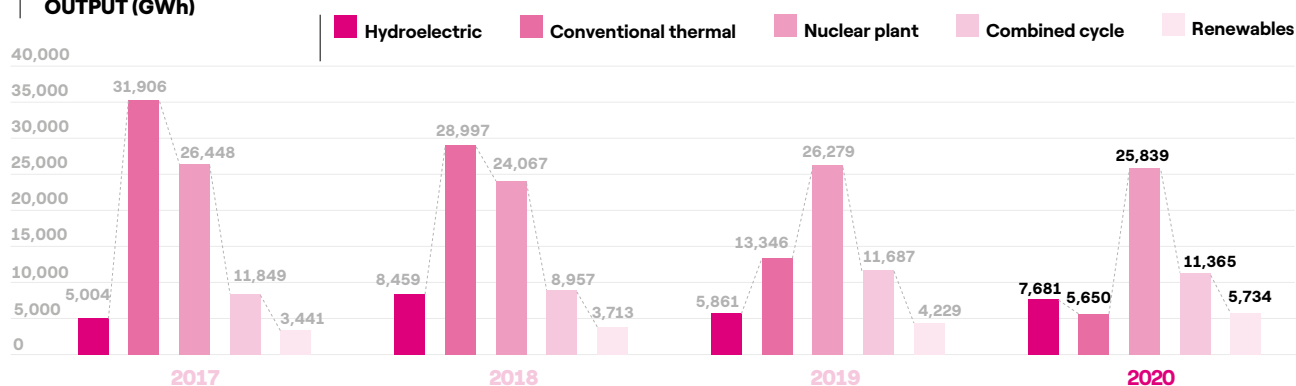


OPERATING INDICATORS

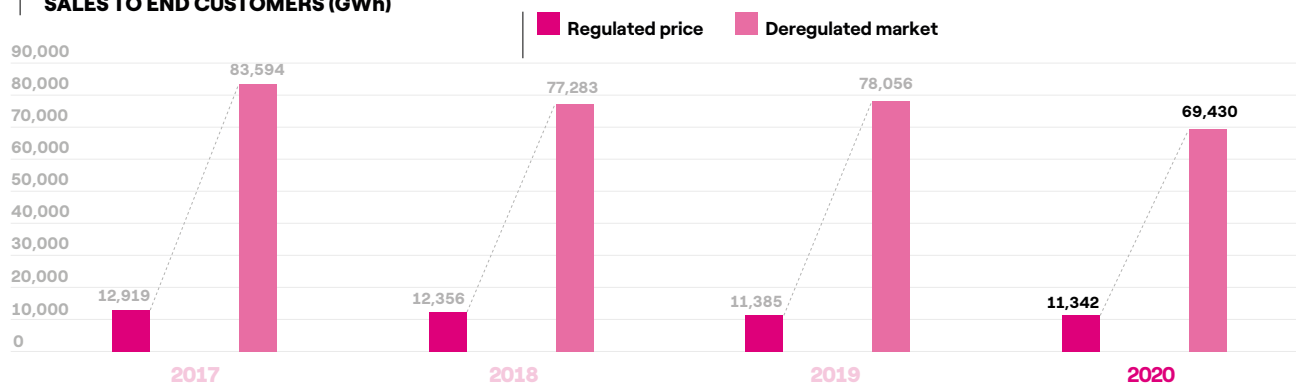
CAPACITY (MW)



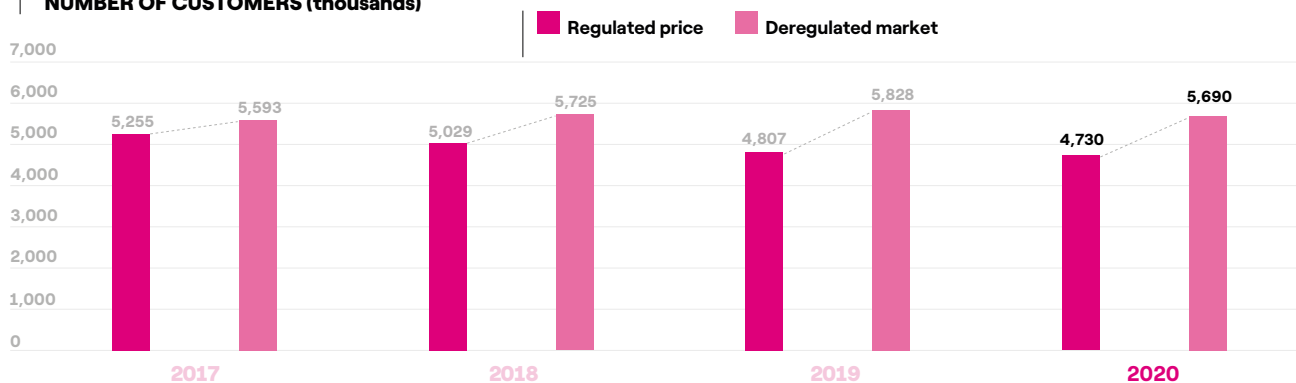
OUTPUT (GWh)



SALES TO END CUSTOMERS (GWh)



NUMBER OF CUSTOMERS (thousands)



1

THE ENEL GROUP

GLOBAL VISION

Enel boasts a presence in Europe, America, Asia, Africa and Oceania, serving more than 74 million end-users worldwide.

PRESENCE IN SPAIN AND PORTUGAL

As part of its holding in ENDESA (70.1% of its share capital), the Enel Group boasts a strong presence in the electricity and gas market in Spain and Portugal.

IN SPITE OF THE PANDEMIC

The Enel Group's gross operating income (EBITDA) as at 31 December 2020 came to Euro 17.9 billion.



1	The Enel Group	2	Economic, energy and regulatory framework	3	Corporate governance	4	Strategy	5	Financial data	6	Businesses
7	Internal control systems	8	Sustainability	9	Technology and innovation	10	Our people	11	Other activities	12	Appendices

Enel is a multinational energy company that assumes a leadership position in the production, distribution and sale of electricity and gas. In its sector, it is the largest company in Europe in terms of EBITDA, boasting a presence in more than 30 countries worldwide and a net installed capacity of approximately 88 GW.

The ENEL Group's gross operating income (EBITDA) as at 31 December 2020 came to Euro 17.9 billion, up by 1.15% year on year.

Enel distributes electricity through a network spanning more than 2.2 million kilometres, to more than 74 million end-users; this achievement makes the Group the world's largest energy operator, with the largest customer base among its European competitors. It boasts a strong presence on 5 continents, providing electricity to more than 70 million households and businesses.

Commitment to sustainability

The Group was a pioneer in foreseeing the leading role that clean energy would have in the future, commissioning one of the largest hydroelectric plants of its kind, the first solar power plant connected to the grid, the first photovoltaic power plant and the first wind farm in Italy, long before renewables became a reality. With this vision in mind, in 2008, the Group created Enel Green Power; this company is now the largest renewable energy supplier in the world, with an installed capacity of approximately 49 GW in wind,

solar, hydraulic and geothermal plants across Europe, America, Africa, Asia and Oceania.

Enel, pursuant to its Open Power strategy, collaborates with companies, research centres, institutions, start ups and universities in the pursuit of new solutions that pursue social and economic sustainability. As climate change becomes increasingly evident, the Group is increasing its commitment to investment in digitalisation, electric mobility, the circular economy and decarbonisation.

Transforming energy into opportunities

Using innovation and sustainability as its driving forces, the Group has continued to grow using digital technologies. In 2001, it installed the first smart meters in the world and to-day, through Enel X, it remains dedicated to finding digital solutions that make complex aspects more simple. Enel X, a branch of the Group that seeks to create new value by innovating in the use of energy, provides digital solutions using technological platforms. With a total capacity of approximately 6 GW, this division has installed 123 MW of storage capacity, in addition to more than 186,000 charging stations for electric vehicles around the globe. The aim of Enel X is to lead the transformation of the energy sector applying an open strategy that respects the environment and utilises technological innovation.

Today, the energy transition is guided by a sustainable approach to long-term shared value creation.

ENEL IN FIGURES

32

countries

**OUR PRESENCE
AROUND THE
WORLD**

2.2

Power lines

**OUR
DISTRIBUTION
NETWORK
SPANS
MILLIONS OF
MILES**

88

total capacity

**TOTAL
CAPACITY
IN GW**

49

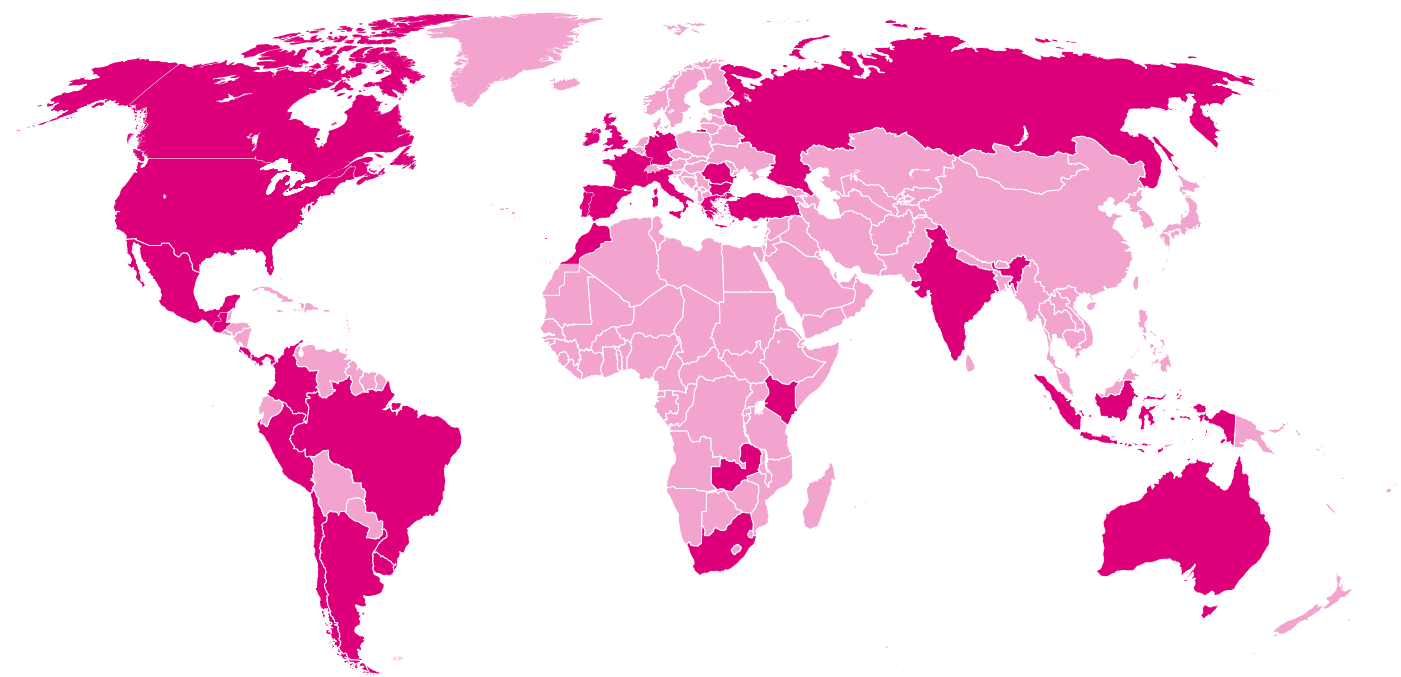
Renewables

**CAPACITY
FROM
RENEWABLE
SOURCES IN GW**

48

Investment

**BILLIONS OF EUROS IN ASSETS
AND TECHNOLOGIES SET
OUT IN OUR PLAN 2021-
2023 INCLUDING OWN AND
EXTERNAL CAPITAL FUNDS**



ENEL IN THE WORLD

1	Germany	9	Costa Rica	17	Ireland	25	United Kingdom
2	Argentina	10	Spain	18	Italy	26	Romania
3	Australia	11	United States	19	Kenya	27	Russia
4	Brazil	12	France	20	Morocco	28	Singapore
5	Bulgaria	13	Greece	21	Mexico	29	South Africa
6	Canada	14	Guatemala	22	Peru	30	Turkey
7	Chile	15	India	23	Panama	31	Uruguay
8	Colombia	16	Indonesia	24	Portugal	32	Zambia

Thanks to digitalisation, electricity has become more accessible to everybody, in addition to contributing to the decarbonisation of the economy. To this end, the digital revolution is at the core of Enel's industrial strategy, a fundamental tool for developing smart grids and value-added services.

Since 2014, Enel has held a 70.10% interest in ENDESA's share capital, thus consolidating the group's presence in the Spanish and Portuguese electricity and gas markets. ENDESA also enables Enel to play a role in the operation of a thermal power plant in Morocco.

Open to the world

As a truly global company, Enel is in the perfect position to deliver open energy around the world. Its global reach extends from Europe to Latin America, North America, Africa, Asia and Oceania.

Global commitment

Since 2004, Enel has been a member of the United Nations Global Compact and its commitment to sustainability has progressively grown over the years: the Group currently fulfils 4 of the 17 Sustainable Development Goals and its efforts contribute to social, economic and environmental sustainability.

2

**ECONOMIC,
ENERGY AND
REGULATORY
FRAMEWORK****MEASURES FOR COMBATTING
COVID-19**

In response to the outbreak of the COVID-19 pandemic, governments, central banks and other institutions announced packages of measures to strengthen liquidity and greater asset purchases to overcome the resulting health and economic crisis.

PRICE VOLATILITY

Both fuels and freight suffered a drop in prices as a result of the coronavirus and lockdown measures in early 2020. Over the course of the year, volatility remained a constant factor.

**PERFORMANCE ON THE MADRID
STOCK EXCHANGE**

At the end of the year, ENDESA's market cap was Euro 23,663 million, placing the security with the seventh highest capitalisation on the IBEX-35, one position above the previous year.



MACROECONOMIC HIGHLIGHTS

The world economy

The outbreak of the coronavirus resulted in an unprecedented fall in global activity over the course of 2020, mainly during the first six months of the year. According to data released by the IMF, activity was down by 3.3% on 2020, 1.1 percentage points lower than projected in October by the same agency on account of the higher-than-expected growth in the second half of 2020 as countries came out of lockdown. The figures were not good, but they could have been much worse. Technical staff at the IMF estimated that the fall in activity could have been three times higher had it not been for the extraordinary support policies that were rolled out.

According to the IMF, as in the first quarter of 2020, the global economy was on the brink of the abyss, "central banks rushed to provide liquidity and supported lending to a wide variety of borrowers. At the same time, tax authorities channelled relief to households and businesses in the form of transfers, wage subsidies and backstop liquidity. These measures were in addition to other safety net aspects, such as unemployment benefits and food aid. Financial regulators in numerous countries ensured the uninterrupted supply of credit through a range of different measures."

Despite the measures taken and although growth during the second half of 2020 exceeded expectations, the figures for 2020 remained significantly below pre-pandemic trends in most countries.

The world's different economies were by no means affected by the coronavirus all at the same time. Among emerging economies, China's GDP fell by 10% quarter-on-quarter in the first quarter, while during the second quarter of the year, it was the turn of developed economies to suffer a major contraction: the US economy contracted by 9% quarter-on-quarter, the Japanese economy by 8.2%, while in the Eurozone, there was an 11.8% contraction. In the third quarter of 2020, following the resumption of activity, the GDP of major international economies increased, although the threat of an upturn in coronavirus cases put the brakes on the recovery in the fourth quarter of 2020. By the end of 2020, the annual percentage change in GDP

was negative across all developed and emerging economies with the exception of China, which ended the year with an increase in GDP of 2.3%, according to data released by the IMF. Germany's GDP fell by 4.9% year on year in 2020. Germany's GDP came to Euro 3,332,230 million, with a drop in absolute GDP of Euro 116,820 million.

GDP in the United Kingdom fell by 9.9% year on year in 2020. This is 113 tenths lower than in 2019, when growth of 1.4% was recorded. In 2020, GDP stood at Euro 2,375,008 million and with absolute GDP falling by 151,607 million euros compared to 2019. Italy's GDP dropped by 8.9% in 2020 when compared to 2019. This is 92 tenths lower than the previous year, when growth of 0.3% was recorded. In 2020, GDP stood at Euro 1,651,595 million, with absolute GDP

The world economy is expected to have contracted by 3.3% in 2020.

dropping by Euro 139,347 million when compared to the previous year.

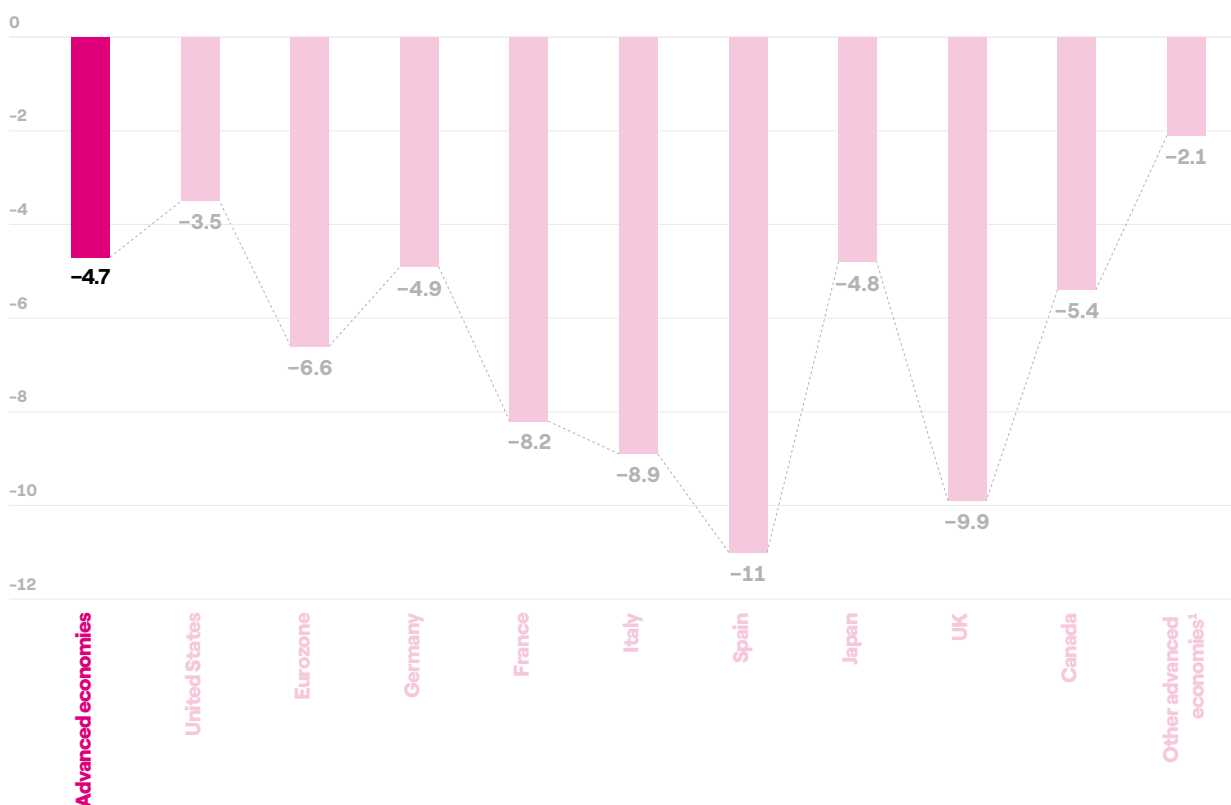
France's GDP in 2020 contracted by 8.2% when compared to 2019. This is 96 tenths down on the previous year, when growth of 1.5% was recorded. In 2020, GDP stood at Euro 2,278,947 million and with absolute GDP falling by 146,761 million euros compared to 2019. Portugal's GDP dropped by 7.6% in 2020 when compared to 2019. This is 101 tenths lower than the previous year, when growth of 2.5% was recorded. In 2020, GDP stood at Euro 202,466 million. In absolute terms, it dropped by 11,483 million euros when compared to 2019.

In 2020, Spain's GDP fell by 11% year on year, the largest annual drop in the statistical series, bringing an end to six years of economic growth. GDP stood at Euro 1,121,698 million in 2020, and in absolute terms, GDP in Spain fell Euro 123,074 million compared to 2019.

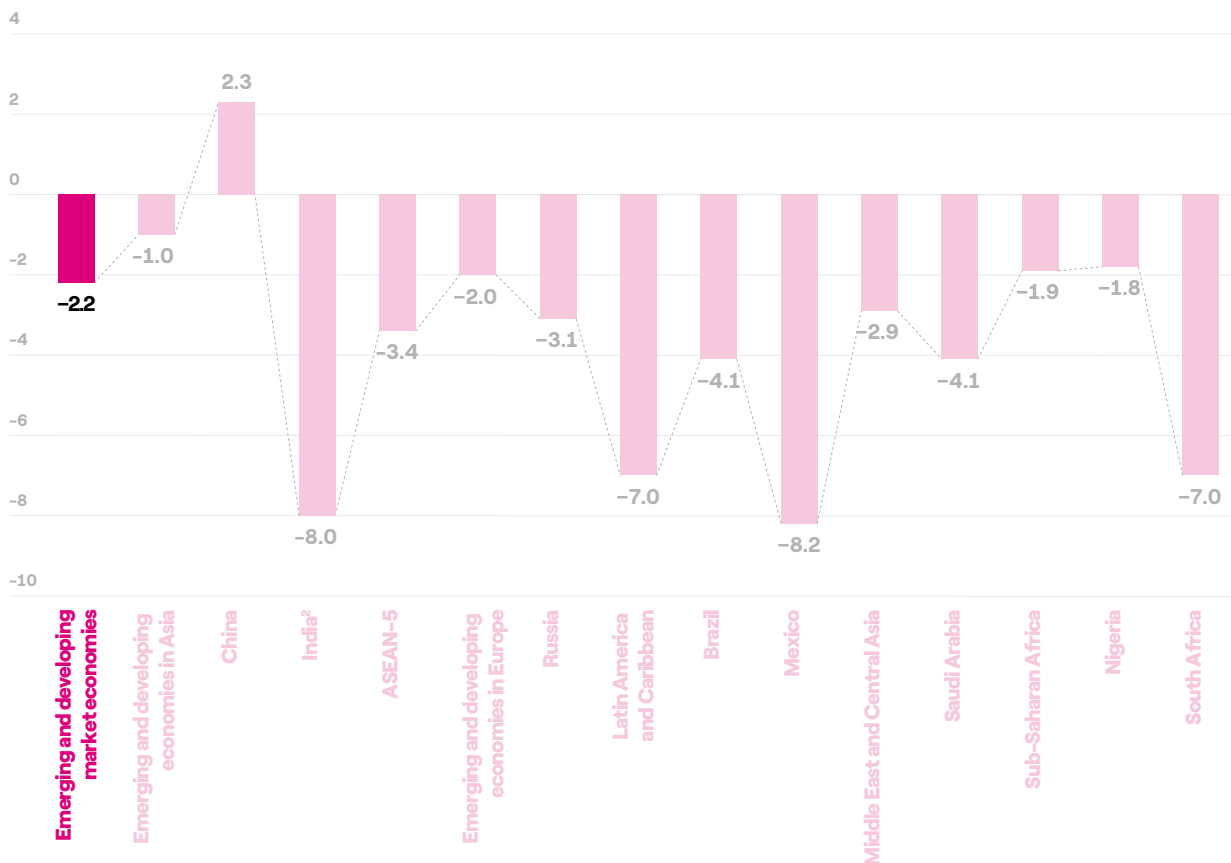
In the same way that the impact on countries was different, the measures taken in response to the consequences of

WORLD GROWTH RATE 2020 (PERCENTAGE CHANGE)

Advanced economies



Emerging and developing market economies



¹ Excludes the G7 (Germany, Canada, France, Italy, Japan and the United Kingdom) and Eurozone countries.

² In the case of India, the data and forecasts are based on the tax year and GDP from 2011 onwards is based on GDP at market prices using the 2011/2012 tax year as the base year.

Source: IMF.

activity coming to a halt also differed. The European Commission approved a Recovery Fund to promote recovery that is synchronised across Europe. The funds, for the sum of Euro 750,000 million, in addition to employment support and loans to governments and businesses, entailed a support plan worth Euro 1.3 trillion, sufficient to kick start the short-term economic recovery. The US took both fiscal and monetary action, cutting rates dramatically. In December, the European Central Bank maintained the interest rate for main refinancing operations at 0%, the deposit rate at -0.5% and the credit facility rate at 0.25%. Furthermore, it approved new long-term injections of liquidity.

Thanks to the major support policies approved, the global financial system demonstrated resilience over the course of 2020, maintaining a flow of credit and facilitating the recovery. According to data from the Spanish Confederation of Business Organisations (CEOE), the loss of momentum in activity was reflected in global PMI indexes. Although they remained positive, the Eurozone's Business Sentiment Indicators contracted at the end of 2020, mainly on account of the services sectors (tourism, leisure and transport) that were affected by the new lockdown measures. The most resilient sectors were manufacturing and technological equipment. Performance between countries was also uneven, with China

and the US presenting the highest PMIs, followed by India and Brazil. The fall of the Eurozone, led by Italy, was countered by the strong results presented by Ireland or Germany.

In terms of the European Commission's Economic Sentiment Index (ISE), confidence withstood the impact of the second wave better than expected, offering a positive surprise in December. This improvement could mainly be attributed to the optimism with which the region received the announcement of the vaccine and the improved outlook for the services sector as non-essential businesses were allowed to reopen, although the lockdown measures imposed in Germany and the Netherlands in December provided a warning of potential further drops in confidence and activity in the short term.

In the Eurozone, the Economic Sentiment Indicator (ISE) increased to 92.4 points in December from 89.3 in November. By country, the leader of the pack was Germany, recording a score of 95.1 points up from 94.9 in November. Not far behind was France, ending the year with a score of 93 up from 88.5 in November, thanks to non-essential businesses being allowed to reopen. Italy recorded a confidence index of 89.8 in the final month of the year, up from 83.1 in November.

In Spain, confidence improved by 3 points in December, standing at 91.5 points compared to 88.5 points in November.



The Spanish economy

The health and economic crisis sparked by the COVID-19 crisis had a significant impact on the Spanish economy, suffering a drop in GDP of 11%, one of the biggest contractions suffered by a developed economy. Concerning our neighbours, the drop in the Eurozone GDP as a whole in 2020 (6.6%) was much less intense than the contraction seen in Spain. At the end of the year, GDP in the EMU stood 4.9% below its pre-pandemic level.

Over the course of the year, the GDP profile in Spain was affected by the evolution of the pandemic. Following the quarter-on-quarter drop of 5.3% (-4.2% year-on-year) in the first quarter, the largest setback occurred in the second quarter, when it collapsed by 17.9% (-21.6% year-on-year), as a result of the severe lockdown measures associated with the first wave. The gradual progress of coming out of lockdown facilitated a strong recovery of 16.4% (-9% year-on-year), in the third quarter. However, the containment measures introduced to stem the second wave over the fourth quarter prevented a further recovery in activity, as GDP growth was only marginally positive, standing at 0.4% (-9.1% year-on-year). The evolution of the pandemic called for a strong response from health authorities, with measures to limit mobility and economic activity both in Spain and worldwide. These measures had an immediate impact on economic activity, leading to restrictions on supply and the containment of demand. The main causes of this very serious impact on the Spanish economy when compared to our neighbours included but were not limited to a longer and tougher lockdown during the first wave, the services sector accounting for the largest part of the Spanish economy, a business fabric made up mostly of SMEs and employment that is seasonal in nature.

To strengthen the economy, minimise social impact and make it easier for activity to recover as soon as possible, a plan measures to provide budgetary support and liquidity and solvency was drawn up. The direct budgetary support measures approved included furloughs and the temporary cessation of activities for the self-employed, whereas liquidity and solvency support measures included ICO credit facilities, the extension of deadlines for the payment of taxes, liquidity support measures, the adaptation of working hours and measures for working from home, the flexibility and public support for furloughs and household income support, with particular attention paid to the self-employed. Furthermore, sectoral plans were put in

Over the course of the year, the GDP profile in Spain was affected by the evolution of the pandemic.

place to support particularly affected sectors such as tourism, transport and the automotive industry.

The export of Spanish goods, based on data released by the Ministry of Industry, Trade and Tourism, dropped by 10.0% between January and December 2020 (11.7 points down on 2019, when an increase of 1.8% was recognised, based on provisional data) coming to Euro 261,175.5 million. Exports to the 27 European Union countries accounted for 60.5% during the period as a whole (59.0% in the same period the previous year) and were down by 7.7% year-on-year; those to the Eurozone, accounting for 53.2% of the total (51.5% in the same period during 2019), dropped by 7.0% year-on-year; while those to the rest of the European Union, 7.3% of the total (7.5% in the same period in 2019), fell by 12.2% year-on-year. In turn, non-EU exports, accounting for 39.5% of the total (41.0% in the same period in 2019), dropped by 13.3% year-on-year. By country, Germany, France and Italy were the main receivers of exported goods.

Imports (Euro 274,597.5 million) fell by 14.7% year-on-year (15.7 points down on the same period in the previous year, when an increase of 1% was recorded). Delete the reference to interim data. The main sectors in terms of the weight of total imports during the period were: equipment (imports accounted for 22.6% of the total and were down by 9.7% year-on-year), chemicals (18.0% of the total and down by 3.2% year-on-year), consumer manufacturing (12.6% of the total and down by 10.6% year-on-year) and food, drinks and tobacco (12.4% of the total and down by 4.8% year-on-year). Imports from Spain's main suppliers: Germany and China, accounting for 12.4% and 10.7% respectively, fell by 14.5% year-on-year in the case of the former, and increased by 0.6% year-on-year in the case of the latter.

Thus, between January and December 2020, the trade deficit came to Euro 13,422.1 million, 58.0% down on the same period in 2019 (deficit of Euro 31,979.6 million between January and December 2019, according to provisional data). The coverage rate stood at 95.1%, or 5.0 percentage points up on the figure recorded between January and December 2019 (90.1%, according to provisional data). The non-energy balance yielded a surplus of Euro 1,106.1 million (deficit of Euro 8,737.2 million in January-December 2019), while the energy deficit fell by 37.5%.

The fall in tourism, one of the industries most severely affected by border closures and restrictions placed on mobility, was one of the key factors contributing to the contraction of the Spanish economy.

According to the Balance of Payments data published by the Bank of Spain, in 2020 Spain continued to record current account surpluses, although well below the figure seen in 2019 (Euro 8,000 million compared to Euro 26,600 million in 2019), equivalent to 0.7% of GDP compared to 2.0% in 2019. This was mainly due to the collapse of the

tourism surplus, increasing from Euro 46,300 million in 2019 to Euro 9 million at present, down by 80.6%, as a result of the drop in tourist arrivals.

This fall in tourism, one of the industries most severely affected by border closures and restrictions placed on mobility, was one of the key factors contributing to the contraction of the Spanish economy. Tourist revenues fell to Euro 16,000 million, almost 80% down year on year. Payments also declined, although not quite as severely, by 71.6%. The tourism surplus in 2020 was just 0.8% of GDP (3.7% in 2019); as a result, the current account balance, corrected using the trade deficit, ended the year with a surplus of 0.7% of GDP, three times lower than in 2019.

2020 was the first year in which the CPI closed in the red since 2014. Throughout 2020, the year-on-year CPI was consistently in the red following the pandemic was declared and, in May, experienced a major contraction of



0.9%. In October and November, coinciding with the second wave of the pandemic, it stood at -0.8% and in December at -0.5%, three tenths higher than recorded the previous month.

With the CPI ending 2020 in the red, salaries earned more than purchasing power points. Specifically, the salary increase agreed under the collective bargaining agreement ended 2020 at 1.89%, almost 2.4 points higher than the year-on-year CPI for December.

The annual CPI rate rose across all autonomous communities except the Canary Islands in December, where it dropped by one tenth month on month. The biggest rebound, of five tenths, was seen in La Rioja, while the smallest rebound, of just one tenth, was seen in the Balearic Islands. At the end of 2020, the year-on-year rates of all autonomous communities were in the red, something that had not been seen since July 2016.

Underlying inflation, which excludes unprocessed food and energy products, dropped by one tenth in December to 0.1%, six tenths above the general CPI rate.

In terms of the Harmonised Consumer Price Index (HCPI), which measures price performance applying the same method across all Eurozone countries, its year-on-year rate stood at -0.6%, two tenths higher than in November.

According to figures released by the Spanish Statistics Institute, the General Industrial Production Index (IPI) dropped by an average of 9.1% in 2020, which represents its biggest decline since 2009, when the indicator sank by 16.2% in the midst of the global financial crisis. As a result of this significant decline caused by the coronavirus pandemic, six years of consecutive growth in industrial production came to an end. All sectors suffered the effects of the pandemic over the course of 2020, with steep falls in production, especially in March, April, May and June, although its evolution over the year as a whole was somewhat different. During the initial lockdown, the main contractions were seen in the Consumer Durables and Equipment. However, the fall in Consumer Non-Durables and Energy was note quite as severe.

The industries hardest hit in 2020 were leather and footwear (-28.2%) and garment manufacturing (-26.5%). They were followed by the motor vehicle manufacturing and other transport materials, which recorded falls of more than 18%. The graphic arts and other manufacturing industries experienced similar setbacks. Only the pharmaceutical industry, driven by the fight against the health crisis, experienced an increase in production. On average, it grew at a rate of 2.1%.

By regions, the poor figures recorded by autonomous communities with an important industrial fabric such as the Basque Country (-14.1%) and Navarre (-11.2%) are worth

particular mention. In Catalonia, the contraction stood at 9.3%, compared to 6.5% in the Community of Madrid. Retail sales fell by 6.8% in 2020, their biggest decline since 2012, on account of the mobility restrictions put in place in response to the COVID-19 pandemic. The General Retail Trade Index corrected for seasonal and calendar effects fell by 1.5% in December when compared to the same month of the previous year. This rate was 2.4 points higher than in November. The original ICM series at constant prices recorded an annual decrease of 0.6%, 5.3 points higher than rate seen the previous month. Over the course of 2020, retail sales decreased by 7.1% in the series corrected for seasonal and calendar effects, and by 6.8% in the original series.



According to data released by the Spanish Statistics Institute, the General Industrial Production Index (IPI) fell by 9.1% on average in 2020.

During the months in which non-essential businesses and retail establishments were closed to the public, there was a significant decrease in their sales, with the exception of foodstuffs, which experienced an increase in sales in March. Personal equipment experienced the largest contraction over the course of these months, down by 2.7%. As regions started to come out of lockdown and the advent of "new normality", the recovery was widespread, although it was by no means equal for all products. While Personal Equipment and Service Stations saw lower sales than the previous year, Household Equipment saw sales increase beyond the levels seen in 2019 during the second half of the year. Over the course of 2020 as a whole, Personal Equipment (-27.6%) and Service Stations (-18.8%) were the products that experienced the largest contraction, while Home Equipment (-2.4%) was the sector that suffered the least. In turn, Food was the only sector that saw its sales increase, at a rate of 0.3% compared to 2019.

In line with the distribution model, over the course of the year, small chains were most severely affected and their sales fell by 17.3%, while larger chains experienced a much smaller contraction of just 2.8%.

Retail sales increased in December on an annual basis in ten autonomous communities, with Madrid (3.2%), the

At the end of 2020, the unemployment rate stood at 16.13% and the total number of unemployed people ended the year at 3,719,800 people, with those in employment standing at 19,344,300.

Basque Country (2.4%) Cantabria (1.7%) seeing the most significant increases. In turn, the Canary Islands (9.2%), Andalusia (3.2%) and Murcia (2.1%) experienced the biggest declines.

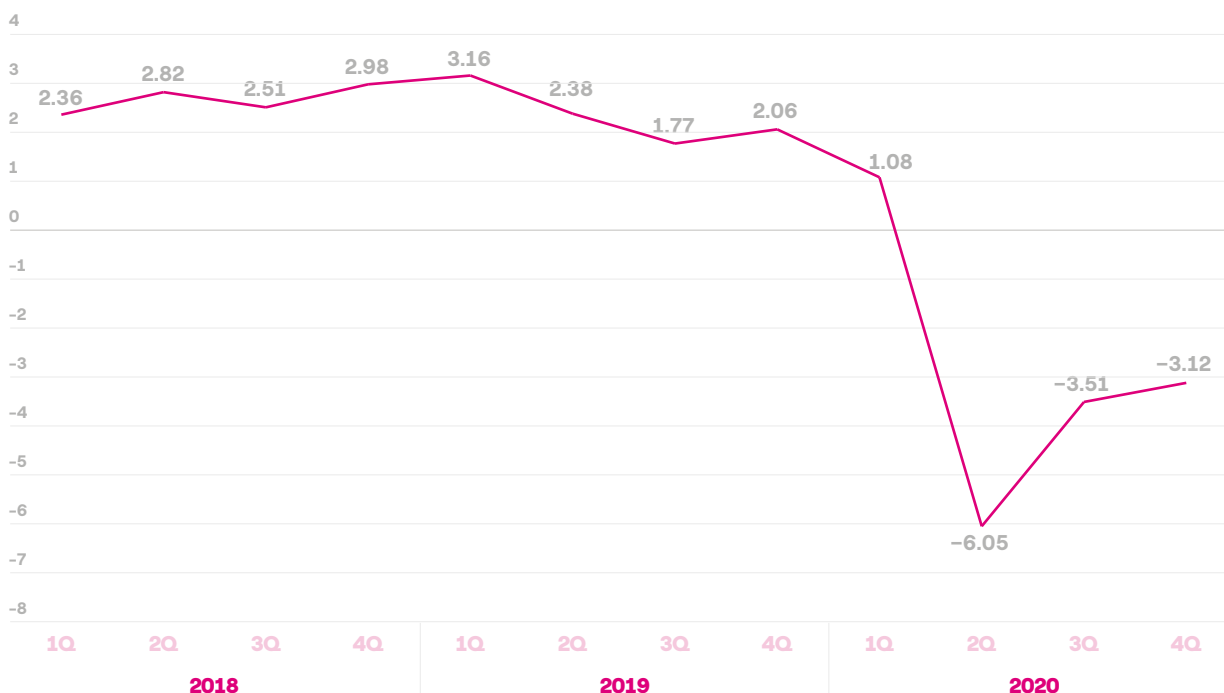
Over 2020 as a whole, sales fell across all autonomous communities in Spain; Canary Islands, by 15%, and the Balearic Islands, by 14.6%, experienced the largest contractions, while Galicia (2.5%) and Castile-La Mancha (3.2%) suffered the least.

The measures to contain the pandemic, combined with weak global trade, disruptions in value chains, and changes in consumption and leisure habits, had a significant impact on different sectors of activity and businesses. This is reflected in the Bank of Spain's Central

Balance Sheet, which, based on data up until the third quarter of 2020, reflected a reduction in revenue from the business fabric of 22% when compared to 2019; this reduction was only accompanied on the expense side by the reduction in net purchases (-26%) associated with these sales, while decreases in other operating expenses (-9%) and personnel costs (-5%) were much more moderate.

The huge reliance of the Spanish business fabric on the sectors hardest hit by the pandemic, such as tourism and hospitality, led to a rapid decrease in the number of companies registered with the Social Security service in the first months of the pandemic, when the restrictive measures were most severe, with the general lockdown of residents and the partial or total paralysis of many activities. Between February and April 2020, i.e. in the space of just two months, the Social Security service saw 91,240 companies become inactive (down by 6.9%), to the total of 1,233,187 registered companies in April. From May onwards, as the general population started to come out of lockdown, the number of companies gradually began to increase again, with this growing trend continuing until December 2020, when the number of companies reached a figure close to 1.3 million, which remained below pre-pandemic levels.

ANNUAL CHANGE IN OCCUPANCY RATE (PERCENTAGE)



Data: EPA 4Q2020



Although the implementation of furloughs exacerbated the impact of the pandemic on employment, EPA data for the 4th quarter of 2020 reflected an increase in unemployment of 527,900 people, up by 16.5% compared to 2019, and a decline in the employment of 622,600 workers (–3.1%). At the end of 2020, the unemployment rate stood at 16.13% and the total number of unemployed people ended the year at 3,719,800 people, with those in employment standing at 19,344,300. Furthermore, it is worth noting that those affected by furloughs, whose employment has been suspended, applying the method used by the Statistical Office of the European Union (Eurostat) and the International Labour Organisation (ILO) applied to the EPA, are considered as being in employment.

A sector analysis reflected the impact of closures on hotel and tourism establishments. Year on year, employment decreased in the Services sector, with 537,100 less people in employment, in Industry, with 70,100 less people in employment, in Agriculture, with 11,800 less people in employment, and in Construction, with 3,700 less people

in employment. Over the course of the year, full-time employment dropped by 476,900 people and part-time employment by 145,700 people.

The contraction in employment hit young people particularly hard. The number of unemployed young people under the age of 25 rose by 109,600 people in 2020, up by 23.7% from 2019, with the total number of young people out of work at the end of last year standing at 572,400. Women were also most affected by unemployment, with the female unemployment rate standing at 18.33%, whereas the rate of males out of work stood at 14.17%.

All loss of work in 2020 came from the private sector, where 748,400 jobs (–4.4%) disappeared, compared to the creation of 125,800 jobs in the public sector (+3.8%). As a result, 2020 ended with 15.9 million people working in the private sector and 3,379,100 people working in the public sector.

Households in which active members were out of work in 2020 rose by 183,900, 18.1% compared to 2019, coming to a total of 1,197,000, the highest figure seen since year-end 2017, according to data from the Active Population Survey.

INTEREST RATE AND EXCHANGE RATE TRENDS

2020 will be remembered as the year of COVID-19 health crisis and its devastating economic effect; this effect could have been even more dramatic had it not been for the rapid and forceful response of governments, central banks and other institutions.

The year started with Brexit, resulting in cutting of ties between the United Kingdom and the European Union on 31 January 2020, marking the start of a difficult transition period, culminating on 31 December 2020.

However, the most relevant event of the year at all levels was the declaration by the World Health Organisation (WHO) raising the public health emergency caused by COVID-19 to an international pandemic on 11 March 2020; this led to a health crisis that had devastating consequences on the world economy.

At its meeting on 12 March 2020, the European Central Bank (ECB) announced an initial package of measures to reinforce liquidity and greater asset purchases to address the health and economic crisis. Furthermore, on 18 March 2020, the Pandemic Emergency Purchase Programme (PEPP) was launched for an amount of Euro 750,000 million to improve the condition of the Eurozone's financial markets. At its June meeting, the Programme's volume was increased by Euro 600,000 million. And in December, in light of the gravity of the second wave of the pandemic, the European Central Bank (ECB) extended the Programme through to March 2022, endowing it with a further Euro 500,000 million, taking the total to Euro 1,850,000 million. Furthermore, on 21 July 2020, the European Council agreed on an exceptional temporary recovery instrument dubbed the Next Generation EU for the sum of Euro 750,000 million, thus ensuring a coordinated Europe-wide response

among Member States to address the economic and social impacts caused by the pandemic.

In turn, the Federal Reserve (Fed) cut the reference interest rate by 50 basis points in the first week of March to between 1.00% and 1.25%, with a view to counteracting the impact of COVID-19 on the markets and the economy. Two weeks later and in coordination with other central banks, the Fed lowered interest rates once again by 100 basis points to between 0.00% and 0.25%.

Over the course of 2020, it was clear how the financial market was trying to recover following a length shutdown. The yield on the Spanish 10-year bond started the year trading at 0.46%, peaking at 1.22% on 18 March 2020, before returning to minimum levels of 0.04% at the end of 2020. The German bond started the year with negative returns of -0.19%, bottoming out at -0.86% in March before recovering moderately to -0.57% by the end of the year. As a result, the risk premiums (difference when compared to the German 10-year bond) of European countries increased considerably. The Spanish and Italian risk premiums, bottoming out at 154 basic points and 279 basic points, respectively, at the peak of the health and economic crisis, stood to 62 basis points and 111 basis points at the end of the year, respectively.

Over the course of 2020, the long-term euro interest rate (10-year swap) fell by 47 basis points to -0.26% at the end of the year. In turn, the short-term interest rate (3-month Euribor) fell by 17 basic points, standing at -0.55% by the end of the year. In terms of the long-term US dollar interest rate (USD), it dropped from 1.90% to 0.92% over the course of 2020, while the 3-month US dollar interest rate (USD) dropped from 1.91% at the start of the year to 0.24% by the end of the year.

In terms of the exchange rate, during 2020 the euro appreciated by 9.3% against the US dollar (USD), with the EUR/USD exchange rate increasing from 1.1231 at the start of the year to 1.2270 by the end of 2020.

Below is the evolution of a number of the indicators mentioned above over the course of 2020:

	31 December 2020	31 December 2019	Difference	% Var.
Exchange rate (EUR/USD)	1.2270	1.1231	0.1039	9.3
Long-Term Euro Interest Rate (10-Year Swap) (%)	(0.26)	0.21	(0.47)	(223.8)
Short Term Euro Interest Rate (3-month Euribor) (%)	(0.55)	(0.38)	(0.17)	44.7
Long Term US Dollar Interest Rate (USD) (10-Year Swap) (%)	0.92	1.90	(0.98)	(51.6)
Short Term US dollar Interest Rate (USD) (3-Month Libor) (%)	0.24	1.91	(1.67)	(87.4)
German 10-Year Bond (%) ¹	(0.57)	(0.19)	(0.38)	200.0
German 30-Year Bond (%) ²	(0.16)	0.35	(0.51)	(145.7)
10-Year Spanish Bond (%)	0.04	0.46	(0.42)	(91.3)
Spanish Risk Premium (bp) ³	62	65	(3)	(4.6)
Italian Risk Premium (bp) ³	111	160	(49)	(30.6)
European Central Bank (ECB) Reference Rates (%)	0.00	0.00	—	—
European Central Bank (ECB) Deposit Facility (%) ⁴	(0.50)	(0.50)	—	—
Federal Reserve (Fed) Reference Rates (%)	0.00-0.25	1.50-1.75	(1.5)	(100.0)-(85.7)

¹ Historic low in March 2020: -0.86%.

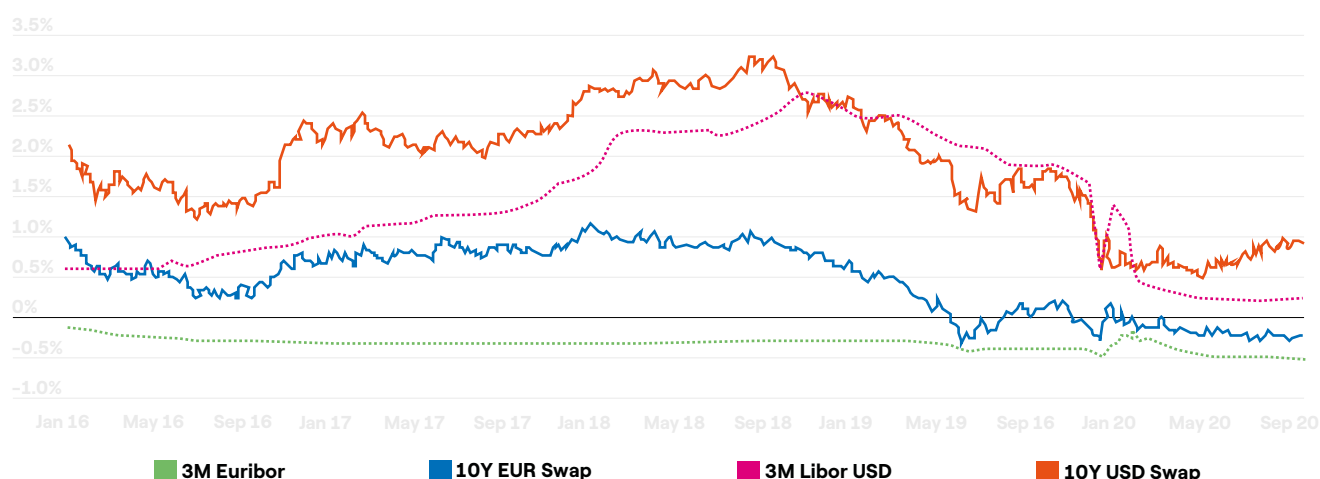
² Trading in the red since July 2020.

³ Difference to the German 10-year bond.

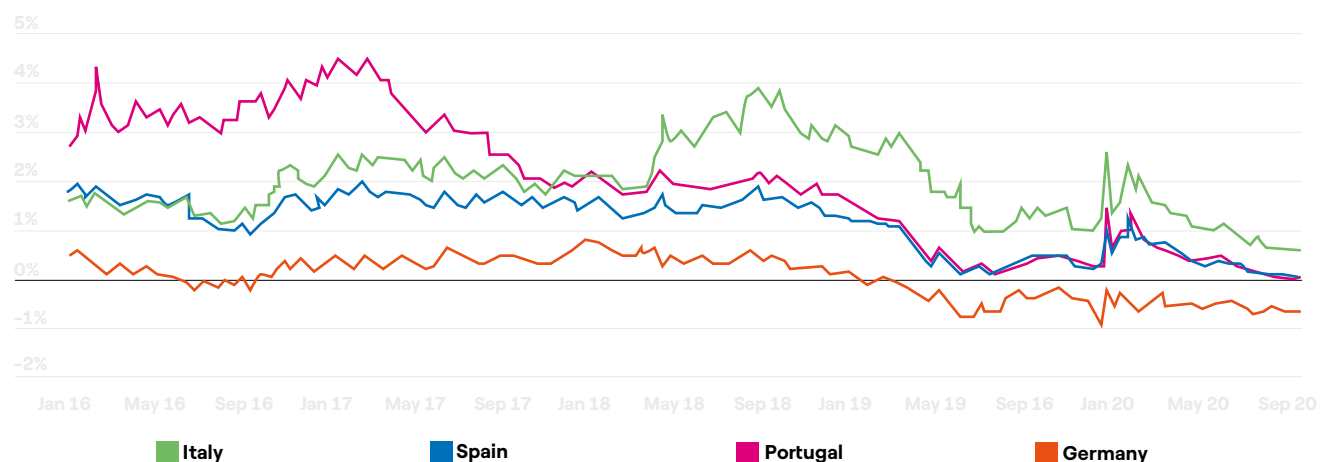
⁴ Rate charged by the European Central Bank (ECB) to banks for their deposits.

pb = Basis points.

EVOLUTION OF EURO AND DOLLAR INTEREST RATES OVER THE PAST FIVE YEARS



EVOLUTION OF TEN-YEAR EUROPEAN SOVEREIGN BONDS



EVOLUTION OF THE EUR/USD EXCHANGE RATE



Financial management

Indebtedness and average cost of debt

ENDESA had net financial debt of Euro 6,899 million at 31 December 2020, an increase of Euro 522 million year on year. The average cost of ENDESA's debt was 1.7% in 2020. At the end of the year, 99% of gross debt was in euros. Gross debt at fixed interest rates accounted for 65% of to-

tal debt at 31 December 2020, while 35% was at floating rates. The average life of ENDESA's gross debt came to 4.6 years as at December 2020.

Liquidity rose to Euro 4,493 million, of which Euro 4,090 million corresponded to unconditional credit lines, with 1,000 million of this figure corresponding to a credit line arranged with Enel Finance International, N.V. This level of liquidity allowed for coverage equivalent to 17 months in relation to debt maturities.

STRUCTURE OF ENDESA'S GROSS FINANCIAL DEBT

Millions of Euros

	31 December 2020	31 December 2019	Difference	%Var
Euro	7,222	6,498	724	11
US dollar	87	109	-22	-20
Total	7,309	6,607	702	11
Fixed rate	4,716	4,639	77	2
Floating rate	2,593	1,968	625	32
Total	7,309	6,607	702	11
Average life (years)	4.6	5.2		
Average Cost (%)	1.7	1.8		

ENDESA promotes innovative financial solutions ay competitive conditions and encourages its partners and stakeholders to share its long-term sustainable vision.

In line with its Strategic Plan, ENDESA promotes innovative financial solutions in competitive conditions and encourages its partners and stakeholders to share its long-term sustainable vision. Thus, at 31 December 2020, sustainable financing accounted for 45% of all of ENDESA's gross financial debt.

Over the course of 2020, the main financial transactions undertaken were as follows:

- > In 2020, ENDESA, S.A. registered a new programme for the issuance of SDG7 Euro Commercial Paper (ECP) amounting to Euro 4,000 million, the outstanding balance of which at 31 December 2020 came to Euro 1,162 million, the renewal of which is backed by irrevocable credit lines. For the first time, this Programme incorporates sustainability objectives, in line with ENDESA's Strategic Plan.
- > Furthermore, the following financial transactions were formally arranged during 2020:

The impact of the coronavirus crisis could have been even more dramatic had it not been for the rapid and forceful response of governments, central banks and other institutions.

Millions of Euros

	Counterparty	Signature Date	Maturity Date	Amount
Loan ^{1,2}	Caixabank, S.A., Bankia, S.A. and Kutxabank, S.A.	17 April 2020	19 April 2022	300
Line of Credit ^{1,2}	Caixabank, S.A., Bankia, S.A. and Kutxabank, S.A.	17 April 2020	19 April 2022	250
Inter-Company Line of Credit ²	Enel Finance International N.V.	3 June 2020	3 June 2022	700
Loan ^{1,3}	Banco Europeo de Inversiones (BEI)	30 July 2020	3 September 2035	35
Total				1,285

¹ Incluyen cláusulas de sostenibilidad.

² Operaciones financieras formalizadas para reforzar la posición de liquidez y asegurar la continuidad de la actividad empresarial en el contexto actual.

³ Operación financiera formalizada para promover el plan de movilidad eléctrica de ENDESA y financiar parcialmente más de 8.500 puntos de recarga en España. Con fecha 1 de septiembre de 2020 se ha procedido a su desembolso. Esta disposición es a tipo variable, amortizable a partir de septiembre de 2024.

- > On 30 September 2020, ENDESA, S.A. formally arranged the renewal of a bond, in addition to the associated derivative, for the sum of Euro 12 million and, to date issued by International ENDESA B.V. (now wound up). This transaction put an end to financial activities of International ENDESA B.V., with the company having been wound up on 30 December 2020.

INTERNATIONAL FUEL AND FREIGHT MARKET

Oil and oil derivatives

Brent crude oil prices started 2020 at highs of USD 71.75 per barrel. However, in March, the fall in demand due to the initial impact of COVID-19 and the failure of the OPEC+ (regular OPEC members plus Russia) to reach agreement on limiting production resulted in the market plummeting to levels of USD 25 per barrel. The subsequent recovery to USD 35 per barrel was short-lived, as the COVID-19 pandemic drastically reduced demand, pushing Brent prices to a 20-year low of USD 15.98 per barrel and the US oil benchmark (WTI) to prices of USD -37.63, a historic low. These prices set the year's lows and, it was from this point that the oil market started to steadily recover, driven by an OPEC+ agreement to cut back production late in the day and the emergence of several vaccines to combat the spread of the virus, ending the year at USD 51.80 per barrel.

Natural gas

In 2020, the combination of the coronavirus and the lockdown measures taken by different countries worldwide pushed gas prices down in the first few months of the year, before bottoming out during the second quarter, falling below levels that saw US sailings cancelled, resulting in a wave of cancellations (approximately 30 in June and 40 in July), resulting in significant volatility, and supply and demand being readjusted on the LNG market.

Starting in August, prices started to increase, restoring the American LNG back to market prices, drastically reducing

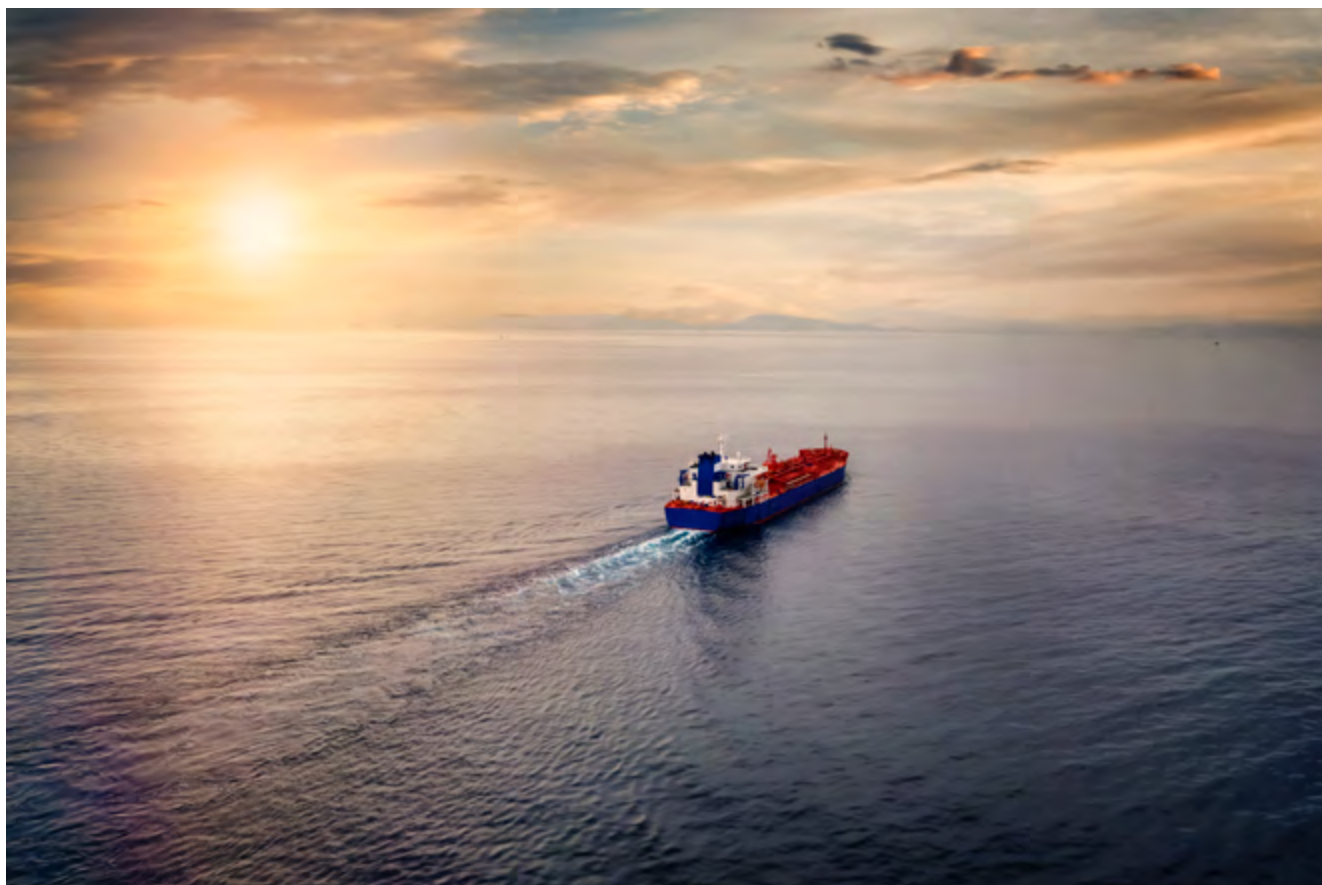
cancellations of US sailings from October onwards. The final quarter of the year saw slight increases due to a combination of short-term bullish factors in Europe and the resurgence of LNG purchase activity in the Far East, with a large number of agents searching for consignments in December. The market stabilised in November while waiting to see how winter progressed and the pandemic's evolution in Europe; however, during the final months of 2020, the increase in waiting time in the Panama Canal resulted in a shortage of LNG freight that, combined with the strategy taken by the main players in the Asian market to delay purchases, continued to boost gas prices in the Far East, which at year-end saw prices double those seen at the end of 2019.

In Spain, demand for gas ended 2020 down by 9.6% year on year, due to a drop of 20.2% in demand for electricity generation and a drop of 5.5% in conventional demand.

Coal

Coal prices in 2020 were on average lower than in 2019. Specifically, the average API 4 reference index (South Africa FOB Richards Bay API 4 6000 1% Sulphur Weekly Index Argus/McCloskey Index) was USD 65.3 per tonne (USD 71.6 per tonne during the same period in 2019, down by 8.8%), while for the API 2 reference index (ARA CIF NAR API_2 6000 1% Sulphur Weekly Index Argus/McCloskey Index), it stood at USD 50.3 per tonne (USD 61 tonne during the same period last year, down by 17.6%).

Progress with the process of shutting down coal plants in Spain resulted in minimum imports of this ore, relating to a test shipment in Ferrol. The purpose of this import was to perform the tests agreed with the authorities to burn coal at the As Pontes power plants with sewage slurry. Furthermore, ENDESA's coal activity in 2020 involved the export of a significant percentage of the stock of this mineral from Carboneras that had been previously designated for consumption at Litoral (383 kt).



Freight market

2020 was an unusual year for the freight markets to say the least. The implementation of the new IMO 2020 standard set a limit for the emission of sulphur in marine fuel oil. As a result, bulk transport became heavily reliant on the availability of the new low sulphur fuel VLSFO (0.5%) and the limited number of vessels equipped with scrubbers when VLSFO was unavailable. In addition, the outbreak of COVID-19 had a significant impact on the shipping world, ranging from the reduction in the number of total sailings (significant reduction of demand around the world) to the technical difficulties seen in relation to the management of crews and spare parts required as part of maintenance activities.

Faced with these circumstances, the volatility in freight levels continued to play an important role. During the first half of the year, very low levels were seen, with the C5TC bottoming out at USD 19.920 per day in May and before recovering. In the third quarter, a partial maximum of USD 33.760 per day was reached in July, a local minimum of USD 15.075 per day in September before progressively increasing to the absolute maximum of USD 34.896 per day in October before dropping again in the final two months of

the year. This volatility played a very positive role in terms of freight trading, although it also resulted in the cancellation of policies as part of the decarbonisation process.

In terms of 2020 volumes, ENDESA chartered 150,000 t for third countries as part of its resale of coal, thus helping to achieve its decarbonisation targets. Decarbonisation in 2020 led to the cancellation of freight by volume policies of more than 450,000 t in relation to long-term contracts. However, it should be noted that 7,000 t of the coal residually freighted was freighted to meet specific energy needs. In terms of liquid cargo, ENDESA played an active role in organising the logistics to supply fuel oil to the Balearic Islands, Ceuta and Melilla, increasing the volume freighted from 54,000 t in 2019 to actively freighting 154,000 t. Active supply management became vitally important in ensuring operational safety in this time of great uncertainty caused by COVID-19.

The COVID-19 pandemic resulted in a drastic reduction in demand.



REGULATORY FRAMEWORK IN 2020

Main regulatory changes in Spain

On 21 January 2020, the Council of Ministers approved the Declaration Agreement on Climate and Environmental Emergencies in Spain, committing itself to adopt 30 priority lines of action to combat climate change with cross-cutting policies. This Declaration came about in response to the widespread consensus of the scientific community, which called for urgent action to protect the environment and the health and safety of the population; it has served as a starting point for charting the path of decarbonisation in Spain.

At the same time, the European Union has made a clear commitment to fight against global warming, setting a target to reduce greenhouse gas emissions by at least 80% from 1990 to 2050, and defining ambitious goals and objectives for all member states. It also signed the Paris Agreement, the aim of which is to prevent the planet from heating up by more than 2 °C compared to pre-industrial levels, in addition to other efforts to ensure that the global rise in temperature does not exceed 1.5 °C.

The transposition of these objectives into Spanish legislation is currently being processed, and is basically composed of the following documents:

- > Draft Law on Climate Change and Energy Transition: this represents the regulatory and institutional framework to introduce the European commitment to decarbonise the economy through to 2050, as part of the global commitment of the Paris Agreement. This draft, in parliamentary process, includes, among others, the following aspects:
 - Targets are set for 2 temporary courses: by 2030, a greenhouse gas (GHG) emission reduction target of at least 20% compared to 1990, a 70% renewable electricity generation target, and a target of improving energy efficiency by at least 35% compared to the trend scenario; and by 2050, achieve climate neutrality and a 100% renewable Electricity System.

- Measures to promote renewable energy through a remuneration framework based on the long-term recognition of a fixed energy price.
- The new hydraulic concessions will be aimed at supporting the integration of unmanageable renewables.
- Introduction of new players in the Electricity Sector such as storage facility holders or independent aggregators.
- Limits are set on the exploitation of hydrocarbons by restricting fossil fuel subsidies and reviewing their taxation.
- Promotion of energy efficiency measures and use of renewables in building construction.
- Promotion of electric mobility to have a vehicle park without direct emissions of carbon dioxide (CO₂) by 2050 and that from 2040 new passenger cars/light commercial vehicles have no direct emissions. It also pursues the establishment by no later than 2023 of low-emission areas in municipalities of more than 50,000 inhabitants and island territories and the obligation to develop recharging infrastructures at petrol stations.
- Mobilising resources to combat climate change: at least Euro 450 million of revenue from carbon dioxide (CO₂) auctions will be spent annually to cover Electricity System costs.
- > National Integrated Energy and Climate Plan (PNIEC) 2021-2030: it is the framework for the national strategic plan to integrate the energy and climate policy, reflecting Spain's contribution to achieving the targets set by the European Union. This plan also establishes the milestones and steps in the transition towards modernising the whole economy and includes: a 23% reduction in greenhouse gas (GHG) emissions vs 1990, a roll-out of renewable energies to account for 42% of total energy produced in the country (74% for electricity generation) and a 39.5% improvement in energy efficiency. It also establishes the effort required from all sectors (energy, industrial, transport, agriculture, residential, waste, and natural supplies) through to 2030. On 11 January 2021, the Plan's strategic environmental declaration was published. The National Integrated Energy and Climate Plan (PNIEC) 2021-2030 must also be approved by the European Commission, through a structured dialogue process that will culminate in its final approval of the Plan.
- > A fair transition strategy: the objective is to optimise job opportunities in areas that will be affected by the transition to a low-carbon economy.

Lastly, on 22 September 2020, the 2021-2030 National Climate Change Adaptation Plan (PNACC), which is the basic planning framework for promoting coordinated action in the face of the effects of climate change, was approved by the Council of Ministers. This Plan defines various objectives, criteria, areas of work and lines of action with compliance indicators with the common objective of preventing or reducing vulnerability and potential impacts on social, economic and environmental systems with respect to climate change, as well as improving their ability to recover and re-establish themselves in the face of an event. In the energy area, it is intended to ensure an energy system resilient to the effects of climate change in a scenario of rapid decarbonisation, through lines of action focused on:

- > Improving knowledge of climate change impacts on renewable energy production potential.
- > The functionality and resilience of power generation, distribution and storage.
- > Effect on demand to avoid or limit peak demand.
- > Identifying risks arising from extreme events in critical infrastructures to prevent their loss of functionality.

Furthermore, the World Health Organisation (WHO) raised the public health emergency caused by COVID-19 to international pandemic level on 11 March 2020. The speed of developments, at national and international level, required immediate and effective action to address this juncture. The extraordinary circumstances undoubtedly constituted an unprecedented huge health crisis, both because of the high number of citizens affected and the risk to their rights. As a result, Royal Decree 463/2020 of 14 March 2020 was published on 14 March 2020, declaring the State of Alarm to manage the health crisis caused by COVID-19.

Over the course of 2020, a number of reforms were implemented affecting the different activities of the electricity and gas sector, some deriving from the processes mentioned above, the most relevant of which are addressed below.

Regulatory measures approved in relation to the State of Alarm as a result of the onset of COVID-19

With a view to counteracting the economic and social impact arising from the exceptional situation generated by COVID-19, the Government of Spain adopted a number of legislative provisions as a result of the declaration of the State of Alarm covering various measures in all orders. Specifically, in addition to others passed, on 18 March 2020, Royal Decree Law 8/2020 of 17 March on extraordinary urgent measures to deal with the economic and social impact of COVID-19 was published. On 1 April 2020, Royal Decree Law 11/2020 of 31 March was published, adopting additional urgent measures in the social and economic sphere to address COVID-19. On 8 July 2020, Royal Decree Law 26/2020 of 7 July on economic revival measures to deal with the impact of COVID-19 in the areas of transport and housing was published. On 30 September 2020, Royal Decree Law 30/2020 of 29 September on social measures in the defence of employment was published.

With regard to the Electricity Sector, the most relevant urgent measures taken were as follows:

- > Social Bonus: the validity of the Social Bonus was extended until 30 September 2020 for those beneficiaries for which the two-year validity date established in Royal Decree 897/2017, of 6 October, had expired before that date. At the same time, the right to the Social Bonus was extended to holders of supply points, or a member of their household, who were professionals or self-employed, and who were entitled to benefits because they had ceased their activity or had significantly reduced their turnover, and met certain income levels in the year immediately before, with this right being limited to the period in which these circumstances last, up to a maximum of six months. Likewise, under Royal Decree Law 30/2020, of 29 September, the beneficiary group was expanded, including those who could prove, upon the Standard's entry into force, that the holder of the point of supply or any member of the household, is unemployed, has been temporarily laid off or has had their working day reduced to take care of others, if he is an employer, or other

similar circumstances that result in a substantial loss of income in the month prior to the submission of the application for the Social Bonus, with the whole of the income of the members of the family unit not attaining certain thresholds. This right shall be extinguished when the circumstances for granting it cease, and in any event, on 30 June 2021, without prejudice to the possibility of benefiting from the Social Bonus under the general legislation.

- > Supply guarantee: prohibition on the suspension of the supply of electricity, water and natural gas, during the month following the entry into force of Royal Decree Law 8/2020 of 17 March, of consumers who have the status of vulnerable, severely vulnerable or at risk of social exclusion, in line with the criteria of Royal Decree 897/2017, of 6 October. This period, initially of one month and extended during the State of Alarm, was prolonged by Royal Decree Law 26/2020, of 7 July, until 30 September 2020, establishing that the supply of electricity, water, natural gas and other petroleum derivatives to natural persons in their usual home could not be suspended, except for reasons of security of supply, people and facilities. Lastly, under Royal Decree Law 37/2020, of 22 December, on urgent measures to deal with situations of social and economic vulnerability in the area of housing and transport, during the State of Alarm, the suspension of supply to consumers that are vulnerable, severely vulnerable or at risk of social exclusion was prohibited, and this prohibition was extended to consumers who, without being able to prove ownership of the supply contract, comply with the requirements laid down in Royal Decree 897/2017 of 6 October.
- > Flexibilisation of electricity supply contracts for self-employed workers and businesses: possibility, during the State of Alarm, that they suspend or modify their contracts to arrange another alternative offer with their marketer to adapt to new consumption guidelines, without any charge or penalty, and to change power or access tariff. A period of 3 months was set, after the end of the State of Alarm, to reactivate the contract or modify the power, at no cost, except for certain situations. It was agreed that future Laws on General State Budgets (PGE) adopted after the entry into force of Royal Decree Law 11/2020 of 31 March would include the corresponding items to compensate the Electricity Sector for the reduction of income that these measures entail. Similar measures were envisaged for the Gas sector.

The National Climate Change Adaptation Plan (NACC) sets out various targets, criteria, areas of work and lines of action with the shared aim of preventing or reducing vulnerability and potential impacts on social, economic and environmental systems in view of climate change.

- > Suspension of supply invoices: the possibility for supply points owned by self-employed and small and medium-sized enterprises, and during the State of Alarm, to ask their marketer (or, where appropriate, their distributor), by means that do not require physical displacement, to suspend the payment of invoices from billing periods containing days included in the State of Alarm was offered. In this case, the marketer would be exempt from paying the transmission and distribution tariffs to the distributor until the customer paid the full invoice. The marketer would also be exempt from paying value added tax (VAT), excise tax on electricity, and, where appropriate, excise tax on hydrocarbons for electricity generation until the customer paid the full invoice or six months had elapsed since the end of the State of Alarm. After the State of Alarm ended, the amount owed would be adjusted equally in the invoices of the billing periods of the following 6 months. In addition, marketers whose income is reduced, or distributors whose tariff revenue declines, may apply for the guarantees defined in Royal Decree Law 8/2020 of 17 March, or any other line created for that purpose.
- > Access fees: extension of the deadline for the access rights expiring on 31 March 2020, with the new period ending two months later, effective the end of the State of Alarm or any extensions thereto.

Against this backdrop, Order SND/260/2020 of 19 March suspended the activation of the demand management using service interruption on economic grounds.

Lastly, it should be indicated that following the end in June 2020 of the initial State of Alarm declared under Royal Decree 463/2020, of 14 March, the negative trend of the

pandemic caused the Government to declare a new State of Alarm through Royal Decree 926/2020, of 25 October, declaring a State of Alarm to contain the spread of infections caused by COVID-19.

Recovery, Transformation and Resilience Plan of the Economy

On 7 October 2020, the Government presented the Plan for the Recovery, Transformation and Resilience of the Economy to respond to the challenges of the next decade, focusing on four transformations needed to modernise and boost Spain's economy: ecological transition, digital transformation, gender equality and social and territorial cohesion.

The Recovery Plan involves a significant volume of public and private investment in the coming years, which will be financed with funds from the "Next Generation EU" Plan, which will allow Spain to obtain up to Euro 140 billion, of which Euro 72 billion will be non-refundable and the rest loans. The Government, in order to expedite the timetable to implement this Plan, plans to incorporate Euro 27 billion into the forthcoming General State Budgets.

The Plan includes 10 key policies that are considered tractors since they have a direct impact on the productive sectors with the greatest capacity to transform the economic and social fabric, and which are as follows:

1. Urban and rural agenda, combating the depopulation and development of agriculture.
2. Resilient infrastructures and ecosystems.
3. Fair and inclusive energy transition.
4. An Administration for the 21st Century.
5. Modernisation and digitisation of the industrial fabric and of SMEs, recovery of tourism and boost for an entrepreneurial Spanish nation.
6. Pact for science and innovation. Strengthening the capabilities of the National Health System.
7. Education and knowledge, continuous training and capacity building.
8. New economy of employment care and policies.
9. Boosting the culture and sport industry.
10. Modernisation of the tax system for inclusive and sustainable growth.

Investment in ecological transition will account for more than 37% of the total Plan and digitisation for 33%.

In the energy area, previous policies include actions such as: The massive deployment of renewable generation, smart grids and electrical infrastructures; the development of a renewable hydrogen roadmap and its sectoral integration; the development of a Fair Transition Strategy to ensure the use of areas affected by the energy transition; and the promotion of sustainable mobility and building rehabilitation as well as the promotion of energy efficiency measures.

Lastly, to ensure the correct implementation of the funds, the Plan provides for a Governance model for the selection, evaluation and coordination of the various projects. Specific collaboration with the Autonomous Communities and Cities will be implemented and an Interministerial Commission and Monitoring Unit will be set up. The Government also seeks to eliminate the difficulties of implementing projects, so that bureaucracy does not halt the Plan's implementation. Under the Recovery, Transformation and Resilience Plan, different consultations were launched by different Ministries to gather expressions of interest from different players on possible projects in certain areas of action, with a view to preparing the Plan to be presented to the European authorities.

Furthermore, on 31 December 2020, Royal Decree Law 36/2020 of 30 December was published, approving urgent measures for the modernisation of the Public Administration and for the implementation of the Recovery, Transformation and Resilience Plan; this sets out a variety of measures that seek to facilitate the management of European Funds as part of the Next Generation EU Plan, including the streamlining of procedures, improving public-private collaboration and developing specific governance mechanisms.

Methodology for calculating tolls and charges in relation to the electricity and gas systems

Pursuant to the provisions of Royal Decree Law 1/2019 of 11 January on urgent measures to adjust the competences of the Spanish Markets and Competition Commission (CNMC) to the requirements of EU law in relation to

Directives 2009/72/EC and 2009/73/EC of the European Parliament and Council, of 13 July 2009, concerning common rules for the internal market in electricity and natural gas, in relation to access tariffs, functions were allocated, based on which, the Spanish Markets and Competition Commission (CNMC) is responsible for defining, in addition to other aspects, the structure, method and specific tolls for accessing the natural gas and electricity transport and distribution networks, with the Government responsible for approving the method and value of charges in relation to electricity and gas.

Along these lines, in 2020, the Spanish Markets and Competition Commission (CNMC) approved Circular 3/2020 of 15 January, establishing the methodology for calculating the tolls for accessing the electricity transport and distribution networks. Similarly, Circular 6/2020 of 22 July approved the method for calculating transport, local network and natural gas regasification tolls.

On 7 July 2020, the Ministry of Ecological Transition and Demographic Challenge began the hearing of two Royal Decree projects with the methodologies to calculate the positions of the Electrical and Gas systems. At 31 December 2020, the electricity system was awaiting approval, with the gas system having being approved under Royal Decree 1184/2020 of 29 December.

Draft Law creating the National Fund for the Sustainability of the Electricity System

On 16 December 2020, the Ministry of Ecological Transition and Demographic Challenge launched a process of public consultation of a Draft Law creating the National Fund for the Sustainability of the Electricity System, which aims to finance, in full or in part, the costs associated with the specific remuneration regime for renewable energy, cogeneration and waste, currently collected in electricity access tariffs. This Fund will be equipped with inputs from operators in the various energy sectors, and not just electricity, taxes derived from Law 15/2012, revenue from auctions of CO₂ emission rights, as well as other contributions, with a limit of 10% of the Fund's annual revenue, from items from the General State Budgets or from Community funds. In this way, this Preliminary Draft provides for a mechanism aimed at redistributing among all energy sectors the cost associated with meeting existing renewable targets at country level. The Preliminary Draft envisages a gradual process of assumption within five years.

Royal Decree Law 23/2020, of 23 June, approving measures for energy and other areas for economic revival

On 24 June 2020, Royal Decree Law 23/2020, of 23 June, was published, approving measures in energy mining and other areas for economic revival. The most relevant aspects of this Royal Decree Law are as follows:

- > Improved regulation of access and connection permission to the renewable energy grid, to avoid speculation, providing for specific mechanisms to grant access capacity in network hubs affected by fair transition processes.
- > New auction model for future renewable energy developments, based on the long-term recognition of a fixed price for energy, being able to distinguish between different technologies. Small projects and demonstrators may be exempt from auctions.
- > Introduction of new figures: storage holders, independent aggregators and renewable energy communities.
- > Simplification of procedures for renewable facilities and their electrical infrastructure, rapid recharging infrastructures (250 kW) and R&D&I or demonstration projects.
- > The cumulative surplus of the Electricity System may be used to cover mismatches from 2019 and 2020.
- > Increase in the maximum limit on repayable investment in distribution in 2020–2022, from 0.13% to 0.14% of Gross Domestic Product (GDP).
- > The object of the Institute for Fair Transition is defined, which will ensure that the impacts on employment and depopulation of areas affected by the transition process are reduced.

In the energy area, it is intended to ensure an energy system resilient to the effects of climate change in a scenario of rapid decarbonisation.

Regulations on access and connection permits to electrical power transport and distribution networks

On 23 November 2019, Royal Decree Law 17/2019, of 22 November, was published adopting urgent measures for the necessary adaptation of remuneration parameters affecting the Electricity System (financial remuneration rate), and which responds to the rapid process of the cessation of activity of thermal power plants, in order to boost the industrial revival of those areas. Among other aspects, it is established that, in relation to the processes for the closure of coal or nuclear power plants, access and connection permits may be granted on the assessment of environmental and social criteria, in addition to the current technical and economic requirements. Similarly, water concessions may be granted on the basis of economic, social and environmental criteria, in the face of the current regulation priorities.

On 30 December 2020, Royal Decree 1183/2020, of 29 December, on access and connection to electricity transport and distribution networks was published. This Royal Decree regulates the criteria and procedure for granting access and connection permits for both producers and consumers. The general criterion will be the temporary priority. However, in order to give impetus to the penetration of renewable energies, exceptions are made to this general criterion in cases of hybridisation of existing generation facilities and access capacity tenders in new hubs of the transport network or in those hubs in which power capacity is deregulated or arises.

It establishes the possibility that, by Ministerial Order, capacity tenders may be announced that are only applicable in new hubs that are introduced through a new planning process, or those in which a certain volume of access capacity is deregulated. Participants must be renewable generation facilities, which may also include storage. It also regulates aspects relating to the storage and hybridisation of facilities, as well as the guarantee regime.

Lastly, exemptions are introduced for access and connection permissions to self-consumption facilities, and the figure of the single hub partner is eliminated, which has so far been responsible for processing access and connection permissions when multiple player connection requests existed for the same hub, so that from now

on each promoter will be directly related to the network manager.

Also, on 22 January 2021, Circular 1/2021, of 20 January, of the Spanish Markets and Competition Commission (CNMC) was published, establishing the methodology and conditions of access and connection to the transmission and distribution networks of electricity production facilities.

Royal Decree Law 34/2020, of 17 November, on urgent measures to support business solvency and the energy sector, and in tax matters

On 18 November, Royal Decree-Law 34/2020 of 17 November, on urgent measures to support business solvency and the energy sector, and in tax matters, was published, as part of which the transfers of revenue from auctions of greenhouse gas (GHG) emission rights to the Electricity Sector, based on effective collection, up to a maximum of Euro 1 billion was extended to include 2020. For 2021, Law 11/2020, of 30 December, on General State Budgets will provide for an equivalent measure.

Developments in electricity production activities

ENDESA met the milestone of registering the total capacity that it was awarded at the auctions held in May and July 2017 before 31 December 2020 in the Register of the Specific Remuneration Scheme under operation. ENDESA supplied the grid with 541 MW in wind power and 338 MW in photovoltaic power awarded at the 2017 auctions within the established deadlines.

On 28 February 2020, Order TED/171/2020, 24 February, was published, updating the remuneration parameters of model installations applicable to certain electricity production facilities from renewable energy sources, cogeneration and waste beginning on 1 January 2020. This Order updates the values that apply in the second regulatory period 2020–2025 for the different parameters that determine the remuneration of these facilities,



in accordance with the methodology established in their general regulations, and without prejudice to the periodic updating mechanisms contemplated therein.

On 5 August 2020, Order TED/765/2020 and Order TED/766/2020 were published, both of 3 August, laying down the regulatory bases for investment aid auctions in renewable thermal energy production facilities and renewable electricity generation facilities, respectively, all of which can be co-financed with European Union funds. The aid shall be granted by means of non-refundable grants through tender processes in the whole of Spain, specifying the geographical scope of application in each call. The proceedings must be completed by 30 June 2023, unless a more restrictive period is expressly established in the announcements. The Institute for Energy Diversification and Savings (IDAE) has already launched several calls for investment aid in facilities through tender processes for different regions in Spain.

Furthermore, on 4 November 2020, Royal Decree 960/2020 of 3 November developing the new remuneration scheme for future renewable energy developments was published, known as the Renewable Energy Economic Regime (REER). This economic system shall be granted

at auctions regulated by Ministerial Order, which shall fix a maximum quota of energy and/or power to be auctioned, which may distinguish between different technologies according to their technical characteristics, size, manageability, location or technological maturity. The product to be auctioned will be the installed capacity, electricity or a combination of both, and the price per unit of electricity will be offered in Euro/MWh.

As regards energy remuneration, the price to be received for each unit sold on the daily or intraday market will be the offered price (for adjustment and balance sheet services, it will be the price of the respective markets). Alternatively, incentives for market participation or exposure may be established, by means of a percentage of market adjustment to be applied to the daily market price, whose correction percentage on the price set in the auction shall be defined in each call.

All facilities of this regime will participate in the market and the Iberian Energy Market Operator – Polo Español (OMIE) will settle the differences between the daily or intraday market prices and the award price of the facilities.

Furthermore, an auction schedule shall be set by Ministerial Order for a minimum period of five years, updated at

least annually, which may include deadlines, frequency, capacity and technologies. This schedule was published on 5 December 2020, through Order TED/1161/2020, of 4 December, regulating the first auction mechanism for the granting of the economic renewable energy regime and establishing the indicative timetable for the 2020–2025 period. This timetable will be updated annually and will be geared towards achieving the renewable production targets set out in the National Integrated Energy and Climate Plan (PNIEC). Auctions shall be convened by means of a Resolution by the Secretary of State for Energy. In this regard, on 12 December, the Resolution of 10 December 2020, of the Secretary of State for Energy was published, convening the first auction for the granting of the renewable energy economic regime under the above-mentioned Order, which provides for a minimum of 3,000 MW, of which at least 1,000 MW will be wind power and 1,000 MW will be photovoltaic power. ENDESA, through Enel Green Power España, S.L.U., was awarded 50 MW of photovoltaic power.

Lastly, during 2020, various provisions regulating auctions of investment aid in renewable facilities, which can be co-financed with European Union funds (ERDF funds), were approved for both facilities in the mainland and in the Non-mainland Territories (TNP) of the Balearic Islands and the Canary Islands.

In terms of conventional generation, Law 5/2020, of April 29, of the Regional Government of Catalonia on tax, financial, administrative and public sector measures was approved, creating a tax on facilities with an impact on the environment within the autonomous community of Catalonia, taxing the production, storage, processing and transport of electricity in Catalonia. In addition to other factors, energy production activities are taxed at a general rate of Euro 5/MWh, which will be Euro 1/MWh for the combined cycles, and hydraulic generation and generation with renewable sources, as well as biomass, biogas, high-efficiency cogeneration or slurry are excluded in all cases.

Lastly, in the field of electricity production in non-mainland regions, in 2020 the European Commission approved Royal Decree 738/2015 of 31 July on the activity

of non-mainland electricity systems, as it complied with the criteria of the Services of General Economic Interest and as it is compatible with the internal market. The scheme was initially approved until 31 December 2025 in the case of the Balearic Islands, and until 31 December 2029 in the case of the Canary Islands, Ceuta and Melilla, and the Kingdom of Spain may request that it be maintained prior to those dates. Furthermore, on 7 August 2020, Order TED/776/2020 of 4 August was published, revising, effective 1 January 2020, references to certain fuels used in these regions.

Developments in electricity distribution

In terms of electricity distribution, Order TED/865/2020 and Order TED/866/2020, implementing a variety of Supreme Court rulings were published, both on 15 September, concerning the remuneration of electricity distribution activities, establishing new values for specific parameters affecting remuneration. Furthermore, Royal Decree 647/2020 of 7 July was published in 2020 regulating aspects required for the implementation of the connection network codes for certain electrical installations. This Royal Decree includes certain elements associated with the adaptation of Spanish legislation to the European network codes contained in Regulations (EU) 2016/631, 2016/1388 and 2016/1447 of the European Commission of 14 April, 17 August and 26 August, respectively, which lay down the framework for minimum technical design and operation requirements that generation facilities, demand and high voltage systems connected in direct current must meet to connect to the electricity grid. It also includes other amendments to other provisions, such as Royal Decree 413/2014, of 6 June, regulating electricity production using renewable energy sources, cogeneration and waste or Royal Decree 738/2015 of 31 July, which regulates generation activity in the Electricity Systems of the Non-mainland Territories (TNP).

2020 electricity tariff

On 28 December 2019, Order TEC/1258/2019 of 20 December was published setting out the access tariffs for 2020. Under this Order, access tariffs remain unchanged until the tariffs set by the Spanish Markets and Competition Commission (CNMC) enter into force.

Furthermore, on 14 October 2020, Order TED/952/2020, of 5 October, was published applying the surplus of the Electricity System to cover temporary mismatches and transitional deviations between revenue and costs for 2019 and 2020. This Order stipulates that the Spanish Markets and Competition Commission (CNMC), as the body responsible for the System's settlements, shall transfer the amount required to cover any potential temporary mismatches between the revenue and costs of the Electricity System in 2019 between the specific electricity surplus account and the settlement account in line with the best available forecast at the time that the closing settlement proposal is drawn up, with a view to balancing the financial year in question. Furthermore,

if any funds are remaining once the 2019 closing settlement is approved, the Spanish Markets and Competition Commission (CNMC) shall apply them until they are used up in the successive interim settlements for 2020 closing settlement, and, as appropriate, the closing settlement itself, to cover any deviations or mismatches that may occur. As a result, in the final settlement for 2019, Euro 528 million was applied to offset the shortfall for the same amount, as reflected in the final settlement for 2019. The remaining balance, amounting to Euro 506 million, was then applied to the settlement of regulated activities in 2020.

2021 electricity tariff

On 29 December 2020, Order TEC/1271/2020 was published in the Official State Gazette, of 22 December, which sets out various costs of the Electricity System for the 2021 financial year, and extends electricity access tariffs until the entry into force of tariffs set by the Spanish Markets and Competition Commission (CNMC).



Natural gas tariff for 2020

On 28 December 2019, Order TEC/1259/2019, of 20 December, was published establishing the access tariffs for gas in 2020, which remained unchanged, and on 30 December 2019, the Resolution of 23 December, of the Directorate-General for Energy Policy and Mines was published, which establishes the Natural Gas Last Resort Tariff (LRT) to be applied from 1 January 2020, resulting in an average reduction of 3.3% and 4.2%, depending on whether Last Resort Tariff 1 (LRT1) or Last Resort Tariff 2 (LRT2) applies, respectively, due to lower raw material costs. On 30 June 2020, the Resolution of 23 June 2020 of the Directorate-General for Energy Policy and Mines was published containing the new Natural Gas Last Resort Tariff that entered into force from 1 July 2020, resulting in an average reduction of 4.5% and 6.0% depending on whether Last Resort Tariff 1 (LRT1) or Last Resort Tariff 2 (LRT2), respectively, applies, as a result of lower raw material costs.

On 29 September 2020, Order TED/902/2020, of 25 September, was published amending the methodology to calculate the Natural Gas Last Resort Tariff. This Order adapts gas tariffs and charges to the new Gas System tariff structure of Circular 6/2020, of 22 July, which will be applicable from 1 October 2021, with the exception of certain access tariffs for regasification facilities that became applicable on 1 October 2020.

On 30 September 2020, the Resolution of 29 September 2020 of the Directorate-General for Energy Policy and Mines was published containing the new Natural Gas Last Resort Tariff effective 1 October 2020, resulting in an average reduction of 2.4% and 5.5% depending on whether Last Resort Tariff 1 (LRT1) or Last Resort Tariff 2 (LRT2), respectively, applies, as a result of lower raw material costs.

Natural gas tariff for 2021

Circular 6/2020, of 22 July, of the Spanish Markets and Competition Commission (CNMC) approved the methodology to calculate transmission tariffs, local grids and

On account of the economic crisis caused by the coronavirus pandemic, and with a view to repairing the economic and social damage caused, the European Commission, the European Parliament and the leaders of the European Union approved the "Recovery Plan"

natural gas regasification and, among other aspects, established that this Commission should set the values of tariffs to access regasification facilities and, where appropriate, the billing terms of the distribution toll for transmission and distribution tariffs, applicable from 1 October 2020.

On 29 December 2020, the Resolution, of 21 December, of the Directorate-General for Energy Policy and Mines, was published, which establishes the Natural Gas Last Resort Tariff (LRT) to be applied from 1 January 2021, resulting in an average increase of 4.6% and 6.3%, depending on whether Last Resort Tariff 1 (LRT1) or Last Resort Tariff 2 (LRT2), respectively, applies, due to the increase in the cost of raw materials.

Energy efficiency

Order TED/287/2020 of 23 March entailed a contribution by ENDESA to the Energy Efficiency National Fund of Euro 27.5 million, corresponding to its 2020 obligations. In December 2020, the Ministry of Ecological Transition and Demographic Challenge began processing a proposed Order establishing the contribution to the Energy Efficiency National Fund for 2021, of which the proposed amount for ENDESA is Euro 26.6 million.

Social Bonus

On 13 August 2020, Order TED/788/2020 of 24 July establishing the distribution of funding in relation to the 2020 Social Bonus was published, with the percentage assigned to ENDESA, S.A. coming to 35.57%.

Main regulatory changes in Europe

At the end of 2019, the European Commission published its European Green Deal strategy, a key element of its strategy to implement the United Nations 2030 Agenda and the Sustainable Development Goals, with the ultimate goal of achieving climate neutrality by 2050 across the European Union. Against this backdrop, in 2020 the Commission proposed the European Climate Law, the main aspect of which was the establishment of a new target to reduce European emissions by 2030 of at least 55% compared to the levels recorded in 1990.

In line with the foregoing, over the past year the European Commission has launched a number of consultations to amend the Energy Taxation Directive, the Renewables Directive and the Energy Efficiency Directive, with a view to setting higher targets.

A consultation on the Border Adjustment Mechanism was also held with the aim of improving the competitiveness of European industry.

Along these lines, a number of initiatives were published, including but not limited to the "Renovation Wave", which seeks to improve energy efficiency in the buildings sector, the "Offshore Wind", "Smart sector integration" and "Sustainable and Smart Mobility" strategies.

Furthermore, following the adoption of the UN's 2030 Sustainable Development Agenda and the Paris Agreement on Climate Change, the European Commission published its Action Plan: "Financing sustainable growth". One of the targets set in this action plan is to reorient capital flows towards sustainable investments with a view to achieving sustainable and inclusive growth. Regulation 2020/852 on the establishment of a framework to facilitate sustainable investment was published as part of this action plan last

June. This Regulation sets out the criteria for establishing whether an economic activity is considered environmentally sustainable with a view to determining an investment's environmental sustainability. To be considered environmentally sustainable, an economic activity must make a substantial contribution to one or more of the six environmental targets set out in the Regulation, including the mitigation of climate change and refraining from causing any significant damage to any of the other environmental targets. The technical criteria to be met as part of these activities will be established in the form of two delegated regulations. The first of these, on the mitigation of climate change and adaptation thereto, is expected to be approved in the first half of 2021.

In terms of financial regulation, as a result of Brexit and the COVID-19 pandemic, the MiFID II Directive was subject to review. The aspects revised included but were not limited to the calculation formulas employed to request exemption from the Directive being amended for companies for which self-trading with commodity derivatives or with emission allowances or the provision of investment services on these products represents a non-core activity.

In relation to State aid, the European Commission extended the validity of certain rules, which would otherwise have expired at the end of 2020. With a view to taking due account of the effects of the current crisis, the Commission decided to make certain adjustments to existing rules, with a view to mitigating the economic and financial impact of the coronavirus outbreak on businesses.

To this end, the Commission adopted a new Regulation amending the General Block Exemption Regulation (GBER) and the Small-Scale Government Subsidies Regulation (Minimum Regulation), in addition to a memorandum extending a variety of guidelines on State aid, including the Guidelines on State aid for environmental protection and energy.

On account of the economic crisis caused by the coronavirus pandemic, and with a view to repairing the economic and social damage caused, the European Commission, the European Parliament and the leaders of the European Union approved the "Recovery Plan" containing a stimulus package, that will lay the groundwork for a modern and more sustainable Europe, further accelerating the energy transition.

SHARE PRICE PERFORMANCE AND INVESTOR RELATIONS

ENDESA on the stock market

In 2020, the Spanish IBEX-35 came last amongst the world's leading stock markets after a turbulent and highly volatile year, marked by the COVID-19 pandemic and its unpredictable impact on the economy.

The IBEX-35 eventually ended the year with down by a total of 15.45%, on account of the high exposure of the Spanish economy to the tourism sector, which had been the hardest hit by COVID-19, combined with the poor performance of the financial and banking sector on account of continued low interest rates.

The FTSE 100 did not perform much better, seeing 14.34% wiped from its value as a result of the additional uncertainty generated by the Brexit process. In contrast, the other European stock markets ended the year with more moderate losses and some, such as the German DAX, which saw a cumulative gain of 3.55% and historic highs, were encouraged towards the end of the year as the vaccination campaign against COVID-19 began. The French CAC40 ultimately saw 7.14% wiped from its value and the Italian FTSE MIB, 5.42%. The selective Eurozone Eurostoxx 50 contracted by a total of 5.14%.

Away from Europe, Asian and North American stock markets saw rises given their greater reliance on technology and industry and the extraordinary expansive monetary policies set out by central banks. Worth particular mention was the performance of the Nasdaq, up by 47.58%, followed by the S&P 500, up by 16.26% and the Dow Jones Industrial Average, up by 7.25%. In Japan, the Nikkei also rallied to end the year up by 13.52%.

It should be noted that in all cases, despite the negative macroeconomic data, the stock markets recovered remarkably following the lows recorded in March. In the case of the IBEX-35, following the annual high recorded

on 19 February of 10,083.6 points, it fell sharply during the onset of the pandemic to a low of 6,107.20 points on 16 March, accumulatively down by 36.04% from the value at which it started the financial year. From this point on, the Spanish stock exchange's main indicator ended 2020 at 8,073.7 points, down by a cumulative 15.45%.

Most of IBEX-35's stocks ended 2020 in the red, although nine managed to end the year having made gains; worth particular mention were the companies in the renewable energy and pharmaceutical sectors. Companies that performed the worst included banks and insurance companies, companies involved in the tourism industry and energy firms, which were particularly affected by drops in the price of oil and natural gas. Amongst the top ranked companies, ENDESA, S.A. remained in second place on the IBEX 35 Energía index, and in tenth place on the IBEX-35 as a whole.

On the Eurozone's Eurostoxx Utilities index, which ended the year up by 9.77%, ENDESA, S.A. shares remained in fourteenth position. This strong performance of the European stock market was in part thanks to the 2050 decarbonisation targets set, interest in sustainable investment and the recovery plan launched by the European Union.

Following a trend that was very similar to that of the IBEX-35, ENDESA's securities recorded an annual high on 19

The IBEX-35 ultimately ended the year cumulatively down by 15.45%, affected by the significant exposure of the Spanish economy to the tourism industry, hardest hit by COVID-19.

February, at Euro 26.12 per share, a historical high achieved in light of the good profit expectations of the market at the time. Just one month later, on 16 March 2020, ENDESA's shares recorded the annual low of Euro 15.50, on account of the declaration of the State of Alarm and the start of the lockdown across Spain. On this date, the company's shares were accumulatively down by 34.85% compared to the start of the year.

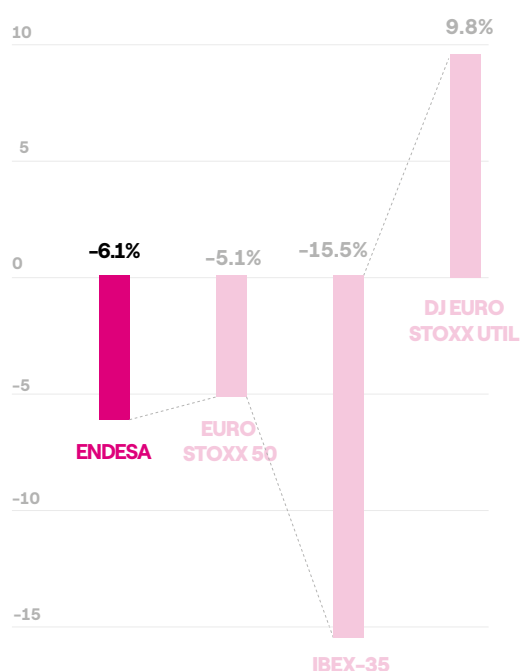
The lifting of measures including lockdown measures at the end of the second quarter of the year, the optimism generated by the European Recovery Plan in the sector and the favourable expectations in relation to the update of ENDESA's Strategic Plan in November, combined with a strong commitment to renewable energy and digitisation, helped the value of the company's securities to recover, ending the year at Euro 22.35 per share. This value represented an annual drop in price of 6.05%.

The significant market volatility seen in 2020 was also reflected in an increase in the cumulative contract volume at ENDESA, coming to 431 million shares and a total cash value of Euro 9,696 million, 6.65% and 4.48% up year on year, respectively. The average volume of shares traded during each session was 1,676,877, 5.82% up year on year.

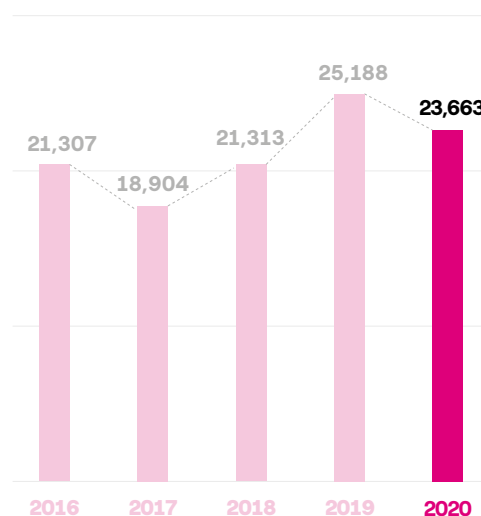
During 2020, total returns to ENDESA shareholders, calculated as the sum of the stock market return and the dividend return, was 0.15%. The cumulative negative stock market return of 6.05% must be added to the Euro 1.475 per share that the Company distributed in the form of the 2019 dividend, providing an additional dividend return of 6.20%.

At the end of the year, ENDESA's market cap was Euro 23,663 million, placing the security with the seventh highest capitalisation on the IBEX-35, one position above the previous year.

ENDESA'S PERFORMANCE ON THE MADRID STOCK MARKET AND COMPARISON WITH THE MAIN BENCHMARK INDICES. 2020



EVOLUTION OF ENDESA'S MARKET CAP 2016-2020 (€M)



KEY SHARE PRICE DATA FOR ENDESA IN 2020

Madrid Stock Exchange	High	Low	Average	Closing price	% Annual gain/loss	% Total returns	Volume of shares traded
ENDESA (€/share)	26,120	15,500	22,677	22,350	-6.05	0.15	430.957400

Source: Madrid Stock Exchange.

The Board of Directors at ENDESA, S.A. agreed to distribute an interim dividend for the gross sum of Euro 0.70 per share to its shareholders.

Dividend

In line with the Dividend Policy approved by ENDESA's Board of Directors on 26 November 2019 for the 2019–2022 period, ENDESA's General Shareholders' Meeting held on 5 May 2020 approved the distribution of a total dividend charged to 2019 results for the gross sum of Euro 1.475 per share to its shareholders, coming to a total of Euro 1,562 million.

This dividend was paid out to shareholders in two cash payments made on 2 January 2020 for Euro 0.7 gross per share (Euro 741 million in total), and 1 July 2020, Euro 0.775 gross per share (Euro 821 million).

Looking to the future, the Dividend Policy for the 2020–2023 period, approved by the Company's Board of Directors and published on 25 November 2020, stipulates that the Board of Directors shall ensure that by 2020, the regular dividend per share to be distributed charged to that year is equal to 100% of the net ordinary profit attributed to the parent company in the Group's consolidated financial statements.

For 2021 the Board of Directors intends to pay a dividend per share against earnings for that year that is the equivalent of 80% of ordinary net profit attributable to the parent set down in the Group's consolidated annual financial statements. Finally, for 2022 and 2023, the Board of Directors will endeavour to ensure that the ordinary dividend per share to be agreed to be distributed with a charge to the year is 70% of the net ordinary profit attributable to the Parent in the Group's consolidated financial statements.

In terms of regular dividends charged to 2020 results, the Board of Directors at ENDESA, S.A. agreed to distribute

an interim dividend for the gross sum of Euro 0.70 per share to its shareholders.

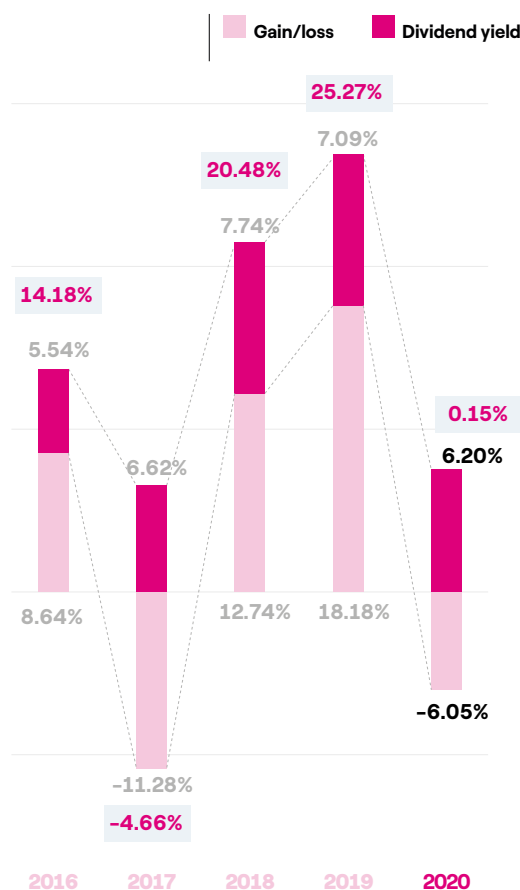
The payment of this dividend, equivalent to an approximate total pay out of Euro 741 million, was made on 4 January 2021

Total returns for shareholders

ENDESA's total shareholder return in 2020 was +0.15%, as the return provided in the form of the dividends paid out during the year, 6.20%, offset the accumulated depreciation of 6.05% per share.

In the last five years, total annual return for ENDESA's shareholders averaged 11.08%.

EVOLUTION OF TOTAL RETURNS FOR ENDESA'S SHAREHOLDERS 2016–2020





ENDESA on the IBEX 35

Since its return to the IBEX-35 in November 2014, ENDESA weights a ratio of 40% of its capital on this stock market, as its free float is 29.9%, between the range of 20% and 30%.

Bearing this in mind, ENDESA's shares ended 2020 in 13th place on the IBEX-35 in terms of free-float adjusted capitalisation, two places higher than the previous year.

Liquidity

Including trading on the Spanish stock market (continuous market) as well as block trades and special transactions, the average number of shares in the Company traded on a daily basis in 2020 was 1,676,877, 5.8% more than in 2019 (1,584,611).

Total trading volume for 2019 was 0.4 times the company's capital. However, this figure increased to 1.36 times when only taking into account the number of actual shares outstanding at the end of the year, 29.9% of capital following the IPO held in November 2014.

ENDESA's credit rating

During 2020, rating agencies kept the sovereign rating of the Kingdom of Spain unchanged. The only change made was in Standard & Poor's outlook, which was downgraded from Stable to Negative, as announced in September. This change was justified by the weak economy resulting from the COVID-19 crisis and the possibility at that time that no agreement would be reached to approve the 2021 General State Budgets, which ultimately occurred at the end of the financial year.

Standard & Poor's rating thus ended the year at A, with a negative outlook, while Moody's and Fitch's remained unchanged at Baa1 and A- respectively, both with a Stable outlook.

Insofar as ENDESA is concerned, the situation was very similar, with no changes made by the different rating agencies in 2020. On 14 January 2021, Moody's announced an upgrade in ENDESA's credit rating, from Baa2 to Baa1, with a stable outlook. In its statement, Moody's placed an emphasis on the Company's strong business and financial profile and its position within the Enel group. In this sense, consideration has been given to the high rate of regulated activities within the business mix, helping to secure a stable income, as well as their reduced leverage.

In relation to other agencies, Standard & Poor's has kept its rating at BBB+/Stable outlook unchanged since 2017, confirming it most recently in a report published in November. In turn, Fitch maintained its A- rating/Stable outlook in April 2020 and February 2021, as had been initially reported in February 2019.

In its most recent sector reports, published in July 2020, Fitch considers that integrated power companies in the Iberian market have shown reasonable resistance to the economic crisis triggered by COVID-19, on account of the defensive nature of their business mix, a percentage of regulated revenue that is above the European average, their strong liquidity positions, the coverage of energy sales already made and the stability provided by the recently revised regulatory framework.

Moody's, in its November 2020 report published, emphasised that its outlook for the Electricity Sector in 2021 remains stable, reflecting its forecast that companies will remain resistant to the pandemic and improve their results, while uncertainty persists as regards the pace of economic recovery and the demand for electricity under the current circumstances.

In summary, the evolution of ENDESA's credit rating in 2020 was as follows:

Credit Rating

	31 December 2020 ¹			31 December 2019 ¹		
	Long term	Short term	Outlook	Long term	Short term	Outlook
Standard & Poor's	BBB+	A-2	Stable	BBB+	A-2	Stable
Moody's	Baa1	P-2	Stable	Baa2	P-2	Positive
Fitch	A-	F2	Stable	A-	F2	Stable

¹ On the respective presentation dates of the Consolidated Management Report.

ENDESA's credit rating is reliant on the rating of its parent company, Enel, according to the methods employed by rating agencies and, as at 31 December 2020, was classified as "investment grade" by all the rating agencies. ENDESA strives to maintain its credit rating at "investment grade" to efficiently access money markets and bank financing, in addition to securing preferred conditions from its main suppliers.

Investor relations and Shareholders' Office

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

In this regard, on 11 November 2015, the ENDESA's Board of Directors, pursuant to the Code of Good Governance for Listed Companies, approved its "Policy for communication and contact with shareholders, institutional investors and voting advisors". The main aim of this Policy is for the Company to preserve transparent, comprehensive and truthful information, constantly demonstrating concern for relations with its shareholders and institutional investors. On 21 November 2020, the ENDESA's Board of Directors approved the update to this policy, with a view to ensuring compliance with the new recommendations set out in the partial review of the Code of Good Governance for Listed Companies, approved on 26 June 2020 by the CNMV.

The general principles governing this policy are transparency, immediacy, continuous information, equal treatment, affinity with social interest, regulatory com-

pliance and responsible communication practices that prevent the manipulation of information and protect integrity and honour.

The Audit and Compliance Committee, the Sustainability and Corporate Governance Committee, and the Appointments and Remuneration Committee are the bodies responsible for supervising, within their respective remits and in line with the company's internal regulations, the Company's communications with shareholders and investors, voting advisors and other stakeholders, and reporting on these factors to the Board of Directors. On 21 December 2020, the Communication and Relationship Strategy with Shareholders and Investors and other Stakeholders for 2020 was supervised and reported to the Board of Directors, noting that the channels used by ENDESA to disseminate information work properly and these tasks are performed in line with the general principles of ENDESA's Policy and pursuant to best corporate governance practices.

Investor relations

The activities carried out by the Investor Relations Department in 2020 include making public presentations to analysts and investors on the company's quarterly results and updating its Strategic Plan for the 2021-2023 period, which took place on 25 November 2020.

During 2020, ENDESA performed three *Non Deal Roadshows*. The first was organised in Europe and the United States in February and March, following the presentation of results for 2019. The second, also organised in Europe and the United States, took place in May, following the presentation of results for the first quarter of 2020. The third, which took place in Europe, Canada, the Unit-

ed States and Australia, was held in November and December, following the presentation of the update to the 2021-2023 Strategic Plan, with a view to providing the Company's major investors with in-depth information about the Plan. *At these three roadshows*, ENDESA met with a total of 143 investors.

ENDESA also participated at 6 *Reverse Roadshows* in Madrid, at which meetings were held with 125 investors. Furthermore, ENDESA's Investor Relations Department attended a total of 13 international conferences on the industry, at which it had the opportunity to meet with 196 investors.

It should be noted that, in light of the health crisis caused by Covid-19, all meetings with investors since mid-March were held online.

Also as part of its daily undertakings, the Investor Relations Department responded, over the phone, by email

and face-to-face or virtual meetings, a total of 818 queries filed by analysts, investors and ratings companies.

Lastly, ENDESA held its Ordinary General Shareholders' Meeting on 5 May 2020 online. All the points on the Agenda were approved at the meeting, with a quorum of 85.33% of the share capital.

Shareholders' Office

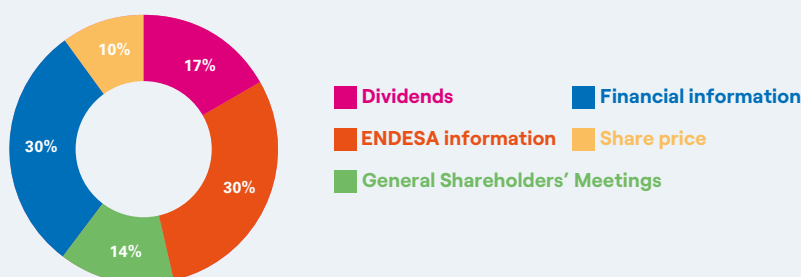
One of the main information channels for private shareholders is the "Investors" section of the corporate website (www.endesa.com).

In 2020, 1,231 phone calls were answered by ENDESA's Shareholder's Office and 1,651 documents were posted.

As a result of health crisis caused by Covid-19, no shareholder visits were received this year.

TYPE OF INFORMATION REQUESTED FROM ENDESA'S SHAREHOLDER INFORMATION OFFICE IN 2020

2,882 requests from shareholders handled by Shareholders' Office.



3

**CORPORATE
GOVERNANCE****BOARD OF DIRECTORS**

Director selection consists of an objective, verifiable and transparent selection process with a view to incorporating a range of professional and management experiences and skills, in addition to promoting the diversity of knowledge, experiences, culture, nationality and gender.

During 2020, three new directors were appointed by the General Shareholders' Meeting, increasing the representation of women on the Board from 18.18% at 31 December 2019 to 30.77% at 31 December 2020.

**AUDIT AND COMPLIANCE
COMMITTEE**

The members of this Committee are appointed based on their knowledge and experience of accounting, auditing or risk management in financial and non-financial fields.



CORPORATE GOVERNANCE

ARC Appointments and Remuneration Committee

CHAIRMAN

Ignacio Garralda Ruiz de Velasco

MEMBERS

Eugenia Bieto Caubet

Antonio Cammisecra

Alejandro Echevarría Busquet

Pilar González de Frutos

SECRETARY (NON MEMBER)

Francisco Borja Acha Besga

BD Board of Directors

CHAIRMAN

Juan Sánchez-Calero Guilarte

DEPUTY CHAIRMAN

Francesco Starace

CHIEF EXECUTIVE OFFICER

José D. Bogas Gálvez

MEMBERS

Eugenia Bieto Caubet

Antonio Cammisecra

Alejandro Echevarría Busquet

Ignacio Garralda Ruiz de Velasco

Pilar González de Frutos

María Patrizia Grieco

Alicia Koplowitz y Romero de Juseu

Francisco de Lacerda

Alberto de Paoli

Miquel Roca Junyent

SECRETARY

Francisco Borja Acha Besga

ACC Audit and Compliance Committee

CHAIRMAN

Francisco de Lacerda

MEMBERS

Eugenia Bieto Caubet

Alberto de Paoli

Pilar González de Frutos

Miquel Roca Junyent

SECRETARY (NON MEMBER)

Francisco Borja Acha Besga

SCGC Sustainability and Corporate Governance Committee

CHAIRMAN

Juan Sánchez- Calero Guilarte

MEMBERS

María Patrizia Grieco

Alicia Koplowitz y Romero de Juseu

Miquel Roca Junyent

SECRETARY (NON MEMBER)

Francisco Borja Acha Besga

EMC Executive Management Committee

GENERAL MANAGER - COMMUNICATION

Ignacio Jiménez Soler

GENERAL MANAGER - ENERGY MANAGEMENT

Juan María Moreno Mellado

GENERAL MANAGER - PEOPLE AND ORGANISATION

Paolo Bondi

GENERAL MANAGER - GENERATION

Rafael González Sánchez

GENERAL MANAGER - INFRASTRUCTURE AND NETWORKS

Gianluca Caccialupi

GENERAL SECRETARY AND SECRETARY TO THE BOARD OF DIRECTORS AND GENERAL MANAGER - LEGAL ADVICE AND CORPORATE AFFAIRS

Francisco Borja Acha Besga

GENERAL MANAGER - SUPPLY

Javier Uriarte Monereo

GENERAL MANAGER - INSTITUTIONAL RELATIONS AND REGULATION

José Casas Marín

GENERAL MANAGER - MEDIA

Pablo Azcoitia Lorente

GENERAL MANAGER - ENDESA X

Josep Trabado Farré

GENERAL MANAGER - NUCLEAR

Gonzalo Carbó de Haya

GENERAL MANAGER - AUDIT

Patricia Fernández Salís

GENERAL MANAGER - ICT DIGITAL SOLUTIONS

Manuel Fernando Marín Guzmán

GENERAL MANAGER - SUSTAINABILITY

María Malaxechevarría Grande

GENERAL MANAGER - PROCUREMENT

Ignacio Mateo Montoya

GENERAL MANAGER - PROCUREMENT IGNACIO MATEO MONTOYA

Luca Passa

4

STRATEGY

ENERGY POLICY

ENDESA maintains a strategic vision aimed at leading the energy transformation in Spain.

STRATEGIC LINES OF ACTION

The fulfilment of decarbonisation targets in Spain and the strategic repositioning of the industry towards renewable energies are just two of the challenges to be overcome by 2030.

MAIN FINANCIAL INDICATORS

The 2021-2023 Strategic Plan sets out a gross investment target of Euro 7,900 million, 25% higher than established in the 2020-2022 Strategic Plan.



ENDESA'S INDUSTRIAL PLAN

Energy policy

In an extremely complex year, marked by the effects of the COVID-19 pandemic, ENDESA maintained the commitments made and managed to reach new milestones in the attainment of a more sustainable and efficient business model, always maintaining a strategic vision aimed at leading energy transformation in Spain.

It is precisely this energy transition that is called to become a pillar of the global economic recovery in order to mitigate the risks of recession arising from the global expansion of the pandemic. The need for decarbonisation and growth of renewable energy, smart networks and digitisation can be erected as a driver for investment, employment and economic growth.

In this context, the new European Union Recovery Plan is part of the ultimate goal of helping Member States to cope with the economic and social impact of the COVID-19 pandemic. At the same time, this Plan aims to ensure that European economies are more sustainable and resilient by promoting investments such as improved energy efficiency in public and private buildings, clean technologies and hydrogen, sustainable mobility and the circular economy. Spain will be one of the main beneficiaries of this European Union initiative, as its economy is being one of the most affected by COVID-19 among Eurozone countries.

Specifically, of the Euro 750,000 million approved by the European Union, Spain will receive approximately Euro 140,000 million, of which Euro 72,000 will come in the form of subsidies.

A minimum of 30% of this fund (Euro 42,000 million) will go to the decarbonisation target of the economy, in line with

the objectives set by the European Union Green Deal and the National Integrated Energy and Climate Plan (PNIEC). The Economic Recovery Fund will thus provide an opportunity to accelerate the energy transition process in Spain. Given that the objectives that have been defined are fully aligned with the energy policy fully protected by the Government, this Fund can also become the main catalyst for the country's economic recovery following the pandemic. This Plan also recognises the importance of public-private collaboration as a guiding principle for increasing investment capacity, materialising projects and making companies participate through their compliance.

The need for decarbonisation and growth of renewable energy, smart networks and digitisation can be erected as a driver for investment, employment and economic growth.

All these initiatives are in line with the objectives set by the European Union Green Deal which marks the roadmap to full decarbonisation by 2050. The new proposal assumes more ambitious emission reduction targets by 2030 on the basis of 1990, which increase from 40% to 55% (as recently approved by the European Commission) or even 60% (European Parliament proposal). This target will be accompanied by an increase in the share of renewable energy to around 40% by 2030, as well as the measurement of energy efficiency.

As regards Spain, the National Integrated Energy and Climate Plan (PNIEC) sets an emissions reduction target by 2030 of 23% compared to 1990, a 42% share of renewables and confirms carbon dioxide neutrality (CO₂) by 2050.

Strategic lines of action

Meeting the decarbonisation objectives in Spain resulting from this new context will mean facing even more ambitious challenges by 2030.

In this vein, it should be noted that the strategic repositioning towards renewable energies that has already been implemented by ENDESA in recent years has led to a significant change in the Company's generation mix, thanks to which it is expected to achieve mainland production free of carbon dioxide (CO₂) emissions of 83% at the end of 2020, above the target set out in the previous strategic plan.

The 2021-2023 Strategic Plan, presented on 25 November 2020, continues this repositioning, while responding to the new needs of the environment. ENDESA thus takes another step in its firm commitment to contribute to the development of an efficient and sustainable energy model, based on renewable electrification, the development of smart networks as an integrative element and the focus on customer centrality.

To this end, this Plan is structured around the following priorities:

1. Speeding up fulfilment of the decarbonisation commitments of generation facilities, by further boosting renewable energies and the gradual elimination of technologies with higher emissions (domestic and imported coal-fired power plants).
2. Electrification, consolidating the current leadership position and leveraging the use of new platforms that allow a competitive advantage through management based on customer value and the development of new personalised services and products.
3. Progress as regards the development and operation of more efficient networks to include the promotion of renewable energies and the electrification of transport. The foregoing with a view to becoming a digital grid operator achieving excellence in the Sector.

In addition, all objectives of the ENDESA Strategic Plan integrate the commitments of the Company's business model with the Sustainable Development Goals (SDGs)





adopted in 2015 by the United Nations (UN), in particular, to SDGs 7 (Affordable and Non-Polluting Energy), 9 (Industry, Innovation and Infrastructure), 11 (Sustainable Cities and Communities) and, essentially, 13 (Climate Action), to which 94% of the Plan's investments are dedicated.

Acceleration of decarbonisation commitments at generation facilities

ENDESA's firm commitment to gradually reduce greenhouse gas emissions to achieve the final zero emissions targets in 2050 is reflected in the following strategic lines:

- > Acceleration of development investments in wind and solar generation in the 2021–2023 period, amounting to Euro 3,300 million and an increase of 20% over the

already ambitious amount of development investments estimated in the previous Plan. Over the Plan's time-frame, ENDESA will add 3.9 GW of new capacity, increasing its renewable installed capacity by almost 50% since the end of 2020 and reaching 11.5 GW, with an estimated equivalent production of 21 TWh.

- > This commitment to decarbonisation is endorsed by the already announced progressive closure of all coal-fired peninsular power plants, which is expected to be completed in June 2021. This profound transformation of the generation mix will allow ENDESA to obtain an estimated emissions-free peninsular production by 2023 of about 90% of the total, with a share of renewable sources of 62%. In addition, this change in the "mix" will favour an 80% reduction in total specific carbon dioxide (CO₂) emissions by 2030 compared to 2017, so ENDESA is in an

excellent position to achieve the total decarbonisation target by 2050.

- > These ambitious growth goals are supported by a strong, continuously expanding and developing portfolio of projects that provides a remarkable degree of flexibility and certainty in meeting the Plan. Currently ENDESA has projects totalling about 26.0 GW gross, of which 7.3 GW already have already awarded grid connection points, with solar energy having a significant weight (68%).

Electrification of demand

Changes in the Electricity Sector resulting from the implementation of energy transition policies at supranational level, and which in the case of Spain, are being reflected mainly in the National Integrated Energy and Climate Plan (PNIEC), will lead to an increase in the weight of electricity consumption over the total end energy consumption, resulting from the generalisation of the use of electric vehicles and residential electrification. These changes in consumption habits and the development of new platforms open the door to new business opportunities that ENDESA hopes to consolidate and expand, creating a company dedicated to the ENDESA X line of business.

Faced with these changes, ENDESA must be prepared to anticipate and face the new needs of customers, which represent an increasing level of complexity and sophistication in their demand for products and services. This will involve the implementation of the following actions:

- > Consolidate ENDESA's current leadership position in electricity marketing in Iberia, actively promoting the electrification of our customer base by leveraging integrated energy offerings and the new and more complete range of products and services.
- > In this new period, ENDESA's strategy seeks to focus on customer loyalty, leveraging the digital and analytical capabilities developed, as well as silverforming, to provide a highly personalised experience and reinforce the figure of "energy partner", while achieved greater operational efficiency.
- > The significant increase in sales involved in this Plan is supported by ENDESA's strong business commitment, through the development of innovative offers that adapt to the needs of our customers, campaigns that are ac-

companied by corporate communications, as well as the improvement in distance sales and the development of new channels that allow new sources of value to emerge.

- > Quantitatively, in relation to the supply of other products and services, the plan sets out targets including but not limited to the e-Home's line of business continuing along the path of growth seen in recent years and reaching 2.7 million contracts by 2023, 42% up on 2020. Furthermore, electric vehicle charging stations will be multiplied by 7, coming to a total of 56,000 and urban bus charging stations to 115 points by 2023.

Grid development as an enabler and integrator

For some time, and now more than ever, the development of the electricity grid has been a fundamental pillar of ENDESA's strategy. At the same time as the pace at which renewable energy is rolled out nationwide gains speed and the electrification of demand increases, distribution infrastructures need to be radically overhauled to further improve the quality and efficiency of the grid, reduce operating costs and increase the value of assets through smart grid investments and operational excellence.

ENDESA, as an operator of reference, must take a leading role in this technological step forward, and is committed to becoming the leading grid operator. To this end, this Strategic Plan continues these investment efforts, and to this end plans to allocate Euro 2,600 million between 2021 and 2023 to the development, automation and modernisation of the grid. This amount represents an increase of approximately 30% in the total investments under the previous plan.

These digitalisation initiatives will help to improve the reliability of the grid and the quality of the service. Specifically, ENDESA plans to reduce outages by 23%, grid losses by 3 percent and operating costs per customer by 12% over the 3-year period.

Main financial indicators

ENDESA's 2021-2023 Strategic Plan envisages a gross investment target of Euro 7,900 million, up 25% on the previous 2020-2022 Strategic Plan (Euro 6,300 million).

1	The Enel Group	2	Economic, energy and regulatory framework	3	Corporate governance	4	Strategy	5	Financial data	6	Businesses
7	Internal control systems	8	Sustainability	9	Technology and innovation	10	Our people	11	Other activities	12	Appendices

The distribution of this Investment Plan by Business Lines is as follows:

- > Investments in new renewable generation developments amount to Euro 3,300 million and will focus on the implementation of new wind and photovoltaic capacity of approximately 3.9 GW. To this we must add around Euro 300 million for battery installation and clean hydrogen generation projects. The remaining peninsular investments, Euro 200 million, mainly include recurring maintenance investments.
- In addition, investments in the remaining conventional peninsular and non-peninsular generation (mainly maintenance), will require Euro 900 million during the period.
- > Distribution: Euro 2,600 million will be allocated, a 30% increase on the previous Plan, to investments in maintenance and growth with a view to continuing the modernisation and development of new infrastructures that respond to trends in decarbonisation and the electrification of the economy. Continuous progress with digitalisation will make it possible to continue increasing the level of automation and digitalisation on the grid, resulting in greater reliability and a higher quality of the service.
- > Marketing and ENDESA X: Euro 600 million, with investment in developing new IT tools to foster customer digitalisation and the development of new customer service and care channels and other products and services. The implementation of new platforms will improve the customer experience by providing solutions to the retail, industrial and institutional segments, as well as the intelligent management of electric vehicle charging stations.

In relation to these lines of action and taking into consideration the impact of COVID-19 on the expected evolution of demand, market trends and regulatory forecasts for the coming years, ENDESA has developed a new Business Plan including, among other parameters, forecasts in relation to the economic indicators of the company's consolidated

results. To this end, ENDESA expects the following aspects to perform positively:

- > EBITDA: Euro 4,300 million in 2023.
- > Net ordinary income: Euro 1,900 million in 2023.
- > Net cash flows from operating activities, amounting to Euro 9,200 million over the 2021-2023 period, combined with an expected increase in debt of Euro 2,900 million, will make it possible to respond to this acceleration of the investment plan while maintaining an attractive shareholder remuneration policy in line with the growth profile.

In this regard, with a view to maintaining ENDESA's risk profile and financial strength, the dividend policy approved by the Company maintains a 100% pay out on net ordinary income in 2020, 80% in 2021 and 70% in 2022, with the same percentage to be applied by 2023.

2030 vision

Pursuant to the commitments and targets established by the European Union for 2030 in relation to reducing greenhouse gas emissions, the penetration of renewable energies, energy efficiency and interconnections, the Strategic Plan also reflects ENDESA's long-term vision, and how the different Business Lines will leverage the opportunities arising from the acceleration of the energy transition to further consolidate the Company's leadership position. Complying with this 2030 vision will require an estimated investment of approximately Euro 25,000 million over the next 10 years. This amount would account for approximately 18% of the investments set out in the National Integrated Energy and Climate Plan (PNIEC) for renewable energy and grids in relation to climate change (SDG 13 Climate Action) and key drivers of the Company's strategy. More specifically:

1. 40% of this amount will be allocated to the decarbonisation of the generation mix, with plans to add more than 10 GW of new renewable capacity, reaching an in-

stalled capacity of more than 18 GW by 2030, which will see renewable technologies account for at least 60% of total installed capacity.

2. Another 40% will be devoted to strengthening the distribution enabling infrastructure, facilitating the integration of this increase in renewable generation. This investment could lead to the creation of a regulated asset base of approximately Euro 13,000 million by 2030.
3. Lastly, the remaining 20% will mainly be used to satisfy the needs of the electrification of demand, marked by an increase in consumption, the progressive migration of customers to free tariffs and greater sophistication in customer needs, increasing the value of ENDESA's business portfolio. In this regard, over the next 10 years, ENDESA seeks to increase its deregulated customer base by 30%, to more than 7 million customers.

In relation to ENDESA's commitment to the total decarbonisation of the energy mix by 2050, the increased speed at which the new renewable capacity is being developed means that an even more ambitious carbon dioxide (CO₂) emission reduction target can be set than was indicated in the previous Strategic Plan. This new target means achieving an 80% reduction in specific emissions by 2030, bringing them to within 95 grams/kWh (compared to 2017) and securing 80% emission-free production by the same date.

Notwithstanding the foregoing, prospective information cannot be considered to be a guarantee of the Company's future performance in that plans and forecasts are subject to risks and uncertainties that could result in the Company's future performance not matching the initial forecasts.



5

FINANCIAL DATA

NET ORDINARY INCOME

In a year as complicated as 2020 has been, ENDESA overcame the effects of COVID-19, with a 36.5% increase in its net ordinary income.

EBITDA

The company's EBITDA stood at Euro 3,783 million.

EBIT

Profit from operations (EBIT) in 2020 increased by Euro 1,498 million (+386.1%) year on year to Euro 1,886 million.



CONSOLIDATED KEY FIGURES

Net income

ENDESA recorded net ordinary income of Euro 2,132 million in 2020, up by 36.5% year on year.

Net income attributed to the Parent Company came to Euro 1,394 million in 2020 compared to Euro 171 million the previous year.

To analyse the performance of this key indicator, consideration must be given to the impact of the "V ENDESA Framework Collective Bargaining Agreement" being signed off, which had a positive impact of Euro 386 million on the consolidated income statement for 2020, the reversal of the deterioration of the assets of coal-fired power

ENDESA recorded net ordinary income of Euro 2,132 million in 2020, up by 36.5% year on year.

plants totalling Euro 6 million, the recognition, in 2020 and 2019, of asset impairment at non-mainland Cash Generating Units (CGUs) totalling Euro 253 million and Euro 304 million, respectively, bringing the net book value of these assets into line with their recoverable value, in addition to the provisions set aside for staff restructuring worth Euro 569 million (for further details, see Section 2.1. "Consolidated results", page 428 of the Legal Report).

Another factor to be taken into consideration when analysing net ordinary outcome is the impact of the COVID-19 crisis. ENDESA, as part of its commitment to society, designed a Public Responsibility Plan, endowed with Euro 25 million (Euro 22 million, net of the tax effect) in direct aid to purchase material, special supply conditions and donations to alleviate the main health and social needs caused by this crisis, as well as programmes to support the relaunch of the economy in the most adversely affected sectors. During 2020, this Plan was accrued in full.

Below, details are provided in relation to the distribution of net income and net ordinary income for 2020 among ENDESA's Businesses and their year-on-year variation (for further details, see Section 2.4. "Segment Information", page 444 of the Legal Report).

Millions of Euros

	Net income ¹				Net ordinary income ²			
	2020	2019	% Var.	% Contribution to Total	2020	2019	% Var.	% Contribution to Total
Generation and Supply	558	(823)	(1678)	40.0	1,035	586	76.6	48.5
Distribution	989	1,077	(8.2)	70.9	1,157	1,059	9.3	54.3
Structure and Other ³	(153)	(83)	84.3	(11.0)	(60)	(83)	(27.7)	(2.8)
Total	1,394	171	715.2	100.0	2,132	1,562	36.5	100.0

¹ Net Income = Net Income Attributable to the Parent.

² Net Ordinary Income = Net Income Attributable to the Parent - Net Income on Sales of Non-Financial Assets (exceeding Euro 2 million - Net Impairment Losses on Non-Financial Assets (exceeding Euro 10 million) - Initial Net Provision for Personnel Expenses for Workforce Restructuring Costs relating to the Decarbonisation Plan and to Process Digitalisation

³ Structure, Services and Adjustments.

Below, details are provided of the most relevant figures in ENDESA's consolidated income statement for 2020 and their year-on-year variation:

Millions of Euros

	Most significant figures		
	2020	2019	% Var.
Revenues	17,579	20,158	(12.8)
Procurements and Services	(11,573)	(14,252)	(18.8)
Contribution Margin²	6,006	5,906	1.7
Work carried out by the Group for its assets	275	295	(6.8)
Staff costs	(1,147)	(1,022)	12.2
Other Fixed Operating Expenses	(1,351)	(1,338)	1.0
EBITDA³	3,783	3,841	(1.5)
Depreciation and amortisation, and impairment losses	(1,897)	(3,453)	(45.1)
Profit from operations (EBIT)⁴	1,886	388	386.1
Net financial loss⁵	(134)	(184)	(27.2)
Gross profit before tax	1,788	230	677.4
Net income⁶	1,394	171	715.2
Net ordinary income⁷	2,132	1,562	36.5

¹. Notes to the Consolidated Financial Statements for the year ended 31 December 2020.

². Contribution Margin = Revenues - Procurements and Services.

³. EBITDA = Income - Procurements and Services + Work carried out by the Group for its assets - Staff costs - Other Fixed Operating Expenses.

⁴. EBIT = EBITDA - Depreciation and amortisation, and impairment losses.

⁵. Net Financial Profit/(Loss) = Financial Income - Financial Expenses + Net Exchange Differences.

⁶. Net Income = Net Income Attributable to the Parent.

⁷. Net Ordinary Income = Net Income Attributable to the Parent - Net Income on Sales of Non-Financial Assets (exceeding Euro 7 million - Net Impairment Losses on Non-Financial Assets (exceeding Euro 10 million) - Initial Net Provision for Personnel Expenses for Workforce Restructuring Costs relating to the Decarbonisation Plan and to Process Digitalisation - Net Expenses relating to the Public Responsibility Plan in response to COVID-19.

Analysis of profit/(loss)

Profit from operations (EBITDA) in 2020 came to Euro 3,783 million (-1.5%).

When disregarding the impact under "Staff costs" on the consolidated income statement for 2020 in relation to the "V ENDESA Framework Collective Bargaining Agreement", the Decarbonisation Plan and the digitalisation of processes for the sum of Euro 244 million, gross operating income (EBITDA) would have increased by 4.8% year on year. Profit from operations (EBIT) in 2020 increased by Euro 1,498 million (+386.1%) year on year to Euro 1,886 million.

Disregarding the impact mentioned above on gross operating income (EBITDA), and the net provisions made

for impairment recorded for peninsular coal-fired power plants (reversal of Euro 17 million in 2020 and provision of Euro 1,366 million in 2019) and for the non-mainland Cash Generating Units (CGUs) (Euro 338 million and Euro 404 million in 2020 and 2019, respectively), operating income (EBIT) would have increased by Euro 293 million (+13.6%) year on year.

Revenues

In 2020, revenue stood at Euro 17,579 million, down Euro by 2,579 million (-12.8%) on those obtained in 2019.

Below, details are provided of revenue as recognised in the consolidated income statement for 2020 and its year-on-year variation:

Millions of Euros

	Ingresos			
	2020	2019	Difference	% Var.
Sales	16,644	19,258	(2,614)	(13.6)
Other operating income	935	900	35	3.9
Total	17,579	20,158	(2,579)	(12.8)

¹ 1. Notes to the Consolidated Financial Statements for the year ended 31 December 2020.

During 2020, the demand for electricity, affected by the COVID-19 health crisis, evolved as follows:

- > Cumulative mainland electricity demand dropped by 5.1% year-on-year (+5.1% adjusted for working days and temperature).
- > Non-mainland demand for electricity was down by 19.2% in the Balearic Islands and 10.5% in the Canary Islands in 2020 when compared to the previous year (-18.0% and -10.5%, respectively, adjusted for working days and temperature).

2020 saw lower prices, with the arithmetic average price in the electricity wholesale market standing at Euro 33.96/

MWh (-28.8%), mainly due to decreased demand and fluctuating raw material prices.

During 2020, the thermal gap narrowed due to weak demand for electricity, an increase in imports and an increase in renewable energy production. To this end, the contribution of renewable energies to accumulated mainland production as a whole during 2020 was 45.5% (52.4% in 2019).

Sales

Below is a breakdown of Sales registered in the year 2020 and its year-on-year variation:

Millions of Euros

	Sales			
	2020	2019	Difference	% Var.
Electricity Sales	11,969	13,801	(1,832)	(13.3)
Deregulated Market Sales	8,245	9,404	(1,159)	(12.3)
Deregulated Market Sales - Spain	7,201	8,320	(1,119)	(13.4)
Deregulated Market Sales - Ex Spain	1,044	1,084	(40)	(3.7)
Sales at regulated prices	1,839	2,055	(216)	(10.5)
Wholesale market sales	619	843	(224)	(26.6)
Compensation from Non-mainland Territories (TNP)	1,111	1,376	(265)	(19.3)
Remuneration of Investment in Renewable Energy	135	105	30	28.6
Other electricity sales	20	18	2	11.1
Gas Sales	1,865	2,450	(585)	(23.9)
Deregulated Market Sales	1,812	2,369	(557)	(23.5)
Sales at regulated prices	53	81	(28)	(34.6)
Regulated Revenue from Electricity Distribution	2,175	2,266	(91)	(4.0)
Other Sales and Services Rendered	635	741	(106)	(14.3)
Total	16,644	19,258	(2,614)	(13.6)

¹ Notes to the Consolidated Financial Statements for the year ended 31 December 2020.

Electricity sales to deregulated market customers

At 31 December 2020, the number of ENDESA electricity customers on the deregulated market was 5,690,390, down by 2.4% from the number of customers at 31 December 2019, as follows:

- > 4,444,091 (-3.8%) in the Spanish mainland market.
- > 838,600 (-2.4%) in the non-mainland market.
- > 407,699 (+16.6%) in deregulated markets outside Spain.

ENDESA's net sales to all of these customers in 2020 came to a total of 69,430 GWh, down by 11.1% compared to 2019.

Electricity sales at a regulated price

During 2020, ENDESA sold 11,342 GWh (-0.4%) to customers at regulated prices, through its reference supplier company, as regards sales made in 2019.

These sales generated revenues of Euro 1,839 million, 10.5% down on 2019, mainly due to the fall in price.

Gas sales

At 31 December 2020, ENDESA had 1,673,424 gas customers, up 1.5% on 31 December 2019, as shown in the following breakdown:

- > 233,066 (+1.3%) in the regulated market.
- > 1,440,358 (+1.5%) in the deregulated market.

In 2020, ENDESA sold 70,045 GWh to customers on the natural gas market, down by 12.2% compared to 2019.

The table below presents the distribution of the sales, revenues and other operating income among ENDESA businesses in 2020 and their year-on-year variation.

Millions of Euros

	2020						
	Generation and Supply				Distribution	Structure and Other ¹	Total
	Generation - Non-mainland territories	Other generation and supply	Adjustments	Total			
Revenues	1,612	14,158	(555)	15,215	2,720	(356)	17,579
Sales	1,606	13,460	(556)	14,510	2,461	(327)	16,644
Other operating income	6	698	1	705	259	(29)	935
Procurements and Services	(1,078)	(11,155)	547	(11,686)	(174)	287	(11,573)
Contribution Margin²	534	3,003	(8)	3,529	2,546	(69)	6,006
Work carried out by the Group for its assets	6	101	—	107	148	20	275
Staff costs	(109)	(459)	2	(566)	(302)	(279)	(1,147)
Other Fixed Operating Expenses	(220)	(915)	6	(1,129)	(420)	198	(1,351)
EBITDA³	211	1730⁴	—	1,941	1,972	(130)	3,783
Depreciation and amortisation, and impairment losses	(431)	(857)	89	(1,199)	(635)	(63)	(1,897)
Profit from operations (EBIT)⁴	(220)	873	89	742	1,337	(193)	1,886
Net financial loss⁵	(18)	(53)	—	(71)	(56)	(7)	(134)
Gross profit before tax	(238)	833	89	684	1,304	(200)	1,788
Net income⁶	(136)	605	89	558	989	(153)	1,394
Net ordinary income⁷	145	801	89	1,035	1,157	(60)	2,132

¹ Structure, Services and Adjustments.

² Contribution Margin = Revenues - Procurements and Services.

³ EBITDA = Income - Procurements and Services + Work carried out by the Group for its assets - Staff costs - Other Fixed Operating Expenses.

⁴ EBIT = EBITDA - Depreciation and amortisation, and impairment losses.

⁵ Net Financial Profit/(Loss) = Financial Income - Financial Expenses + Net Exchange Differences.

⁶ Net Income = Net Income Attributable to the Parent.

⁷ Net Ordinary Income = Net Income Attributable to the Parent - Net Gain/(Loss) on Disposal of Non-Financial Assets (more than Euro 10 million) - Net impairment losses on non-financial assets (more than Euro 10 million) - Initial Net Provision for Personnel Expenses for Workforce Restructuring Costs relating to the Decarbonisation Plan and to Process Digitalisation - Net Expenses relating to the Public Responsibility Plan for the COVID-19 Health Crisis.

⁸ Includes the profit from operations (EBITDA) corresponding to Enel Green Power España, S.L.U. (EGPE) for the sum of Euro 209 million.

Millions of Euros

2019							
Generation and Supply							
	Generation – Non-mainland territories	Other generation and supply	Adjustments	Total	Distribution	Structure and Other ¹	Total
Revenues	2,034	16,405	(902)	17,537	2,828	(207)	20,158
Sales	2,030	15,718	(902)	16,846	2,566	(154)	19,258
Other operating income	4	687	–	691	262	(53)	900
Procurements and Services	(1,496)	(13,603)	895	(14,204)	(182)	134	(14,252)
Contribution Margin²	538	2,802	(7)	3,333	2,646	(73)	5,906
Work carried out by the Group for its assets	8	88	–	96	175	24	295
Staff costs	(93)	(450)	1	(542)	(280)	(200)	(1,022)
Other Fixed Operating Expenses	(186)	(937)	6	(1,117)	(442)	221	(1,338)
EBITDA³	267	1,503⁸	–	1,770	2,099	(28)	3,841
Depreciation and amortisation, and impairment losses	(543)	(2,216)	–	(2,759)	(626)	(68)	(3,453)
Profit from operations (EBIT)⁴	(276)	(713)	–	(989)	1,473	(96)	388
Net financial loss⁵	(23)	(92)	–	(115)	(63)	(6)	(184)
Gross profit before tax	(298)	(684)	(130)	(1,112)	1,444	(102)	230
Net income⁶	(202)	(491)	(130)	(823)	1,077	(83)	171
Net ordinary income⁷	102	614	(130)	586	1,059	(83)	1,562

¹ Structure, Services and Adjustments.

² Contribution Margin = Revenues – Procurements and Services.

³ EBITDA = Income – Procurements and Services + Work carried out by the Group for its assets – Staff costs – Other Fixed Operating Expenses.

⁴ EBIT = EBITDA – Depreciation and amortisation, and impairment losses.

⁵ Net Financial Profit/(Loss) = Financial Income – Financial Expenses + Net Exchange Differences.

⁶ Net Income = Net Income Attributable to the Parent.

⁷ Net Ordinary Income = Net Income Attributable to the Parent – Net Gain/(Loss) on Disposal of Non-Financial Assets (more than Euro 10 million) – Net impairment losses on non-financial assets (more than Euro 10 million).

⁸ Includes the profit from operations (EBITDA) corresponding to Enel Green Power España, S.L.U. (EGPE) for the sum of Euro 223 million.

→ **Another factor to be taken into consideration when analysing net ordinary outcome is the impact of the COVID-19 crisis.**

Other operating income

In 2020, "Other operating income" came to Euro 935 million (+3.9%) and reflects the Euro 10 million decrease (–1.8%) in revenue from the valuation and liquidation of energy stock derivatives, mainly on account of the variation in the valuation and liquidation of gas combined with the reduction of Euro 358 million (–54.7%) in expenses on these grounds under "Other variable procurements and services" on the Consolidated Income Statement (see Section 2.3.2. Operating Costs, page 434, of the Legal Report).

Below are details of other operating income in 2020 and its year-on-year variation:

Millions of Euros

	Other operating income			
	2020	2019	Difference	% Var.
Difference	540	550	(10)	(1.8)
Imputación a Resultados de Subvenciones ²	28	23	5	21.7
Imputación a Resultados de Instalaciones Ceditas de Clientes y Derechos por Acometidas de Extensión y Pasivos de Contratos con Clientes	164	158	6	3.8
Prestación de Servicios en Instalaciones	4	4	—	—
Indemnizaciones de Terceros	21	14	7	50.0
Otros	178	151	27	17.9
Total³	935	900	35	3.9

¹ Notes to the Consolidated Financial Statements for the year ended 31 December 2020.

² Includes Euro 16 million relating to capital subsidies and Euro 12 million in operating grants during 2020 (Euro 18 million and Euro 5 million, respectively, in 2019).

³ Includes Euro 237 million relating to revenue from ordinary customer contracts during 2020 (Euro 257 million in 2019).

Operating expenses

Operating expenses in 2020 amounted to Euro 15,693 million, down by 20.6% year on year.

Millions of Euros

	Operating expenses			
	2020	2019	Difference	% Var.
Procurements and Services	11,573	14,252	(2,679)	(18.8)
Power Purchases	3,631	4,904	(1,273)	(26.0)
Fuel consumption	1,100	1,780	(680)	(38.2)
Transmission Costs	5,000	5,302	(302)	(5.7)
Other variable procurements and services	1,842	2,266	(424)	(18.7)
Work carried out by the Group for its assets	(275)	(295)	20	(6.8)
Staff costs	1,147	1,022	125	12.2
Other Fixed Operating Expenses	1,351	1,338	13	1.0
Depreciation and amortisation, and impairment losses	1,897	3,453	(1,556)	(45.1)
Total	15,693	19,770	(4,077)	(20.6)

¹ Notes to the Consolidated Financial Statements for the year ended 31 December 2020.

Procurements and services

Procurements and services (variable costs) totalled Euro 11,573 million in 2020, 18.8% down on the previous year. The variation in these costs in 2020 was as follows:

- > Power purchases decreased by Euro 1,273 million (–26.0%) to Euro 3,631 million, mainly as a result of decrease in physical units and lower arithmetic average price in the wholesale electricity market, which stood at Euro 33.96/MWh (–28.8%).

This heading features a sum equal to Euro 9 million (Euro 6 million net of the tax effect) corresponding to

the amortisation and depreciation of inventories at mainland coal-fired plants (Euro 82 million and Euro 62 million, respectively, in 2019).

- > Fuel consumption stood at Euro 1,100 million, down by Euro 680 million (–38.2%) on account of the reduction in thermal production over the period (–32.0%).
- > "Other Variable Procurements and Services" on the consolidated income statement came to Euro 1,842 million, down from Euro 424 million (–18.7%) compared to 2019, the breakdown of which was as follows:

Millions of Euros

Other variable procurements and services				
	2020	2019	Difference	% Var.
Variation in Energy Stock Derivatives	296	654	(358)	(54.7)
Carbon dioxide (CO ₂) emission rights	229	372	(143)	(38.4)
Tax on electricity generation	234	225	9	4.0
Radioactive waste treatment	213	181	32	17.7
Street lighting/works licences	172	195	(23)	(11.8)
Nuclear charges and taxes	125	97	28	28.9
Social Bonus	51	51	-	-
Catalonia Environmental Tax	54	-	54	Na
Hydraulic charge	30	34	(4)	(11.8)
Other	438	457	(19)	(4.2)
Total	1,842	2,266	(424)	(18.7)

¹ Notes to the Consolidated Financial Statements for the year ended 31 December 2020.

This amount includes:

> The Euro 358 million year-on-year fall (-54.7%) of the expenses relating to the measurement and settlement of energy derivatives mainly attributable to the change in the valuation and liquidation of gas derivatives combined with the Euro 10 million fall (-1.8%) in income from this item recorded in Section 2.3.1. "Other Operating Income", page 434, of the Legal Documentation Report.

> The Euro 143 million decrease (-38.4%) in carbon dioxide (CO₂) emission rights on account of the reduction in thermal production during the period (-32.0%).

> Euro 54 million outgoings in 2020 in relation to tax on installations with an impact of the environment charged in Catalonia following the passing of Law 5/2020, 29 April, by the regional government of Catalonia and the reversal of Euro 27 million in Catalan nuclear tax recorded in 2019 following the declaration of its unconstitutionality pursuant to the ruling of the Constitutional Court dated 12 April 2019.



Fixed operating expenses

Below are details of other fixed operating expenses in 2020 and their year-on-year variation:

Millions of Euros

	Fixed operating expenses			
	2020	2019	Difference	% Var.
Work carried out by the Group for its assets	(275)	(295)	20	(6.8)
Staff costs	1,147	1,022	125	12.2
Other Fixed Operating Expenses	1,351	1,338	13	1.0
Total	2,223	2,065	158	7.7

¹ Notes to the Consolidated Financial Statements for the year ended 31 December 2020.

In 2020, fixed operating expenses came to Euro 2,223 million, up by Euro 158 million (+7.7%) year on year. To analyse the variation in these expenses during 2020, consideration must be given to the following effects:

- > The signing of the "V ENDESA Framework Collective Bargaining Agreement" has resulted in a change to certain social benefits, mainly in relation employee electricity tariff including non-active staff, which has led to the valuation of the prior actuarial liability for defined benefit commitments not insured at the date of effectiveness of the "V ENDESA Framework Collective Bargaining Agreement", with a positive net impact of Euro 10 million and the valuation of the new actuarial liability at the date of effectiveness of the "V ENDESA Framework Collective Bargaining Agreement" with a positive impact of Euro 515 million (Euro 386 million, net of the tax effect). Furthermore, at 31 December 2020, ENDESA updated the valuation of actuarial liabilities for defined benefit commitments with a net impact of minus Euro 70 million.
- > The workforce restructuring plans have generated a provision of Euro 159 million in the consolidated income statement for 2020 (Euro 119 million, net of the tax effect), the recognition of a provision of Euro 213 million in the consolidated income statement for 2020 (Euro 160 million, net of the tax effect) in line with the Decarbonisation Plan, the recognition of provisions worth Euro 387 million in the consolidated income statement for 2020 (Euro 290 million, net of the tax effect) pursu-

ant to ENDESA's commitment in its 2021-2023 strategic plan to making the efficiency improvements envisaged by means of the departure of approximately 1,200 employees in addition to the digitisation of processes, and the update to provisions in line with existing workforce restructuring plans, with a positive impact of Euro 44 million on the consolidated income statement for 2020 (Euro 1 million, positive, in 2019).

- > Expenses in relation to sanctions proceedings amounted to Euro 42 million (Euro 57 million in 2019).
- > The impairment of other materials relating to coal-fired plants in 2019 for the sum of Euro 21 million, Euro 16 million net of the tax effect.
- > As part of the Public Responsibility Plan and procurement purchases in relation to the COVID-19 health crisis, ENDESA recognised outgoings of Euro 25 million in 2020 (Euro 22 million, net of the tax effect).

Without taking into consideration the impact set out in the preceding paragraphs, the fixed operating expenses for 2020 would have fallen by Euro 32 million (-1.6%).

Depreciation and amortisation and impairment losses

Depreciation and amortisation charges and impairment losses for 2020 amounted to Euro 1,897 million, down by Euro 1,556 million (-45.1%) on 2019 attributable, in essence, to the following aspects:

- > Impairment of coal-fired power plants on the mainland. Registration, during 2019, of impairment corresponding to coal-fired power plants on the mainland for the sum of Euro 1,366 million in line with the decision taken on 27 September 2019 to discontinue their operations. During 2020, the net provisions recorded for this item resulted in the reversal of Euro 17 million being recognised.
- > Impairment of Cash-Generating Units (CGUs) for the non-mainland territories of the Balearic Islands, Canary Islands, Ceuta and Melilla.

On 28 December 2019, Order TEC/1260/2019, of 26 December, was published, setting out the technical and economic parameters to be used in the calculation of the remuneration of electricity production activity in the Non-mainland Territories (TNP) with additional remuneration regime during the regulatory period 2020-2025. This review of technical and economic parameters meant for ENDESA, among other aspects, a decrease in the remuneration of operating and maintenance costs for the regulatory period 2020-2025, and as a result, the recoverable amount of the Cash Generating Units (GDU) of the non-mainland territories (NPT) of the Balearic Islands, the Canary Islands, Ceuta and Melilla was less than their book

value, so an impairment loss of Euro 404 million was recorded in the consolidated income statement.

At 31 December 2020, the recoverable value of the assets of the non-mainland Territories of the Balearic Islands, the Canary Islands, Ceuta and Melilla was reestimated, taking into account, inter alia, the publication dated 7 August 2020 in the Official State Gazette of Order TED/776/2020, 4 August, which reviews the product and logistics prices to be used in the determination of the fuel price, and sets a cap value for the standard installation clearance start-up time applicable to production facilities located in the non-mainland territories with additional remuneration. As a result of this reestimation, an impairment was recognised for the Cash Generating Units (CGUs) of each of the non-mainland territories of the Balearic Islands, Canary Islands, Ceuta and Melilla for the total sum of Euro 338 million.

For further details, consult "Depreciation and amortisation, and impairment losses", page 438 of the Legal Report.

Net financial loss

Net financial loss for 2020 and 2019 came to Euro 134 million and Euro 184 million, respectively.

Millions of Euros

	Net financial loss ²			
	2020	2019	Difference	% Var.
Net financial loss ³	(146)	(185)	39	(21.1)
Financial income	28	27	1	3.7
Financial expense	(174)	(212)	38	(17.9)
Net exchange differences	12	1	11	1,100.0
Total	(134)	(184)	50	(27.2)

¹ Notes to the Consolidated Financial Statements for the year ended 31 December 2020.

² Net Financial Profit/(Loss) = Financial Income - Financial Expenses + Net Exchange Differences.

³ Net Financial Expense = Financial Income - Financial Expense.

In 2020, net financial expense came to Euro 146 million, Euro 39 million down (-21.1%) year on year.

In 2020, net exchange differences came to plus Euro 12 million, (plus Euro 1 million in 2019), mainly on account of borrowings in US dollars (USD), associated with rights of use as part of freight agreements for the transport of liquefied natural gas (LNG).

The following effects should be considered when examining net financial loss during 2020:

Net expenses on financial liabilities at amortised cost came to Euro 132 million, Euro 1 million down (-0.8%) year on year, due to the combination of the lower average cost of gross financial debt, which increased from 1.8% in 2019 to 1.7% in 2020 financial, and the change in gross average financial debt between the two years, from Euro 7,431 million in 2019 to Euro 8,104 million in 2020.

As a result of the Constitutional Court's ruling concerning the unconstitutionality of Royal Decree Law 2/2016 of 30 September, revenue of Euro 7 million was recognised in 2020, corresponding to the late payment interest accrued on the payments of companies tax in instalments corresponding to 2016 and 2017 due to the difference between the rate that was previously in place

and the increase in the rate introduced by said Royal Decree Law, which has now been cancelled.

Furthermore, as a result of the discontinuation of operations at the Litoral Power Plant (Almería), in 2019 this item included impairment for the sum of Euro 21 million corresponding to the compensation received by ENDESA Generación, S.A.U. from the Port Authority of Almería pursuant to the provisions of the Act of partial extinction of the concession that it holds with it at the Port of Carboneras.

Equity

At 31 December 2020, ENDESA, S.A. had share capital of Euro 1,270,502,540.40, represented by 1,058,752,117 shares with a par value of Euro 1.2 each, fully subscribed and paid up and all admitted for trading on the Spanish Stock Exchanges. There were no changes in share capital in 2020 and 2019.

At 31 December 2020 and 2019, the percentage of ENDESA, S.A. share capital held by the Enel Group through Enel Ibería, S.L.U. was 70.1%.

At these dates, no other shareholder held more than 10% of the share capital of ENDESA, S.A.

Millions of Euros

	31 December 2020	31 December 2019
Total equity of the Parent	7,315	7,688
Share capital	1,271	1,271
Share premium	89	89
Legal reserve	254	254
Revaluation reserve	404	404
Other reserves	106	106
Valuation adjustments	(74)	59
Translation differences	1	1
Unrealised asset and liability revaluation reserve	(75)	58
Reserve for actuarial gains and losses	(487)	(821)
(Treasury shares and own equity instruments)	(2)	—
Retained earnings	6,495	7,067
Interim dividend	(741)	(741)
Total equity of non-controlling interests	150	149
TOTAL EQUITY	7,465	7,837

6

BUSINESSES**GENERATION**

ENDESA's total installed capacity at the end of 2020 came to 22,465 MW. Of this amount, 17,667 MW corresponded to the mainland electricity system and the remaining 4,798 MW to non-mainland systems (Balearic and Canary Islands and Ceuta and Melilla).

SUPPLY

In 2020, ENDESA supplied 71.1 TWh to customers in the national electricity market through more than 10 million supply points, achieving a market share of 32.4% in terms of energy supplied, and retaining its position as the clear leader in the sector.

INFRASTRUCTURE AND NETWORKS

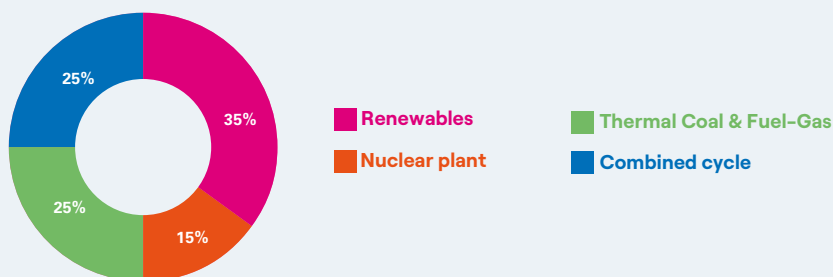
The number of distribution customers increased to 12.5 million in 2020, up by 0.3%.



GENERATION BUSINESS

ENDESA's total installed capacity at the end of 2020 came to 22,465 MW. Of this amount, 17,667 MW corresponded to the mainland electricity system and the remaining 4,798 MW to non-mainland systems (Balearic and Canary Islands and Ceuta and Melilla). These figures include 7,763 MW of renewable energy on the mainland and 62 MW in the non-mainland electrical systems.

STRUCTURE OF INSTALLED CAPACITY AT ENDESA AS AT 31/12/2020



During 2020, demand for electricity in Spain dropped by 5.1% year on year (adjusted for working days and temperature), maintaining the same trend as seen the previous year. In terms of the coverage of demand, worth particular mention is the increase in the contribution of renewable generation (45.5%) compared to thermal power (54.5%). The contribution of solar photovoltaic generation, turbine-pumped generation and hydraulic generation have made up for the decrease in coal-fired generation as part of the decarbonisation process, in addition to the decrease in generation from combined cycle plants. Nuclear and wind generation are among the technologies that contributed the most to meeting demand, accounting for 23% of the mix, followed by combined cycle plants on 16% and hydraulic generation on 13%. The growth in solar power is also worth particular mention, contributing 8%. Lastly,

1% of demand was covered by energy imported from other countries (source: REE).

Against this backdrop, ENDESA generation facilities generated a total of 56,269 GWh in 2020, 8.4% down year on year on account of the reduction in the generation of power at coal-fired plants, combined cycle plants and non-mainland electrical systems, mainly attributable to the impact of COVID-19. Of this amount, 69.8% (39,254 GWh) corresponded to emissions-free generations, 7.9% up on 2019, with 17,015 GWh attributable to the generation of power at coal-fired, gas and fuel plants, down by 32%.

In terms of power generation using conventional energy sources, on the mainland, the reduction in domestic coal-fired generation (-86.9%) is worth particular mention, as is the reduction in generation using imported coal (-75.5%) and generation from combined cycle plants (-25%).

ENDESA POWER OUTPUT AT BUSBAR COST (GWH)

	2020	2019	% var.	% s/ Total
Hydraulic	7,682	5,861	31.1	13.7
Solar and Wind	5,733	4,228	35.6	10.2
Biomass	0.9	1.2	-22.3	0.0
Nuclear	25,839	26,279	-1.7	45.9
Emission-free total	39,254	36,369	7.9	69.8
Mainland Domestic Coal	201	1,532	-86.9	0.4
Mainland Imported Coal	1,009	4,115	-75.5	1.8
Mainland Combined Cycle Plants	5,677	7,566	-25.0	10.1
Non-Mainland Electrical Systems (NMES)	10,127	11,820	-14.3	18.0
Total Thermal	17,015	25,033	-32.0	30.2
Total	56,269	61,402	-8.4	100

In terms of generation with renewable energy sources, worth particular mention is the increase in contribution compared to the previous year of wind and solar generation, accounting for (+35.6%) in addition to the increase in hydraulic generation (+31.1%).

Renewable generation

At the end of 2020, ENDESA had 7,825 MW gross installed capacity in renewable energies, of which 4,793 MW corresponded to hydraulic power, 2,423 MW to wind power,

609 MW to photovoltaic power and 0.5 MW to biomass plants.

In 2020, ENDESA generated 13,415 GWh using renewable energy sources. Of this amount, 7,681 GWh corresponded to hydraulic power, 5,235 GWh to wind power, 498 GWh to photovoltaic power and 0.9 GWh to biomass plants.

Construction of renewable energy facilities: wind and solar farms

Over the course of 2020, 12 new farms were constructed and commissioned adding a total of 389 MW. Their construction during 2020 was completed in line with the planned budget:

WIND FARMS 2020

Project	Region	MW installed capacity
1 Motilla	Castile-La Mancha	51
2 Oriche	Aragon	13.86
3 Cañaseca	Aragon	18
4 Dehesa	Aragon	3.45
5 San Francisco	Aragon	23.9
6 Los Gigantes	Aragon	21.3
		131.51



PHOTOVOLTAIC PROJECTS 2020

Project	Region	MW installed capacity
7 Augusto	Badajoz	49.91
8 La Vega I	Malaga	43.24
9 La Vega II	Malaga	43.24
10 Las Corchas	Seville	49.9
11 Los Naranjos	Seville	49.48
12 Sa Caseta	Mallorca	21.83
		257.6

2020 was marked by the COVID-19 pandemic, which has had an impact on the country as a whole; with a view to this impact, the Engineering & Construction team rolled out measures including but not limited to:

- > Segregation of work teams on site.
- > Temperature control upon entry to all work sites.
- > Mass COVID-19 rapid test campaigns for all workers on site, including those employed by Enel Green Power and subcontractor employees. PCR laboratory tests upon demand.
- > Mandatory use of FFP2 masks.
- > Screens to separate workers in booths.
- > Additional use of protective overalls as part of wind turbine inspections.

Furthermore, the pandemic served to speed up the digitalisation process, with virtual inspection and visitation systems rolled out with the use of smart glasses on site. The same tool was also rolled out at certain public authorities, which carried out inspections prior to the issuance of operation authorisations or other similar certifications. The digitalisation process was also given a boost in the form of a common, shared platform with contractors, used to measure progress with all projects. The flow of communication and approval of documents now uses this platform, which brings together all the applications used in one place.

Two further innovation measures were tested for the first time at our work sites. The first involved the use of exoskeletons to reduce muscle tension suffered by workers when installing solar panels. The second, a new system for anchoring the solar panel to the solar tracker, allows work to be performed more quickly and safely.

The construction of this wind and solar power (389 MW) involved an approach that placed an emphasis on shared value creation, ensuring that there was a positive impact on local communities while actively managing the relationship with local stakeholders. Sustainability measures were implemented on site, including:

- > Professional training for local workers on the construction and maintenance of solar plants.
- > Covering own consumption needs using solar power.
- > Recycling rainwater.
- > Use of electric vehicles for travelling between the office and construction site.
- > Recycling material with local companies.

In addition to the 12 projects launched during the year, construction began at 4 more sites, which will be completed over the course of 2021. These 4 projects, coming to a total of 118 MW, could not be completed in 2020 due to the delay in obtaining a number of constructive permits, as the pandemic affected management work and certain processes were delayed.

Over the course of 2020, two new procurement methods were implemented for the construction of plants:

- > The so-called NEW DELIVERY MODEL (NDM), for the optimisation of internal staff resources and proactive collaboration with contractors, which has been employed in 5 projects.
- > A FULL EPC format for 3 solar power projects. The main difference is that the contractor assumes responsibility for the supply of panels, inverters, structure and obtaining the corresponding permits.

Acquisitions 2020

Spain

On 7 July 2020, Enel Green Power España acquired:

- > 100% of the capital of "Parque Eólico Tico, S.L.U."; owner of the 180 MW "Tico Wind Farm" located in Aragon.
- > 100% of the capital in "Tico Solar 1, S.L.U.", owner of the 49.9 MW "Tico Solar 1" photovoltaic project, located in Aragon.
- > 100% of the capital in "Tico Solar 2, S.L.U.", owner of the 33.7 MW "Tico Solar 2" photovoltaic project, located in Aragon.

Portugal

On 14 September 2020, ENDESA Generación Portugal S.A. acquired 100% of the capital in "Suggestion Power, Unipessoal, Lda."

This company owns the 114 MW "Pereiro" photovoltaic project, located in Tavira, in relation to which we were ultimately the successful bidder at the renewable auction in Portugal in August 2020.

Conventional generation

At 31 December 2020, ENDESA had an installed capacity of 14,640 MW of conventional power, of which 3,453 MW corresponded to nuclear generation facilities, 2,887 MW to coal-fired generation facilities and the remaining 8,300 MW to combined cycle, fuel oil and gas oil facilities. These figures include the 855 MW Elecgas combined cycle plant located in Portugal.

This represents merely the beginning of the huge challenge of speeding up the investment in renewable energies and decarbonisation.

Expansion of the portfolio in 2020

Furthermore, over the course of the year, Enel Green Power España worked to expand its portfolio of wind and solar projects, as well as on making progress with and maturing those already in the portfolio. These projects will increase capacity in the coming years, both at the current REE infrastructures and their future planning for the 2021- 2026 period. The foregoing, combined with the new renewable energy auctions scheduled each year by the Spanish Gov-

ernment for the 2020-2025 period, will ensure the continued growth of renewable capacity moving forwards and increase the possibility of closing trade agreements for the sale of renewable energy.

This represents merely the beginning of the huge challenge of speeding up the investment in renewable energies and decarbonisation.



New facilities and operational improvements at conventional generation facilities

The main electricity infrastructure projects started, developed, or completed by ENDESA during 2020 in Spain are as follows:

Mainland grid

- > Completion of engineering, civil works and the electromechanical assembly of the SO₂ emission reduction system at two of the four units at the Puentes thermal power plant (A Coruña). System in commercial operation since July 2020.
- > Completion of work to dismantle units 1 and 2 at the Compostilla thermal power plant.
- > Obtainment of a resolution for the closure, and the actual closure, of units 3, 4 and 5 at the Compostilla thermal power plant. Start of dismantling work during the fourth quarter of 2020.
- > Obtainment of a resolution for the closure, and the actual closure, of the Teruel thermal power plant. Start of dismantling work in the fourth quarter of 2020.
- > Inspection of the hot parts of gas turbines and the review of the steam turbine and alternators at the As Pontes combined cycle plant, in which a series of investments have been made simultaneously with a view to improving the competitiveness of the plant in the current market scenario.

Non-mainland system

- > Performance of modernisation work on the control systems of units 3 and 4 of the Alcudia thermal generation unit (Mallorca).
- > Performance of works to partially close the ash landfill at the Alcudia thermal generation unit (Mallorca).
- > Execution and assembly for the commissioning of a pioneering energy storage system of 4 MW of power,

with second-life batteries of electric cars in the Melilla Diesel Power Plant. This system will help to provide support and secure the supply of electricity in the autonomous city, creating a system that is isolated in terms of energy as well as being a sustainable and cost-effective solution.

- > Installation and commissioning of new state-of-the-art burners at the Son Reus cycle 1 gas turbines, with a view to minimising NO_x emissions.
- > Completion of water pipeline work running from the Mahón Es Castell's wastewater treatment plant to the Mahón plant, for them to be treated at a demineralised water plant and for their subsequent injection into gas turbines, ensuring compliance with the emissions limits set out in the IED and BREF.



- > Engineering, civil works and electromechanical assembly work is under way to adapt the 80 MW steam units at the Granadilla and Barranco de Tirajana thermal power plants to the emissions limits set out in the BREF, involving the catalytic reduction of NO_x in boiler outlet gases. The project is envisaged to be commercially operational in August 2021.
- > Construction, installation, legalisation and operation of a new 4,000 m³ fuel oil tank at the Los Guinchos Diesel Plant, expanding the plant's strategic reserve of fuel oil. The first phase of the project was commissioned in July 2020.

Mining

In 2020, the work for the morphological restoration of lands occupied by the treatment facilities was completed at the Puertollano mining complex. The final design involves the reuse of the facilities, such as the *Site Camp* and Control and Storage Centre, for the company's photovoltaic projects planned in the region.

In 2020, the first milestone required for the closure of the Peñarroya mining complex was achieved: the administrative authorisation for the partial abandonment of work on the land not occupied by the end gap.

ENDESA in the wholesale market

The Spanish wholesale market

During 2020, 236.5 TWh of power were allocated in the mainland for sale to end customers in the electricity market, for export and to cover the consumption of the system itself (i.e. grid losses, auxiliary consumption by power stations and pumping consumption). Pumping consumption, exports and the Mainland-Balearics interconnection totalled 2.8 TWh (source: REE). 56% of demand was covered by conventional thermal generation, 45% by renewable energy and 1% by the export balance with international in-

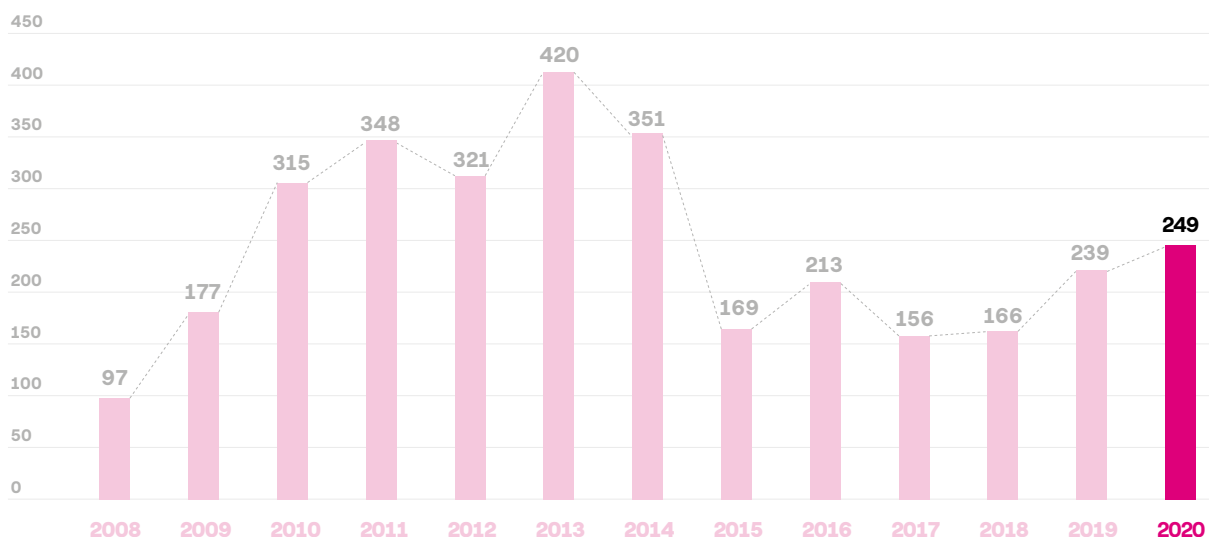
terconnections, the mainland-Balearic Islands connection and pumping consumption.

During 2020, a volume of approximately 249 TWh was traded on forward electricity markets, 4% up on 2019. Of the total volume traded, 16 TWh were secured on Organised Markets (OMIP and EEX). Of the remaining 233 TWh (volume traded on OTC), 226 TWh were registered with the three clearing house operating in Spain: EEX (180 TWh), OMIClear (18 TWh) and MEFFPower (28 TWh). The percentage of the total volume cleared at clearing houses (both via

ENDESA considers guaranteeing access to electricity supply, its continuity, security, efficiency and quality as one of its priorities.

the continuous market and clearing) continued the upward trend seen in previous years, to almost 100% (97%) in 2020 compared to 89% in 2019, 81% in 2018 and 69% in 2017. Furthermore, around 7 TWh can be traced to long-term products, up to year+10, with volume similar seen in 2019 (6 TWh). Price performance was neutral, with decreased in the first quarter (especially during the first wave of COVID-19) offset during the rest of the year.

**VOLUME TRADED ON FORWARD MARKETS.
SPAIN (TWH)**



A volume of approximately 162 TWh was traded on the gas market (PVB) in 2020, up year on year by approximately 5.9%. On the organised MIBGAS market, a total of 54 TWh was traded, accounting for 33% of the volume compared to 67% for OTC transactions.

Average day-ahead price

The average arithmetic price of the electricity market in 2020 was Euro 34/MWh, down by 28.8% when compared to the price seen in 2019 (Euro 47.7/MWh), the lowest seen since 2004.

The year was marked by the health crisis and its impact on demand and the commodity and electricity markets.

The thermal gap decreased by 27.4% (20.6 TWh) compared to 2019. Demand fell by 5.6%, conventional hydraulic generation increased by 23.6% and renewable generation, excluding conventional hydraulics, was up by 9.2%.

The average day-ahead price started the year close to the annual high (Euro 41.1/MWh in January) before dropping to a low in April (Euro 17.7/MWh), as a result of the decrease in the thermal gap and the fall in the price of fuels during the first part of the year. From then on, it recovered, in line with the recovery of the price of fuels in the second part of the year, setting highs in the months of September, November and December (Euro 42/MWh).

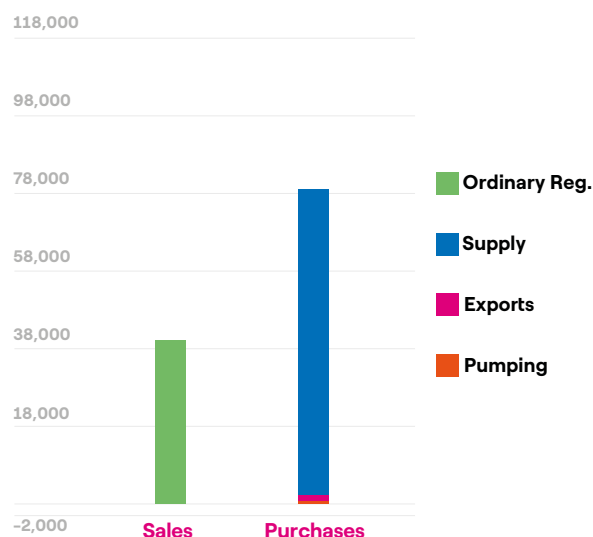
Electricity sales and purchases on the wholesale market

In 2020, ENDESA sold 40,000 GWh on the wholesale market, accounting for 30% of the total supply in relation to the Ordinary Regime and imports.

Almost 74% of the Company's sales in the Ordinary Regime were the result of bilateral contracts; and the remainder were made on the OMEL and REE markets.

Endesa acquired 80,000 GWh on the wholesale market, of which 97% was used to cover supply, and the rest for pumping consumption and exports.

ENDESA SALES AND PURCHASES (GWH)



Sales and purchases on the wholesale gas market

In 2020, ENDESA acquired a total of 23.2 TWh of gas on the short-term wholesale natural gas market to supply its customers in Spain and Portugal. During the same period, sales of natural gas on the wholesale market came to 10.2 TWh. (NOTE: these volumes include PVB transactions, tanker LNG in Spain and FOB/DES LNG in the international market).

CO₂ market: approval of ETS reforms

2020 was a very volatile year for CO₂, both on account of COVID-19 and regulatory changes, displaying a clearly upward trend. The CO₂ market started in 2020 with a neutral trend of around Euro 25 per tonne up until the outbreak of the COVID-19 crisis, when there was a sharp fall in mid-March to levels below Euro 20 per tonne. For the rest of the year, CO₂ recovered from the losses seen in March, recording historic highs in December, reaching Euro 33.29 per tonne, driven by the EU's new 2030 emission reduction target.

Fuel procurement

The year was marked by the health crisis and its impact on demand and the commodity and electricity markets. The thermal gap on the MiBEL dropped compared to 2019 as a result of increased conventional hydraulic generation and renewable generation.

Against this backdrop, ENDESA continued participating in the financial and physical wholesale markets.

FUEL SUPPLIES TO ENDESA

	2020	2019	Dif. %
	Total	Total	
Domestic coal (kt)	—	130	-100
Imported coal (kt)	1,072	3,594	-70
Liquid fuel (kt)	1,668	1,981	-16
Natural gas CCP (bcm)	1.6	1.7	-8
Natural gas supply (bcm)	5.0	5.7	-13

Note: Including non-mainland electrical systems.

ENDESA imported 1 million tonnes of coal during the year, 70% down on 2019. This decrease is attributable to the decrease in competitiveness of coal-fired power plants, which had already been seen towards the end of 2019. In terms of liquid fuels, 1.7 million tonnes were handled, down by 16% on 2019, as a result of the entry of renewable plants. The volume of gas managed for own consumption was 1.6 bcm, while the volume managed for the purposes of supply was 5.0 bcm.

Risk management in the electricity business

The results of ENDESA's deregulated business are subject to a number of risk factors, including changes in commodity price (electricity, gas, coal, CO₂ emission allowances) and the euro/dollar exchange rate (market risk), potential contractual breaches of counterparties (credit risk), regulatory changes and other factors associated with business operations (operational risk).

The hedging strategy applied in 2020, as was the case in the previous years, took into account commercial sales ac-

tivity, according to which Endesa sold a greater volume of electricity than it actually generated. This strategy combined the forward hedging of thermal generation assets to capture their optional value, based on the ability of these assets to generate more power when prices increase and thus minimise risk, in addition to energy purchase programmes on wholesale markets to cover positions resulting from the supply of electricity. These strategies manage risk through trades on the various forward commodity markets.

As is the case of electricity, the risk inherent to the gas portfolio is managed through a coverage mechanism specific to this business.

In terms of the CO₂ emission allowance markets, ENDESA's exposure to these rights is handled in a similar way to the other commodities involved in the formation of the price of thermal generation.

The application of the series of hedging and trading strategies indicated make it possible to limit the level of risk within the thresholds established for the markets.

Energy management and participation in European wholesale markets

Endesa operates in several European wholesale markets to optimise its activities outside Spain and Portugal. Among other targets, this gives the Group the necessary power to supply its European customers, to optimise management of its generation portfolio via the Spain-France interconnection. Import and export operations involving guarantees of origin and other renewable energy products to different European countries are also performed, helping to optimise the management of renewable assets.

Due to falling gas prices and declining demand caused by the COVID-19 pandemic, energy prices fell during the first quarter of 2020, hitting lows of Euro 38/MWh for the Spanish reference product Calendar21. For the rest of the year, prices gradually recovered thanks to rising gas prices and US emissions, ending the year at Euro 50/MWh.

endesa



SUPPLY BUSINESS

In 2020, ENDESA supplied 71.1 TWh to customers in the national electricity market through more than 10 million supply points, achieving a market share of 32.4% in terms of energy supplied, and retaining its position as the clear leader in the sector. Its average market share in areas not covered by its distribution grid was almost 28%.

ENDESA remains one of the main operators on the Portuguese deregulated electricity market, with a share of 15.6%. At the end of the year, ENDESA had supplied 7.1 TWh to more than 407,000 the supply points.

Customer Services Excellence Plan

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

ENDESA considers a customer focus as one of the main priorities of its relationships.

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

Personal contact

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

> Large customers and companies (B2B):

ENDESA's management team is organised by sector as well as by territory. This gives the Company in-depth knowledge of customer needs and allows it to offer them tailor-made competitive solutions. The Company has around 350 personal sales managers throughout the country, in addition to a telephone hotline and a dedicated website.

> General public (B2C):

ENDESA has 11 sales offices in Spain and 2 in Portugal, in addition to 253 service points distributed across the country:

	Service points	Sales offices
Andalusia-Extremadura	85	3
Aragon	23	1
Balearic Islands	18	1
Canary Islands	23	2
Catalonia	58	3
Rest of Spain	46	1
Portugal	—	2
ENDESA	253	13

Personal contact services remained closed during the State of Alarm declared due to the impact of the Covid-19. At the end of May, they were reopened to the public once all the necessary measures had been put into place to ensure customers could enjoy a safe service. The main actions implemented entailed the installation of methacrylate screens at all customer service stations, the distribution of masks, gels and gloves and the hanging of different informative posters with the main messages to prevent infection. Furthermore, the use of appointment and video call services were encouraged.

A number of audit inspections were performed through a specialist company to ensure that the health measures implemented were being complied with.

Call centre

ENDESA's call centre handled approximately 17.4 million interactions in Spain in 2020, which represents an increase in traffic of 18% year on year, mainly due to the exceptional circumstances seen in 2020. An important part of this additional traffic was handled by implementing procedures supported by AI.

46% of customers who chose to contact ENDESA's call centre did so on grounds in relation to the business cycle (billing and payment), 17% for contractual changes, and 6% to request services. The Telefónica call centre remained one of the Company's main sales channels.

In 2020, the telephone service continued to make progress towards becoming a Cognitive Contact Centre, and set an industry reference by winning the Excellence in Customer Relations Award for the Best Digital Transformation Project. These awards are organised by the AEERC (Spanish Association of Customer Relations Centres) and acknowledge the major progress made during 2020 in terms of the transformation of the Contact Centre from the perspective of customer service, agent management and supplier relations. As part of this framework, the following lines of work performed throughout 2020 are worth particular mention:

> The **Digitalisation of the Contact Centre**, enhancing the use of self-service through Artificial Intelligence as a pillar of customer service. The integration of Watson (IBM AI), as another tool at the Contact Centre, provides a consistent customer experience, using a unique conversational model, that marks the way forward in the Contact Centre industry. The use of AI was also a basic pillar in ensuring customer service during the months of March to June, when on account of the pandemic and

lockdown measures, it was not possible to provide assistance using other channels.

Digitalisation was also achieved via Virtual Hold solutions, which reduce the efforts required from customers while ensuring the target accessibility levels.

- > **Operational efficiency**, the roll-out of a robust Out-of-Office (OoO) work solution across all geographies that the Contact Centre covers, making it possible to keep all agents operational, guaranteeing safety and health conditions, supported by remote monitoring solutions to ensure that the service levels established are met.
- > **Efficiency and quality through the Cronos project**, a project that seeks to reduce management times with the customer by improving the perceived quality, and in which all partners providing services over the phone are involved.

Despite the adverse context of 2020, the performance of this channel was very positive, helping to provide ENDESA customers with a service at a time when other channels were unable to remain online due to the lockdown measures.



Online service

The unique circumstances seen in 2020 have resulted in the speeding up of the digitalisation process and, therefore, they have given a major boost to online customer service. All this was made possible by the plans to strengthen the infrastructure, human team and technological resources that ENDESA employees rolled out during the initial stages of the pandemic.

Along these lines, by the end of 2020, ENDESA's commercial website, www.endesa.com, boasted 2.7 million registered customers (17% up on 2019), with more than 2.6 million contracts. These users made more than 2 million interactions per month, with invoice queries the most common operation, both on the website and using the app, which was downloaded more than 900,000 times over the past year.

ENDESA also serves the regulated market through retailer Energía XXI, whose website, www.energiaxxi.com, serves 1 million registered customers and received almost 300,000 visits per month during 2020, the first full year since it was launched. In 2020, e-invoicing also received a major boost, consolidating its status with 4.4 million contracts in force.

Sales to deregulated customers

As at 31 December 2020, ENDESA had 5,690 thousand customers on the deregulated market.

- > 4.4 million customers (-3.8%) on the Spanish mainland market.
- > 0.8 million customers (-2.4%) on the non-mainland market.
- > 0.4 million customers (+16.6%) on deregulated European markets outside Spain.

In economic terms, sales amounted to Euro 8,245 million (-12.3%), broken down as follows:

- > Sales on the Spanish deregulated market came to Euro 7,201 million in 2020, down by Euro 1,119 million on those recorded in 2019 (-13.4%), mainly on account of the lower amount of energy sold.
- > Outside Spain, revenue from sales to deregulated European customers came to Euro 1,044 million, 3.7% down on 2019, mainly due to the evolution of the unit price and the lower amount of energy sold.

Sales at regulated prices

During 2020, ENDESA sold 11.7 TWh through its Reference Retailer, of which 11.3 TWh went to customers charged at the regulated price (PVPC), in line with the figures recorded in 2019.

These sales account for revenues of Euro 1,839 million, down by 10.5% from those in 2019, mainly on account of a decrease in the sale price.

The Spanish natural gas market

Natural gas consumption in Spain came to more than 360 TWh, down by 9.6% when compared to 2019. Excluding power plant consumption (24.5% of the total), conventional end-customer demand decreased (-5.3%) when compared to 2019.

ENDESA in the Spanish natural gas market

Gas trading

ENDESA sold a total of 58.3 TWh of natural gas to customers in 2020 (excluding generation and wholesale sales), which represents a 12.7% decrease on the 2019 figure.

In economic terms, revenue from gas sales in 2020 came to Euro 1,865 million, Euro 585 million down (-23.9%) on 2019, as broken down below:

- > Gas sales on the deregulated market were Euro 1,812 million, down Euro 557 million on 2019 (-23.5%), due mainly to the decrease in the physical units sold and to the decrease in the sales price in the "Business to Business" (B2B) segment.
- > Revenue from gas sales to customers at a regulated price amounted to Euro 53 million, down by Euro 28 million (-34.6%) on 2019, mainly on account of the decrease in price.

Conventional market

ENDESA's customer portfolio in the conventional natural gas market as at 31 December 2020, excluding power generation sales, consisted of approximately 1.7 million customers, up by 1.5% on the number of customers recorded at 31 December 2019.

ENDESA is the second largest gas supplier in Spain, with a 14.3% share of the conventional market.

In terms of the Portuguese gas market, ENDESA supplied more than 5.1 TWh end customers, up by 8.9% compared to 2019.

Electricity generation market

Natural gas sales to electricity generation plants totalled 18.4 TWh in 2020, 8.1% lower than in 2019.

International market

A volume of 17.5 TWh of natural gas was supplied in France, Portugal, the Netherlands and Germany, 12.7% down on 2019, mainly on account of the decrease in sales in France.

ENDESA X

At the heart of the energy revolution, ENDESA X has become the main driving force to accelerate innovative, digital and sustainable growth, with digitalisation and "platformisation" key to improving customer experience and efficiency.

In this connection, ENDESA X has created an integrated, digital and tailored ecosystem, structured around the needs of customers (based on digital platforms) and has launched solutions that transform energy into services.

e-Industries: in the field of industry and business, ENDESA X drives new opportunities through energy efficiency, distributed generation and audit and consulting services, with a particular emphasis on flexible services (consultancy, energy efficiency technologies, distributed generation and energy demand management, such as Demand Response), managing the entire industrial ecosystem from the perspective of "Energy as a Service", as part of a value proposition that integrates services onto a digital platform. The main services provided include:

- > Energy Management Service (EMS) and Comfort Management (CM). ENDESA X is helping customers in the industrial and services sector, through analytical advice and advanced monitoring of their consumption, to increase their savings, energy efficiency and, ultimately, achieve a more sustainable and proactive consumption in these sectors on the path to decarbonisation.

- > In response to the circumstances resulting from the COVID-19 health crisis, ENDESA X has developed Air Quality, a new solution that allows customers to adapt to new conditions quickly and effectively, in addition to conveying an image of safety and awareness of the health crisis. This solution is structured around the two most effective factors in minimising the risk of COVID infection: firstly, monitoring and ventilation, and secondly, capacity control at facilities.

ENDESA X has created a joint venture with an investment fund to offer its customers investment-based business models from the perspective of "Energy as a Service". Furthermore, improving the competitiveness of photovoltaic energy and integrating the self-generation of electricity, as part of our customers' production processes, have been at the heart of our commercial activity in 2020.

e-City: when it comes to cities, ENDESA X supports their transformation through digital platforms that make it possible to boost energy efficiency in buildings, lighting and mobility, promoting "Smart Cities".

Thanks to the commercial development of the City Analytics service, ENDESA X is providing public administrations, through "Big Data" and "Artificial Intelligence" technology, with information on the aggregate movements of the general public in urban centres. This information makes it possible to:

- > Take mobility and safety decisions in case of events or periods in which tourist numbers increase.
- > Dynamically organise mobility based on traffic.
- > Optimise the size and location of public services and infrastructures, including the definition of parking areas, means of public transport, placement of electric vehicle charging stations or waste collection management.

Decarbonisation in cities also involves the electrification of public transport. Along this lines, ENDESA X is promoting the roll out of electric buses by committing to innovative models such as the "Electric Bus as a Service". One relevant project has seen ENDESA X install two new ultra-fast 500 kW charging stations using pantographs for electric buses on the H16 line of Barcelona's TMB bus network, guaranteeing the charging capacity required for 22 electric buses.

e-Mobility



e-Mobility: this represents one of the main pillars of ENDESA X, where there is a clear commitment to the energy transition and the decarbonisation of transport. In this regard, ENDESA X promotes the development of electric vehicles as one of the main means of combatting climate change and promotes electric mobility as an instrument for facilitating a zero-emission energy model.

ENDESA X's e-Mobility business line develops and markets electrical mobility solutions for customers in the residential, industrial, commercial and public administration sectors, in addition to management solutions for the public and private charging infrastructure, playing an active role in this field to position itself as the industry leader.

Public Charging:

- > In 2020, work continued with reaching the goal of having 2,000 electric vehicle charging stations installed in 2020, facilitating the movement of electric vehicles anywhere in Spain.
- > During a second phase (between 2021 and 2023), this plan intends on installing a further 6,500 new publicly accessible charging stations at shopping centres, car parks, hotel chains, service areas or on public roads to accompany the growth of the electric vehicle market, providing greater coverage in the charging infrastructure to urban areas and major strategic communication hubs, both on the mainland and on Spanish islands, bringing the total number of public access stations to more than 8,500.
- > In 2020, the customer experience was enhanced and redesigned in the form of the "JuicePass" app, allowing customers to locate charging stations, plan their journey to the station via GPS and manage electric vehicle charging directly from their mobile phone, providing access to detailed information on charging stations, prices, charging powers and access times. It is also possible to book time at a charging station, monitor charging details in real time and access past information on charging sessions and invoices.

Private charging:

- > Furthermore, ENDESA X continues to market end-to-end value proposals for the roll-out of private electric vehicle charging, providing electric mobility solutions to customers in the residential, business and commercial sectors, in addition to the public administration, using the advanced technology included in the "Juice" line of equipment, such as "JuiceBox", "JuicePole", "JuicePump" charging equipment, etc.
- > ENDESA X has developed charging infrastructures to be used in the home, designed for private owners of electric vehicles. Their home is the main charging station, where electric cars can be charged over extended periods, in particular overnight.

For companies, ENDESA X offers a comprehensive solution that includes the installation, supply and maintenance of equipment in addition to the remote management of all information on the use of the charging infrastructure. Furthermore, with a view to making it easier for companies to switch to electric mobility, ENDESA X Servicios, S.L.U. has teamed up with Athlon to create the first "All-in-One" electric rental service for companies: "OneElectric", combining the use of an electric vehicle plus the charging station and its installation in a single instalment.

e-Home: for homes and small businesses, ENDESA X offers products and services for the home, providing consumers with the latest maintenance and repair, digitalisation and self-consumption technologies. As part of the commercial development of Homix, a smart home device that can be integrated with Amazon Alexa, ENDESA X is simplifying family life by facilitating the integrated management of heating, security and lighting in homes.

Homix makes it possible to capture the full potential of the ecosystem thanks to its pivotal role in the activities of residential customers, facilitating the management of domestic services. It learns from the household's use habits to autonomously offer answers to people's needs.

With a growing portfolio of contracts with customers, which in 2020 came to 1.9 million contracts (+14% vs 2019), ENDESA X remains committed to service and innovation, launching products that best meet the needs of its customers.

ENDESA X has created an integrated, digital and tailored ecosystem structured around the needs of its customers.

Generation and supply margin

In 2020, the gross margin came to Euro 3,529 million, up by Euro 196 million (+5.9%) year on year as a result, in essence, of the drop in variable costs (-17.7%) on account of the reduction in thermal production during the period (-32.0%).

In 2020 financial, gross operating income (EBITDA) stood at Euro 1,941 million (+9.7%) as a result, mainly of:

- > The 5.9% increase in the gross margin.
- > Income recognised as a result of the change to the social benefits arising from the entry into force of the "V ENDESA Framework Collective Bargaining Agreement", amounting to Euro 215 million.
- > The registration of provisions for staff restructuring plans relating to the Company's Decarbonisation Plan, the digitalisation of processes and other plans under the "Agreement on Voluntary Measures to Suspend or Extinguish Labour Contracts" for the sum of Euro 310 million.
- > The update to provisions for current workforce restructuring costs for Euro 17 million (positive) in 2020 (Euro 4 million (negative) in 2019).
- > The impairment of other materials relating to coal-fired plants in 2019 for the sum of Euro 21 million, Euro 16 million net of the tax effect.

Operating income (EBIT) in 2020 stood at Euro 742 million, up by Euro 1,731 million as a result, mainly, on account of:

- > The 9.7% increase in gross operating income (EBITDA).
- > The recognition, in 2019, of an impairment in the value of the assets of the coal-fired plants in the mainland amounting to Euro 1,366 million pursuant to the decision taken on 27 September 2019 to discontinue their activity, in addition to the subsequent reversal of impairment in 2020 for the sum of Euro 17 million.
- > The provisioning, in 2020, of impairment for the cash generating units (CGUs) for each of the non-mainland territories of the Balearic Islands, Canary Islands, Ceuta and Melilla for the sum of Euro 338 million (Euro 404 million in 2019).

INFRASTRUCTURE AND GRID BUSINESS

ENDESA considers ensuring access to the supply of electricity as a priority, in addition to its continued supply, safety, efficiency and quality; to this end, the development of the necessary infrastructures that make this possible is of the utmost importance.

The number of distribution customers increased to 12.5 million in 2020, up by 0.3%.

ENDESA distributes electricity across 24 Spanish provinces in 8 autonomous communities (Andalusia, Aragon, the Balearic Islands, the Canary Islands, Castile and León, Catalonia, Extremadura and Galicia) and in the autonomous city of Ceuta, spanning a total of 195,488 km² and a population of more than 21 million inhabitants.

ENDESA's distribution networks supplied 96,596 GWh of power to customers in 2020, down by 5.7% on 2019.

ENDESA's network supplied 124,658 GWh of power in 2020 measured at busbar cost, covering 43% of total demand in Spain, which totalled 245.7 TWh, according to the Spanish electricity system operator.

The regulated income from distribution activities in 2020 came to Euro 2,175 million, Euro 91 million down (–4.0%) on 2019, following the implementation of the new remuneration parameters that came into force for the 2020–2025 regulatory period.

Development of distribution infrastructure

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



The number of customers with contracts for accessing the company's distribution networks came to 12.5 million.



ENDESA's distribution network lines in Spain spanned 315,365 kilometres, of which 40.5% corresponded to underground lines. The number of substations at year-end came to 1,314.

Thus, the length of the high voltage lines came to 19,642 km (4% of which were underground). Medium-voltage lines accounted for 114,003 km, 36% of which were underground. Low-voltage lines span 181,720 km, 47% of which are underground.

The number of substations came to 1,314 with an installed capacity of 88,673 MVA.

The number of transformation centres run by the company is 130,056.

In addition to extending this infrastructure, ENDESA also undertook a large number of initiatives to improve quality of supply. These included maintenance work, upgrading facilities and improving the automation of the HV and MV networks.

Supply continuity

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

In 2020, TIEPI in markets supplied by ENDESA in Spain stood at 46.9 minutes, bringing the service reliability to 99.99% of total hours during the year.

The NIEPI stood at 1.22 in 2020.

The TIEPI performed more positively in 2020 than was the case the previous year, mainly as the network proved itself to be more resilient, with weather factors having a lower impact, with the sole exception of "Storm Gloria" in January 2020.

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

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

Interruption time	2018	2019	2020	Change 2020-2019
Andalusia	73	70	56	-20%
Aragon	69	58	53	-9%
Balearic Islands	54	51	35	-31%
Canary Islands	40	50	39	-22%
Catalonia	53	54	39	-28%
Extremadura	80	74	58	-22%
ENDESA	61	61	47	-23%

Note: Unaudited data for 2020.

Outages in the grid

In terms of outages in the grid, ENDESA is taking effective action to reduce the volume of technical and non-technical outages, with support from multidisciplinary and specialist teams.

The application of technological advances, using and processing the data obtained in mass and automatically from low- and medium-voltage networks, combined with the use of predictive machine learning models based on Big Data technology, have led to a significant decrease in non-technical outages that have, in turn, improved the volume of total outages in ENDESA networks.

Distribution margin

In 2020, the gross margin came to Euro 2,546 million, which represents a decrease of Euro 100 million (-3.8%) year on year; this can mainly be attributed to the drop in regulated income from the distribution activity, totalling Euro 91 million (-4.0%), as a result of the application of new remuneration parameters that entered into force for the 2020-2025 regulatory period.

In 2020, gross operating income (EBITDA) stood at Euro 1,972 million (-6.1%). This can be attributed to factors including but not limited to:

1. The negative performance of the gross margin (-3.8%).
2. Income recognised as a result of the change to the social benefits arising from the entry into force of the "V ENDESA Framework Collective Bargaining Agreement", amounting to Euro 269 million.
3. Provisions for staff restructuring in relation to the digitalisation of processes and other plans under the "Agreement on Voluntary Measures to Suspend or Extinguish Labour Contracts" for the sum of Euro 315 million.
4. The update to provisions for current workforce restructuring costs for Euro 5 million (positive) in 2020 (Euro 1 million (positive) in 2019).

Operating income (EBIT) in 2020 stood at Euro 1,337 million, down by 9.2% year on year, mainly as a result of the 6.1% decrease in gross operating income (EBITDA).



7

INTERNAL CONTROL SYSTEMS

CONTROL

ENDESA has mechanisms in place for the supervision of internal information and control systems and the effectiveness of the Company's internal control.

Ethics

The Code of Ethics approved by the Board of Directors defines the ethical commitments and responsibilities in relation to the management of the business and business activities.

TRANSPARENCY

The company ensures compliance with and the implementation of the General Principles of Financial and Non-Financial Information (confidentiality, transparency, consistency and accountability).



INTERNAL CONTROL SYSTEMS

Board of Directors

One of the responsibilities of the Board of Directors that cannot be delegated is the supervision of internal information and control systems and the Audit and Compliance Committee, pursuant to the Corporate Enterprises Act, is responsible for monitoring the effectiveness of internal control at the Company, as set out in the "Code of Good Governance of Listed Companies" (revised by the CNMV in June 2020).

The Board of Directors maintained its role as the highest body of administration and representation of the Company, as set out by Law and in the Company's by-laws. The Board of Directors, which has extensive powers in the management, administration and representation of the Company, as a general rule, entrusted the ordinary management of the Company to the delegated management bodies and focussed its activities on general supervision, considering matters of particular importance to the Company and its group of companies.

The Board was also responsible for establishing the basis for the adequate and efficient coordination of the Company and the companies that belong to its Group, of which the company is the Parent as provided for by Law, with respect for the autonomy of their administrative bodies and directors when it comes to making decisions pursuant to the social interest of the Company and each of these companies.

Audit and Compliance Committee

The rules of ENDESA's Audit and Compliance Committee stipulate that the main function of the Audit and Compliance Committee is to advise the Board of Directors and

to supervise and control the preparation and presentation of financial and non-financial information, the independence of the auditor and the effectiveness of internal risk management and control systems, in addition to reporting to the Board of Directors on related-party transactions as provided for by the legislation in force. It is responsible for overseeing the effectiveness of the internal control over the Company's financial and non-financial information and reporting this to the Board of Directors, in addition to discussing any significant weaknesses in the internal control system detected by the external auditor during the audit process.

It is also responsible for supervising the internal audit services, ensuring their independence and effectiveness, proposing the selection, appointment, reappointment and removal of the internal audit service, and receiving regular report-backs on its activities, verifying that senior management is acting on the findings and recommendations of its reports.

The members of the Audit Committee, are appointed with regard to their knowledge and background in accounting, auditing and financial and non-financial risk management matters.

Transparency Committee

The Transparency Committee was set up in 2004, chaired by the Chief Executive Officer and consists of ENDESA's main directors, including all members of the Executive Management Committee together and other members of management at ENDESA directly related to the preparation, verification and dissemination of financial and non-financial information.

This Committee's main purpose is to ensure compliance with and the correct application of general financial and non-financial reporting principles (confidentiality, transparency, consistency and responsibility) by evaluating the events, transactions, reports and other matters of relevance disclosed and determining the manner and deadlines for making these disclosures.

The duties of the Transparency Committee also include assessing the findings submitted to it by the ENDESA's Administration, Finance and Control Department, based on the report drawn up by ENDESA's Internal Control unit, with respect to compliance with and the effectiveness of the ICFR system and the internal controls and procedures concerning market disclosures, taking corrective and/or preventative action and reporting to the Audit and Compliance Committee of the Board of Directors in this respect.

Internal control over financial reporting unit

In supporting the Transparency Committee, the ENDESA Group's Administration, Finance and Control Department performs the following ICFR-related duties:

- > Proposing financial reporting policies to the Transparency Committee for approval.
- > Assessing the effectiveness of ICFR and reporting its conclusions and any possible breaches of the approved Internal Control policies to the Transparency Committee.

Internal control unit

ENDESA's Administration, Finance and Control Department has a dedicated Internal Control Unit tasked with the following duties:

- > Communicating approval of ICFR policies and procedures to ENDESA's various subsidiaries and business units.
- > Maintaining, updating and providing the company with the ICFR model and the process and control-related documentation.
- > Defining the flow charts for certifying the evaluation of the effectiveness of the controls and procedures defined in the ICFR model.
- > Overseeing the process for certifying internal controls over financial reporting and the internal disclosure controls and procedures, issuing regular reports on its conclusions with respect to the system's effectiveness.

All aspects relating to internal control over financial information are regulated in organisational procedure No. 5 "Internal Control over Financial Reporting", which seeks to establish the operating principles and bodies responsible for establishing and maintaining internal controls over financial information, with a view to ensuring its reliability and that reports, facts, transactions, or other relevant aspects are communicated internally and externally in the correct form and within the corresponding deadline. The ICFR system is evaluated and certified every six months.

The Board-approved Zero Tolerance Plan Against Corruption requires all ENDESA employees to be honest, transparent and fair in the performance of their work.



Codes of conduct

Code of Ethics

ENDESA has a Board-endorsed Code of Ethics which itemises the ethical commitments and duties to which the professionals working for ENDESA and its subsidiaries, be they directors or staff, no matter their positions, are bound in the course of managing these companies' business and corporate activities.

The Code of Ethics comprises:

- > The general principles governing relations with stakeholders that define the ENDESA's benchmark business principles.
- > The standards of conduct for dealing with all groups of stakeholders, enshrining the specific guidelines and rules which ENDESA professionals must adhere to in order to uphold the general principles and avoid unethical behaviour.
- > The Implementation Mechanisms, which establish the organisational structure around the Code of Ethics, responsible for ensuring the correct knowledge and understanding of the Code and compliance with its provisions by all employees.

The principles and provisions of the ENDESA Code of Ethics must be respected and complied with by the members of the Board of Directors, the Audit and Compliance Committee and other governing bodies of ENDESA and its subsidiaries, as well as these entities' executives, employees and any other professionals related to ENDESA via contractual relationships of any class, including those working for or with them on an occasional or temporary basis. The 16 principles defined in the ENDESA Code of Ethics are:

- > Honesty
- > Shareholder relations
- > Appropriate conduct in the event of conflicts of interest
- > Confidentiality
- > Protection of shareholders' investments

- > Value of human capital
- > Management fairness
- > Integrity
- > Information transparency and integrity
- > Diligence and precision in executing tasks and fulfilling contracts
- > Fair competition
- > Supply and product quality
- > Social responsibility
- > Propriety and fairness in managing and possibly renegotiating contracts
- > Protecting the environment

Zero Tolerance Plan Against Corruption

The Board-approved Zero Tolerance Plan Against Corruption requires all ENDESA employees to be honest, transparent and fair in the performance of their work. The same commitments are expected of its related parties, i.e. people, groups and institutions that help ENDESA meet its objectives or that are involved in the activities it performs in order to achieve its goals.

In compliance with Principle 10 of the Global Compact, of which ENDESA is a signatory, "Businesses should work against corruption in all its forms, including extortion and bribery", the ENDESA Group expressly rejects all forms of corruption, direct and indirect, to which end it has programme of commitments in the performance of its activities to fight corruption in place.

Criminal risk prevention model

ENDESA's Criminal Risk Prevention Model came into force on 1 January 2012, and consists of a control system that seeks to prevent or significantly reduce the risk of crimes being committed at the company, pursuant to the provisions of the Spanish Criminal Code in relation to the criminal responsibility of legal entities.

The following protocols that establish the general criteria for action in different areas form part of ENDESA's criminal risk prevention model:

1. Action protocol in relation to conflicts of interest.
2. Exclusive dedication and a non-compete commitment.
3. Protocol regarding the acceptance and offering of gifts, presents and favours.
4. Action protocol for dealing with public officials and authorities.

The Code of Ethics and the Zero Tolerance Plan Against Corruption are available for consultation on the company's website: <https://www.endesa.com/es/accionistas-e-inversores/gobierno-corporativo/conducta-etica>

Whistleblowing channel

Since 2005, ENDESA has had a whistleblowing channel, accessible via its website and on its intranet, so that all stakeholders can report, securely and anonymously, any irregular, unethical or illegal conduct which has, in their opinion, occurred in the course of ENDESA's activities.

The procedure established ensures the confidentiality of this system, as it is managed by an external, independent company, which processes all complaints and communications.

Complaints made via channels other than the Ethics Channel are forwarded to the Internal Audit Department, in accordance with ENDESA's internal procedures.

The Audit Department is responsible for ensuring all complaints received are processed correctly. This department acts independently of the opinions of all other departments within the organisation. It has access to all the corporate documents necessary to carry out its functions and monitors the implementation of the recommendations included in its audit reports.

The Audit Department also reports to the Board of Directors through the Audit and Compliance Committee which in turn centralises and channels all significant complaints before reporting on them to the Board.

During 2020, ENDESA received, either through the whistleblowing channel or other means, a total of 4 complaints that differed in nature. They were all fully investigated over the course of 2020.

Risk assessment in financial reporting (ICFR)

The Internal Control Over Financial Information System forms part of the company's internal controls and is represents the company's complete set of processes that provide reasonable security as regards the reliability of both internal and external financial information.

ENDESA's Internal Control Unit is responsible for identifying the most relevant processes, activities, risks and controls in relation to the Internal Control Over Financial Reporting System that are considered material in reasonably ensuring that the information disclosed externally is reliable and appropriate.

To this end, the company's processes have been documented with the following basic aims in mind:

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

Every six months, the control system is subject to an assessment process, as part of which each control manager assesses both its design and its effectiveness. Furthermore, a continuous verification process is performed by an independent expert.

The outcome of both these processes are reported to:

- a) the Board of Directors, which, pursuant to the Corporate Enterprises Act (LSC), is solely responsible for supervising internal information and control systems; and
- b) the Audit and Compliance Committee (ACC), which, pursuant to the Corporate Enterprises Act (LSC), is responsible for monitoring the effectiveness of the Company's internal controls.

1	The Enel Group	2	Economic, energy and regulatory framework	3	Corporate governance	4	Strategy	5	Financial data	6	Businesses
7	Internal control systems	8	Sustainability	9	Technology and innovation	10	Our people	11	Other activities	12	Appendices



INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

The General Risk Control and Management Policy

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

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

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

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

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

The control and risk management model implemented at the company is in line with international standards, following a methodology that is based on the three lines of defence model.

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

The General Risk Control and Management Policy defines the Internal Risk Control and Management System as an interwoven system of rules, processes, controls and information systems, as part of which global risk is defined as the risk resulting from the full view of all the risks to which ENDESA is exposed, having regard to the effects of mitigating the various exposures to and categories of risk, which makes it possible to consolidate and evaluate the risk exposure of the different units at the Company, as well as prepare the corresponding management information for making decisions on risk and the adequate use of capital. The risk control and management process entails the identification, assessment, monitoring and management over time of the different risks, and includes the main internal and external risks to which the company is exposed. The General Risk Control and Management Policy, defined and approved by the Board of Directors at ENDESA, S.A., is the central element of the system, based on which the following documents are prepared:

- > Specific risk control and management policies, for example, the "Tax Risk Management and Control Policy" or the "Criminal and Anti-Bribery Compliance Policy",

approved by the Board of Directors at ENDESA, S.A. and which define the catalogue of specific risks and controls.

- > > Organisational documents, which provide details of the relevant aspects of the risk management and control processes.
- > > ENDESA's Risk Appetite Framework, which sets out the main risk indicators and the levels of risk considered acceptable in addition to the management and mitigation mechanisms.
- > > ENDESA's Risk Map, which provides a prioritised overview of all relevant risks.

Furthermore, in light of the increased interest in the management and control of risks to which companies are exposed and given the complex nature of identifying them from a comprehensive perspective, it is important that employees are involved at all levels of this process. In this regard, a risk mailbox has been created where employees can report market risks and propose mitigation measures, thus adding an extra layer to existing top-down risk management and control systems in addition to specific mailboxes and procedures for sending communications related to breaches of ethical principles, criminal risks, tax risks and occupational risks.

ENDESA's Criminal and Anti-Bribery Risk Prevention Model

Organic Law 5/2010 amending Organic Law 10/1995 of 23 November on the criminal code, subsequently amended by Organic Law 1/2019 of 20 February, set out a range of offences applicable to legal entities, establishing the need to implement monitoring and control measures for their prevention and detection.

This legal system was reformed under Organic Law 1/2015 of March 30, which provides details of the requirements that allow legal entities to prove their diligence in the field of crime prevention and detection. Pursuant to the provisions of this Organic Law, ENDESA has gradually implemented internal regulatory instruments that have satisfied the need for adequate control and management systems applied in relation to criminal detection and prevention,

The General Risk Control and Management Policy identifies the different types of financial and non-financial risks that the company faces.

particularly in relation to conduct that may be interpreted as consisting of bribery.

ENDESA's Criminal and Anti-Bribery Compliance Management System (hereinafter referred to as the "Compliance System") consists of an integrated series of provisions, used as a basis for preparing the Criminal and Anti-Bribery Compliance Policy, which adheres to the legal requirements in Spain in relation to this area and is considered sufficient in meeting the expectations placed on organisations operating pursuant to the highest levels of commitment in the most advanced markets.

The main activities performed by ENDESA in terms of the effective implementation of the Compliance System involve the assessment of risks and control activities and the supervision thereof, thus guaranteeing its design and operation.

The Criminal and Anti-Bribery Compliance Policy was approved by the Board of Directors on 6 November 2017 and updated on 4 May 2020; it serves to complement the General Risk Control and Management Policy, setting out the general principles of the Compliance System, which govern the content and application of all corporate internal regulations as well as the organisation's actions.

Responsibility for the verification, monitoring and updating of the Compliance System are entrusted to the Criminal Risk Supervision Committee; ultimately, the System's operation and compliance is supervised by the Board of Directors' Audit and Compliance Committee (ACC).

Internal Control Over Financial Reporting System (ICFR)

The Internal Control Over Financial Information System (ICFR) forms part of the company's internal controls and represents the company's complete set of processes that provide reasonable security as regards the reliability of both internal and external financial information.

ENDESA's Internal Control Unit is responsible for identifying the most relevant processes, activities, risks and controls in relation to the Internal Control Over Financial Reporting System (ICFR) that are considered material in reasonably ensuring that the information disclosed externally is reliable and appropriate.

The Transparency Committee is the ENDESA Management body responsible for assessing conclusions in relation to compliance with and the effectiveness of the controls set out in the Internal Control Over Financial Reporting System (ICFR) and internal controls and procedures for the disclosing information externally, preparing corrective and/or preventive actions in this regard. The conclusions of the Transparency Committee are then reported to the Audit and Compliance Committee (ACC).

Risk control and management

ENDESA has established a risk control and management process providing it with a comprehensive view of all the risks to which it is exposed, taking into account the mitigation effects between the different exposures and categories, in addition to the preparation of the corresponding management information for decision-making in terms of risk and the appropriate use of capital.

The Risk Committee supervises the management and monitoring of all risks, excluding those of a criminal nature and those in relation to internal control and financial information; the results of its discussions and conclusions are reported to the Audit and Compliance Committee (CAC) of the Board of Directors at ENDESA S.A.

The Risk Committee delegates responsibility to Risk Control for defining the procedures and standards in relation to the Internal Risk Control and Management System, ensuring that all risks within its remit with an impact on the entity, including those not included on the statement of financial position, are identified, characterised, quantified and adequately managed, in addition to monitoring risk exposure and the control activities implemented. In the performance of its duties, Risk Control receives support from other areas and committees with specific and complementary risk management and control models and policies.



8

SUSTAINABILITY**RESPONSE TO COVID-19**

As part of its commitment to society and in light of the health, economic and social emergency caused by COVID-19, ENDESA decided to draw up a Public Responsibility Plan in 2020, setting aside provisions of Euro 25 million.

COMPLIANCE WITH THE 2020-2022 SUSTAINABILITY PLAN

ENDESA has addressed each of the priorities and strategic pillars defined in the 2020-2022 Sustainability Plan, through more than 100 quantitative management targets, securing an overall rate of compliance of 91%.

INITIATIVES ALIGNED WITH THE CORE BUSINESS

ENDESA promotes initiatives that break down the economic barriers faced by vulnerable groups, provide energy training and education, ensure access to technology or infrastructures and promote energy efficiency and raise awareness about its use.



COMMITMENT TO SUSTAINABILITY

ENDESA considers sustainability an essential factor of its business culture, helping the company to maintain a position of leadership and strengthen in preparation for the future. To this end, it includes sustainability in its strategy and contributes to sustainable development through the creation of long-term value.

With a view to successfully overcoming the sustainability challenges faced by society, ENDESA has defined a series of cross-cutting principles and commitments based on the company's corporate values, governing both the management and action taken in economic, social, ethical and environmental areas and its relations with all stakeholders.

These principles and commitments are set out in the new Sustainability Policy, updated in 2020, published on the website; the purpose of this Policy is to formalise and specify the principles that guide the management of sustainability and the future commitments that form part of ENDESA's framework of action in relation to Sustainable Development, reflected in the Company's mission, vision and values.

The Sustainability and Corporate Governance Committee is responsible for reviewing the sustainability policy and informing the Board of Directors of any possible changes to the sustainability policy and plan in line with the functions and responsibilities set out in the Sustainability and Corporate Governance Committee Regulations.



COMMITMENT TO THE UNITED NATIONS AGENDA

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

This vision is shared within the Enel Group, which has publicly committed to 4 SDGs and redefined its targets to ensure compliance with the 2030 Agenda:

- > SDG 13 (Climate Action): in line with the Science Based Targets Initiative's 1.5 °C forecast and IEA Scenario 1.5, there is a commitment to reducing specific Scope 1 GHG emissions in by 82 g CO₂ eq/kWh by 2023.
- > SDG 9 (Industry, Innovation and Infrastructure) and SDG 11 (Sustainable Communities and Cities): approximately 49 million end users with active smart meters and the installation of approximately 780,000 public and private charging stations by 2023.
- > SDG 7 (Affordable and clean energy): by 2023, approximately 70% net renewable installed capacity.

Indirectly, Enel contributes to SDG 4, 8 and 7 through social programmes and initiatives. These commitments are as follows:

- > SDG 4 (Quality education): 5 million beneficiaries between 2015 and 2030.
- > SDG 7 (Affordable and clean energy): 20 million beneficiaries between 2015 and 2030.
- > SDG 8 (Decent Work and Economic Growth): 8 million beneficiaries between 2015 and 2030.

In turn, ENDESA assumes these commitments and adapts them to the context in which it operates. In this connec-

tion, since its 2016 announcement concerning its specific contribution to the 2030 Agenda, the company has continued to make progress with its commitment to four main goals that directly affect its business model:

- > SDG 13 (Climate Action): decarbonisation of the energy mix by 2050, setting ambitious targets to reduce specific CO₂ emissions compared to 2017 by 80% prior to 2030 and 100% prior to 2050. Furthermore, it has set an emissions-free generation target of approximately 75% by 2023, 80% by 2030 and 100% by 2050.
- > SDG 9 (Industry, Innovation and Infrastructure) and SDG 11 (Sustainable Communities and Cities): Capex investment of Euro 2,600 million (+30%) in infrastructures and grids between 2020 and 2023 and the Plan to roll out 56,000 charging stations (public and private) on roads in 2023.
- > SDG 7 (Affordable and clean energy): as a direct contribution, ambitious targets have been included in the industrial plan, seeking to achieve 11.5 GW of renewable capacity in 2023 by increasing this capacity by approximately 50% compared to 2020, with 89% of generation CO₂ free. Indirect contributions include the development of training and education programmes focussing on energy, accessibility and the promotion of energy efficiency, reaching 4.1 million beneficiaries between 2015 and 2030.

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

These SDGs are considered a priority for ENDESA; therefore, it places greater emphasis on achieving them, although it also takes decisive action in relation to all SDGs, setting targets and reporting on them since they were introduced. To this end, ENDESA's 2021-2023 Sustainability Plan sets out the roadmap for the coming 3 years for contributing to the 2030 Agenda, thus bringing its sustainability strategy in line with this universal framework.



STRATEGIC SUSTAINABILITY PLANNING

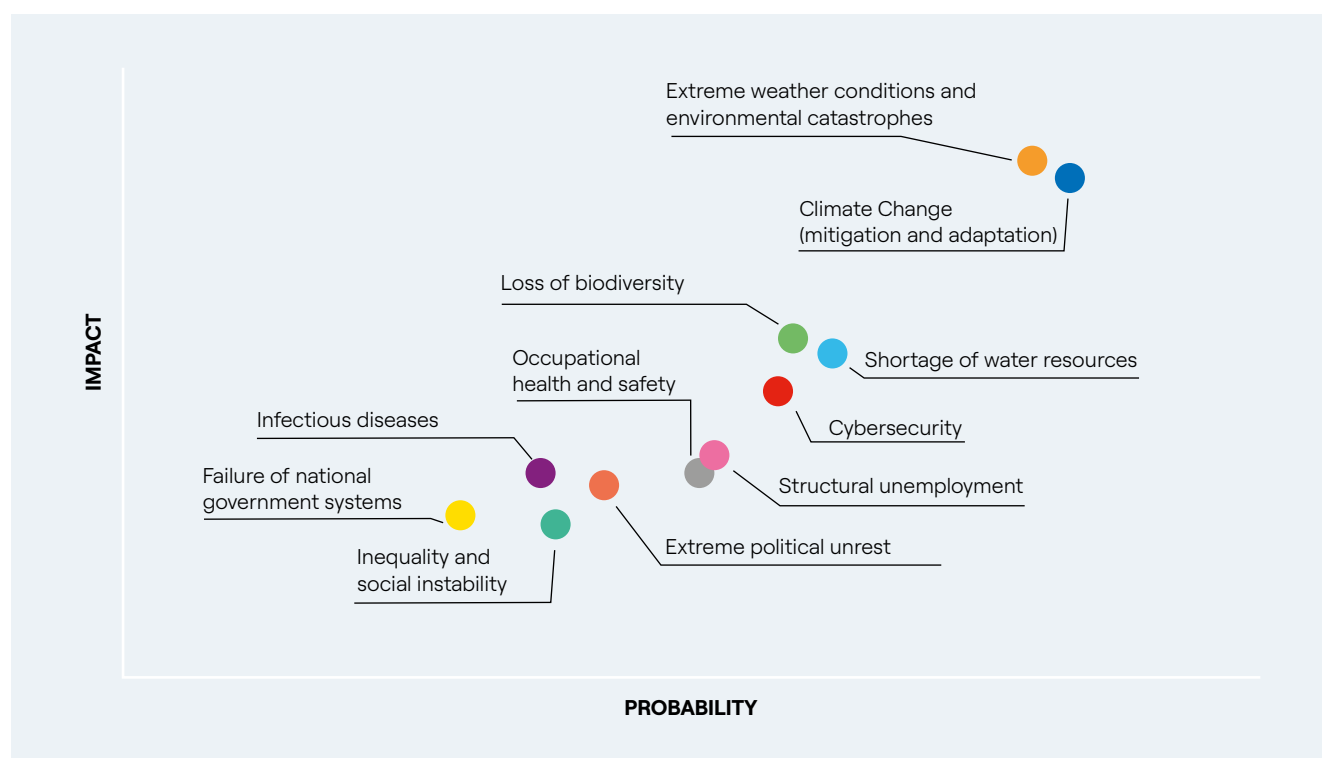
Main sustainability risks

ENDESA has established a risk control and management process providing it with a comprehensive view of all the risks to which it is exposed, taking into account the mitigation effects between the different exposures and categories, in addition to the preparation of the corresponding management information for decision-making in terms of risk and the appropriate use of capital.

The Risk Committee supervises the management and monitoring of all risks, excluding those of a criminal nature and those in relation to internal control and financial information; the results of its discussions and conclusions are reported to the Audit and Compliance Committee (CAC) of the Board of Directors at ENDESA S.A.

In terms of sustainability, ENDESA must give consideration to the different types of risk in relation to its financial and non-financial work as regards its operational, technological, legal, social, environmental, political and reputational impacts concerning the company and its environment.

The methodology applied by ENDESA is based on the annual identification of emerging risks with a medium and long-term impact with a view to analysing, controlling and preventing any possible impact that the business may suffer. To this end, ENDESA has taken as a reference the identification of global risks developed by the World Economic Forum following a consultation process involving 1,000 experts from the business, university, civil society and public sector worlds in terms of the perception of global risks over a 10-year time horizon. This provides a risk map that is tailored to the characteristics and needs of stakeholders in the context of the materiality study, highlighting the most relevant sustainability risks in addition to due diligence in human rights for identifying risks in the context of operations. This analysis is rounded off with an analysis of the company's exposure to each of the risks assumed taking the analyses performed by MSCI and Sustainalytics into consideration.



Materiality study: process for identifying priority issues

ENDESA maintains a constant dialogue with stakeholders with a view to identifying and assessing expectations in relation to the company's economic, ethical, environmental and social priorities and the business strategy in the annual materiality study. When combined, this contributes to improving the management of risks and opportunities, identifying relevant trends and issues early on, enhancing credibility and confidence by enabling synergies, promoting decision-making processes and providing opportunities for improvement and business.

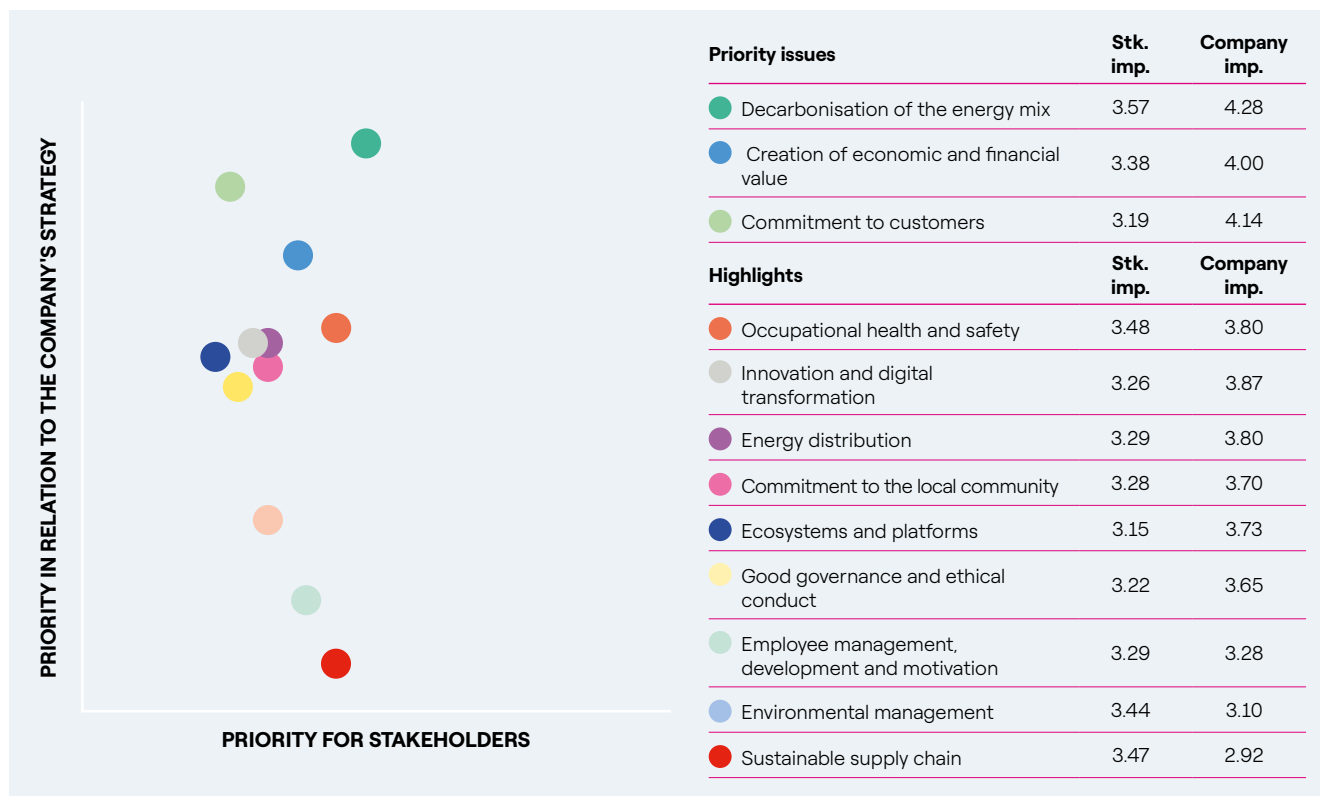
The 2020 materiality study, which served as the basis for defining the priorities of the 2021-2023 Sustainability Plan, focussed on:

- > Analysis of energy and sustainability trends with a potential impact in the present or in the future on the company's activities.
- > Analysis of investors, proxy advisors and investment analysts in relation to sustainability issues.

Sustainability is an essential factor of ENDESA's business culture, helping the company to maintain a position of leadership and strengthen in preparation for the future.

- > Review of the relevance assigned and the degree of maturity of issues as part of the management tasks performed by the main companies in the electricity sector.
- > Analysis of the media and social media.
- > Online consultations and in-depth telephone interviews with different internal and external stakeholders.
- > In-depth interviews with the senior management at ENDESA.
- > Analysis of existing reports that address issues related to the company's sustainability.

Based on the combined analysis of the relevance of each of these topics to the business strategy and the priority for stakeholders, the following matrix was created:



1	The Enel Group	2	Economic, energy and regulatory framework	3	Corporate governance	4	Strategy	5	Financial data	6	Businesses
7	Internal control systems	8	Sustainability	9	Technology and innovation	10	Our people	11	Other activities	12	Appendices

Based on the matrix set out above, the most relevant issues in terms of the company's sustainability, as was mainly the case last year, are the decarbonisation of the energy mix, the creation of economic and financial value and commitment to customers.

The decarbonisation of the economy and increasing the integration of renewable energy sources is the most relevant issue for the company's stakeholders, with a particular focus on the expansion and management of renewables. Stakeholders acknowledge ENDESA's efforts to progressively reduce the use of traditional energy sources and its commitment to a fair and orderly transition.

The priorities of stakeholders combined with the sector and business model envisaged by ENDESA resulted in the creation of the following areas of action:

- > Sector response to climate change: ENDESA is committed to enhancing the use of renewable energies and the progressive reduction in the use of fossil fuels in its energy mix.
- > Models for creating value for the new energy scenario: based on the digitalisation of the distribution and supply of its services, with a particular interest in the field of renewable energies, energy efficiency, mobility and digital services.
- > Enhancing social legitimacy: by improving the traditional social perception and implementation of a model for shared value creation throughout all phases of the life cycle of the company's operations.
- > Responsible business management: ENDESA, aware of its role in environmental, social and governance aspects as key factors in emphasising its position as a responsible company, continues to invest in areas related to human rights, human capital, occupational safety and health, environmental management, cybersecurity and sustainability throughout its supply chain.

De acuerdo a los grupos de interés consultados, la creación de valor de la empresa debe sustentarse en un conjunto de requisitos necesarios para operar e incorporar un conjunto de elementos dirigidos a generar valor de futuro para el negocio, sobre la base de la promoción de un modelo energético libre de emisiones en 2050 y a través de la continua apuesta por el desarrollo de un capital humano altamente cualificado.



Compliance with the 2020-2022 Sustainability Plan

ENDESA, aware of the importance of its stakeholders and with a view to placing an emphasis on the veracity of the company's efforts, aims to ensure that its financial and non-financial performance are equal through its Sustainability Plan (PES) in favour of the Sustainable Development Goals, with special a particular focus on SDG 13 on Climate Action, SDG 7 on Affordable and Clean Energy, SDG 9 on Innovation and Infrastructure and SDG 11 on Sustainable Cities and Communities.

ENDESA has addressed each of the priorities and strategic pillars defined in the 2020-2022 Sustainability Plan, through more than 100 quantitative management targets, securing an overall rate of compliance of 91%.

The new ENDESA 2021-2023 Sustainability Plan

The 2021-2023 ENDESA Sustainability Plan (PES) pursues the long-term value creation, based on the following strategic priorities that serve as the foundation of its objectives:

Energy transition

In line with the new Strategic Plan, climate action priorities continue to focus on decarbonising the energy mix to meet the 2050 target of being a CO₂ emissions-free company and the 2030 target of reducing specific emissions by 80% compared to 2017 in line with the latest update. The replacement of the most polluting technologies through the investment in renewables and the circular economy are the premises on which ENDESA's future is based.

Another strategic line proposed by the Company is the electrification of demand. As part of active customer management with innovative products and services, the development of efficient grids and the presentation of new products, structured around ENDESA's objectives such as the installation of charging stations for private and public use or the promotion of the virtual assistant available via the telephone service. To this end, the company: promotes efficiency and quality in asset management, promotes sustainable mobility, attracts talent and collaborates in the development of new business solutions that promote sustainability and cybersecurity.

The foregoing is possible thanks to its investment in and development of digitalisation and platforms.

People focus

- > **People we work with:** in response to the needs of its employees, ENDESA places an emphasis on their level of satisfaction, diversity and inclusion, talent development and striking a work/life balance. In turn, the positions to which the energy transition is particularly important have specific targets to mitigate the consequences of this change in model.
- > **Global and local communities:** through a model for shared value creation whose sustainability focuses on promoting access to energy, socio-economic development and education as fundamental pillars of its commitment.

ESG Pillars

- > **Sustainable supply chain:** ENDESA's current approach is based on the lines of action to continue managing the supply chain control and supervision systems in line with the best environmental, safety and human rights criteria. Furthermore, it promotes the use of sustainability criteria in the tenders involving its different suppliers.
- > **Occupational health and safety:** the PES continues to reduce employee and contractor accident rates, in addition to promoting proper safety controls in the form of medical examinations.
- > **Environmental sustainability:** ENDESA's environmental footprint continues to fall based on key environmental indicators and biodiversity conservation. Furthermore, its approach to environmental management includes targets and solutions for continuing to reduce emissions amongst fleets.
- > **Good governance:** compliance with the company's ethical commitments and responsibilities, the implementation of good practices in corporate governance and the promotion of transparency in relations and communications with all stakeholders are an ever present factor in the new PES for the 2021-2023 period.

ENDESA's 2021-2023 Sustainability Plan sets out the roadmap for the coming 3 years for contributing to the 2030 Agenda, thus bringing its sustainability strategy in line with this universal framework.

Creation of long-term sustainable value

Incorporating sustainability into the company's strategy and maintaining its commitment to the creation of long-term sustainable value, ENDESA spares no efforts in achieving its different Sustainability Plans; as a result, a high level of compliance was achieved in the 2020 Plan through the different strategic lines:

Decarbonisation

ENDESA always closely follows these intense international negotiations, aligning its business strategy with the current proposed global commitments and objectives in the fight against climate change. In this way, it maintains a commitment to contribute to the principle of "leaving no one behind", by making a fair transition and encouraging the creation of sustainable decent jobs. For ENDESA, collaboration between governments, the private sector, civil society and other stakeholders will be critical to achieving the climate targets set out in the Paris Agreement following an inclusive approach.

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

ENDESA is aware of the effects that climate change has on its business and integrates this vision not only as an element in its environmental and climate management policy, but as a major component in decision-making at business level, and the determination of its strategic plans, which implies that decisions are made at the highest level of management. The effects of climate change are becoming increasingly apparent and the response needs to be global and ambitious, promoting rigorous targets and reinforcing alliances to help combat climate change.

In 2020 Enel, ENDESA's Parent, renewed the certification of scientifically based climate targets, "Science Based Targets initiative" (SBTi), increasing ambition to align itself with a scenario to limit global warming to 1.5°C, and committing to reduce its specific Emissions of Scope 1 greenhouse gases (GHGs) by 80% by 2030, taking 2017 as the reference year. Also, by 2030, Enel remains committed to reducing its indirect emissions related to the sale of natural gas in the retail market by 16%, also taking 2017 as the reference year.

Taking this report from the Intergovernmental Panel on Climate Change (IPCC) as a reference, and considering the objectives certified on a scientific basis by ENEL, ENDESA defines its new 2021-2023 Strategic Plan, which aims to become a leader in the global transformation process and to contribute decisively to the collective objective of limiting global warming to 1.5°C, and thus allocates 94% of its investment effort for this period (amounting to Euro 7.9 billion) to climate action, SDG 13 of the United Nations Sustainable Development Goals (SDGs), which will allow it to increase installed capacity in renewable energies by more than 50% by 2023 compared to 2020.

For more details, consult the 2020 Non-Financial and Sustainability Statement.

Enabling infrastructures

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

ENDESA's own facilities that it dedicates to its customers comply with all the legal requirements and mandatory reviews are planned for each of them at the intervals applicable in each case: weekly, monthly, quarterly, annual, etc. These efforts have been rewarded in the form of the OHSAS certification for our Health and Safety Management System for the sale, installation and maintenance of products and services in relation to the supply of electrical power, thermal installations, gas and/or hot water for sanitation,

electric vehicle charging stations, face-to-face technical maintenance and repair service associated with the supply of electricity and gas, and the supply of energy products and value-added services to customers.

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

ENDESA considers a customer focus as one of the main priorities of its relationships. To this end, it focuses its efforts on improving the main customer satisfaction indicators, monitoring key indicators to see how they are helping to improve ENDESA's business quality.

The effective and objective management of customer claims is a key strategic objective at ENDESA. 2020 saw the consolidation of the new model for the end-to-end management of claims by the customer and teams dedicated to resolving claims. This represents a more cost-efficient and customer-efficient management approach, as it sim-

plifies management and results in shorter response times and more positive customer feedback. Changes in customer service systems have also resulted in an improvement in claims management, classifying claims based on the customer's language. It is worth noting that the pandemic has not resulted in a reduction of claims brought by customers, rather a change in the channel used to register them, with a significant increase in digital channels. However, there has been a reduction in the number of claims received from the public administrations.

ENDESA adapts to society's demands with a vision structured around the three main patterns of development (decarbonisation, electrification and digitalisation), which can be summarised in the formula "sustainability = value". In this regard, we stay ahead of the game by developing of innovative products and solutions in fields where energy currently makes the greatest transformations possible: city, housing, industry and electric mobility.

For more details, consult the 2020 Non-Financial and Sustainability Statement.



Our people

ENDESA continues to make significant changes with a view to becoming a more digital and innovative company; it considers offering continuous training to its employees and providing them with the best digital tools as essential factors in achieving this, thus helping to drive the cultural change required by the company. Given the impact of the COVID-19 pandemic, in 2020 leaps forward were made in the digitalisation process in which ENDESA was already immersed; this saw a new model of work implemented that saw employees receive training in digital skills, adapting their professional abilities to those currently demanded by the market.

launched to support the organisation's leaders in the remote management of people, by planning weekly targets, incentivising communication, using collaborative tools and searching for spaces and new channels to research people's well-being.

ENDESA is committed to talent development and personal and professional growth as part of its business strategy focussed on the sustainability of human capital. In this regard, in 2020 a range of professional development actions were taken, adapted to the specific needs of each business. Worth particular mention were the workshops aimed at people managers, with a view to improving their leadership skills ("Coach Manager"



The circumstances seen in 2020 challenged the organisation's style of leadership. At the same time, ENDESA's digitalisation process and the adoption of new approaches to work associated with streamlining, as well as data-driven decision-making, took on particular importance this year. From the very onset of the health crisis, the People and Organisation Division chose to have as many people as possible working from home as a precautionary measure. As a result, since March, a number of initiatives were

and "Coach Manager+" courses), coaching actions (both teams and individuals), mentoring initiatives and consultancy adapted to the specific requirements of each business.

ENDESA's commitment to people involves promoting their professional and personal development through continuous training, in line with the company's strategic goals in all areas of action, helping them to contribute to excellence at the company.

ENDESA's remuneration policy is in line with the recommendations set out in the national and international corporate governance regulations. Its main objective is to retain, attract and motivate the best talent, prioritising internal equality, external competitiveness and establishing remuneration in line with the best practices used on the market. In this regard, ENDESA's remuneration policy ensures competitive and fair remuneration for its employees. In 2020, an in-depth study was performed on employee salaries and the gap between men and women, as part of which two types of indicators, mean and median, were analysed to gain a deeper understanding of their causes. Firstly, the average salary of men and women at ENDESA were subject to analysis, which had improved by 0.6% since 2019 (from 8.4% to 7.8%). Furthermore, the median was analysed as being an indicator of the wage gap at ENDESA. This indicator avoids the most extreme values skewing the results and yields specific information on wage discrimination details, as it is not affected by the number of people in each group. Values in the middle area show a gap of 3% in 2020, confirming the absence of wage discrimination. For more details, consult the 2020 Non-Financial and Sustainability Statement.

Responsible relations with communities

ENDESA's commitment to the development of the communities in which it operates is part of the company's Shared Value Creation Policy (CSV), which seeks to include Sustainability in the company's strategy, increasing its competitive advantages, by providing a perspective that combines the company's goals with the priorities of stakeholders. Its aim is to legitimise the business and enhance its sustainability, setting down roots in communities and promoting progress in the local area where it operates. This model makes it possible to incorporate social and environmental variables in decision-making at the company in an orderly and real way, in addition to providing a differential value that helps the company to stand out positively from the other operators in the sector, maximising contributions to the environment in a sustainable way, as it combines the company's targets with the priorities and needs of the community in which it operates.

The CSV model is due to be progressively rolled out across all the company's businesses; its implementation in the Distribution line of business has already begun and it has been implemented at all thermal and renewable and thermal generation facilities throughout the value chain, with differing degrees of progress.

In 2020, based on the LBG methodology, ENDESA made social investments of Euro 33.6 million to the communities in the areas it operates in, of which Euro 32 million were in cash or in-kind contributions. This investment has is more than 2.6 times the investment made the previous year, attributable to the extraordinary budget of the Public Responsibility Plan in response to COVID-19, which came to Euro 25 million, and is designed to assist in responding to the health, economic and social needs resulting from the pandemic. Furthermore, more than 2.3 million people directly benefitted from the 311 social projects performed by ENDESA in 2020, of which more than 1.2 million (52%) people were involved in health initiatives and more than 300,000 (13%) people in projects to cover basic needs. This coverage can be attributed to the implementation of Endesa's Public Responsibility Plan in response to COVID-19. In addition, more than 225,000 (10%) people benefitted from initiatives to facilitate access to energy, more than 139,000 (6%) people from employability and socio-economic development projects, and more than 112,000 (5%) people from education projects. Many projects formed part of the second phase of Endesa's Public Responsibility Plan in response to COVID-19, aimed at reactivating society and the economy, which will continue into 2021.

Furthermore, ENDESA contributes to the commitments made as regards the United Nations Sustainable Development Goals for the 2015-2030 period:

- > 1.8 million people have benefitted from energy access projects since 2015, with the target of 4.1 million by 2030.
- > 0.6 million people have benefitted from socio-economic development activities since 2015, with the target of 1.9 million by 2030.
- > 0.3 million people have benefitted from actions to promote education since 2015, with the target of 0.8 million by 2030.

For more information, consult the Responsible relations with communities chapter of ENDESA's Non-Financial and Sustainability Statement 2020.

Sustainability projects

Access to energy projects

ENDESA is committed to the development and well-being of society, which is impossible unless they are able to basic goods like energy. In this sense, the company promotes initiatives, in line with its core business, that minimise the economic barriers faced by vulnerable groups, offer energy training and education, ensure access to technology or infrastructure and promote energy efficiency and raise awareness about its use.

In 2020, according to the LBG methodology, ENDESA invested more than Euro 2.6 million in social projects in this area, managing 35 initiatives that have benefitted more than 225,500 people. It should also be noted, in this regard, there are other initiatives including free supplies to hotels converted into medical facilities and field hospitals, which took place during lockdown. Some of the most important projects include:

Category	Subcategory	Project	Description	2020 Results	Scope	Volunteer programmes	Project partners
ACCESS TO ENERGY	Removing economic barriers	Energy volunteer programmes	Aimed at households in energy poverty, spanning two levels of action: recommendations to families on how to optimise their electricity bill and reduce their energy consumption, including the distribution of efficiency kits for DIY and the identification of risks involving the electrical installations of the most vulnerable households, subsequently fixed by certified installers. The project was brought to a standstill during the first half of 2020 on account of the pandemic, before resuming in the second half of the year in an online format. It is currently ongoing.	153 families	Aragon, Catalonia, Andalusia, Northwest, Canary Islands, Balearic Islands	109 ENDESA employees 214 business hours	Red Cross Ecodes
		Training on efficient energy consumption habits and invoice optimisation	Training courses aimed at the employees of social entities addressing topics including saving measures and energy efficiency, the new Social Bonus, the optimisation of electricity bills or protection against power cuts in order to improve the performance of participants in terms of the advice and support offered to vulnerable families. Currently in an online format.	136 institutions 21,710 people in energy poverty received support Course rating: 4,5/5	General Spain, Andalusia, Extremadura and Aragon		ACA EAPN-ES
	Employability and job creation in the sector	Professional training in the electricity sector for people at risk of exclusion	Promoted by the ENDESA Foundation, its aim is to improve the employability of particularly vulnerable young people and adults in long-term unemployment.	512 people received training	Palma de Mallorca, Ponferrada, Tenerife, Huelva, Mondoñedo-Ferrol, Huesca, Tarragona and Madrid	9 ENDESA employees 36 business hours	Cáritas Diocesana, Asociación Norte Joven, Asociación Padre Pulgar and Fundación Magtel

Social and economic development projects in the community

This includes non-energy projects that support the creation of employment, the development of infrastructure, the transfer of skills and training and support for local business activities.

In 2020, the company invested more than Euro 9.7 million according to the LBG methodology in this type of initiative,

accounting for 29% of all investments, through 93 projects (48 in 2019) that benefitted more than 139,000 people. Of these, 48 projects form part of the second phase of the ENDESA Public Responsibility Plan in response to COVID-19, many of which will continue into 2021. A number of examples of these projects can be seen below:

Subcategory	Project	Description	2020 Results	Scope	Volunteer programmes	Project partners
EMPLOYABILITY	Training in occupational risk prevention - Canary Islands	This initiative forms part of the CSV Plans for generation plants in the Canary Islands and aims to secure the inclusion of vulnerable groups in society and the workplace through training designed to promote their inclusion in the job market. This training coincides with improvement works being undertaken at plants to improve the skills of unemployed people in the surrounding towns and encourage hiring amongst local companies.	92 beneficiaries	Granadilla and Candelaria TP (Tenerife) and Barranco de Tirajana (Gran Canaria)		Red Cross Candelaria, Granadilla de Abona and San Bartolomé de Tirajana councils
	Savia	An initiative organised by the ENDESA Foundation that seeks to help the more than one million people aged over 50 in unemployment in Spain, helping to create a movement of change to recognise talent almost older generations, creating new professional opportunities and providing a meeting space and innovation to develop initiatives that increase the employability of these individuals. At the same time, it puts the experience of these professionals to the service of the business community (start-ups, SMEs, NGOs, training centres, etc.) to help strengthen their organisations.	30,000 people benefitting from these activities.	General Spain	30 ENDESA employees 120 business hours	Mashumano Foundation
SUPPORT FOR LOCAL DEVELOPMENT	Assignment for use of company assets	During 2020, ENDESA assigned the use of several of the company's assets and facilities to local councils and other social institutions, with a view to promoting the social and economic development of communities, promoting tourist activity in the area and revitalising the local economy. Examples of this can be seen in the transfer of land and buildings in Ademuz and Vallanca, the rehabilitation of the bell tower at the Church of San Miguel de Jánovas (Huesca) or the transfer of ENDESA premises in Adamuz to the Parish of San Andrés, in Córdoba.	More than 22,000 local beneficiaries	Rural villages in Spain (Castell de Mur, Espot, La Guingueta d'Aneu; La Torre de Capdella; Lladorre; Pobra de Segur; Tremp, Vielha, Lepe, Ademuz y Vallanca, Jánovas, Llavorsí, Talarn, Compostilla, As Pontes, Espiñaredo and Adamuz.)		La Guingueta, Castell de Mur, Espot, Torre de Capdella, Llavorsí, Caspe, Lepe, Ademuz, Vallanca, Talarn and As Pontes town councils, Forestalia, Parroquia de San Andrés, Centro Excursionista de Cataluña; Club Nautic; Consell Generau de la Vall d'Aran; Federación de Entidades Excursionistas de Cataluña; Forestal Catalana

1	The Enel Group	2	Economic, energy and regulatory framework	3	Corporate governance	4	Strategy	5	Financial data	6	Businesses
7	Internal control systems	8	Sustainability	9	Technology and innovation	10	Our people	11	Other activities	12	Appendices

Education projects

ENDESA is committed to promoting access to inclusive and high-quality education, pursuant to UN Sustainable Development Goal Four, to which the company has adhered. In 2020, in line with the LBG methodology, the company invested more than Euro 4.3 million in this type of project, which accounts for 13% of its social investment, organis-

ing 56 actions to the benefit of more than 112,000 people (73,000 people in 2019). This increase can be traced to the extraordinary actions undertaken to minimise the digital divide in education, performed as part of the ENDESA Public Responsibility Plan in response to COVID-19. For example, the following are worth note:

Subcategory	Project	Description	2020 Results	Scope	Volunteer programmes	Project partners
EDUCATION	ENDESA Red chairs	In collaboration with Spanish Universities, the initiative provides the framework for different activities that serve as a bridge between academia and business in the form of seminars, conferences, final degree projects and doctoral theses, in addition to research in the electricity sector.	Approximately 350 people have benefitted from this initiative. Initiative affected by lockdown measures	Andalusia, Aragon, the Canary and Balearic Islands and Cataluña		University of Seville, University of the Balearic Islands, University of Las Palmas, University of Catalonia (UPC) University of Zaragoza (UZ)
	"Gigantes" Virtual campus	Initiative focussing on education, sporting values, entertainment and helping families with healthy activities for children during the post-lockdown period.	400 children	General Spain		Gigantes Campus
	RetoTech ENDESA Foundation	ENDESA Foundation technological challenge to impart training to teachers and students from 110 education centres in the Communities of Madrid, Aragon and Andalusia in relation to technological entrepreneurship, reinforcing knowledge in creative technology through programming and robotics.	7,040 teachers and students benefitted from the initiative	Madrid, Aragon and Andalusia		Departments of Education of the autonomous communities of Madrid, Aragon and Andalusia



Projects to support local communities

ENDESA supports local communities through various types of project aimed at improving the well-being of people and communities, maintaining their cultural identity, preserving their heritage, improving the environment and local biodiversity, sport, promoting health and healthy activities and helping to cover their basic needs. As part of these actions, ENDESA uses its knowledge and awareness of the circumstances in each location and collaborates with the main social organisations in the area in which it operates, supported

by its regional units. This action has received investment amounting to 50% of the budget according to LBG, approximately Euro 17 million, with 127 projects under management (75 in 2019) and more than 1.8 million beneficiaries (441,000 in 2019). This increase can be traced to the extraordinary actions in both the field of health and safety and in the coverage of basic needs, carried out as part of the ENDESA Public Responsibility Plan in response to COVID-19. Examples not included in this Plan include:

Subcategory	Project	Description	2020 Results	Scope	Volunteer programmes	Project partners
SUPPORT FOR FAMILIES AND SOCIAL SERVICES	Charitable food collection campaigns	ENDESA employees from the Granadilla, Candelaria and Barranco de Tirajana plants in the Canary Islands and the corporate areas have been involved in different campaigns to provide both economic resources and food, to alleviate the critical situations affecting families in the area	More than 3,000 kg of food. Contribution of more than Euro 4,400. Estimate of more than 900 beneficiaries	Granadilla and Candelaria TP (Tenerife) and Barranco de Tirajana (Gran Canaria)	20 voluntary staff 20 business hours	Municipal social services, in collaboration with the Red Cross, Caritas and other NGOs. "El Rosario" soup kitchen in Las Palmas de Gran Canarias, Banco de Alimentos de Canarias and the "Te Acompañamos" Association
PROJECTS TO PROMOTE HEALTH AND SAFETY	Sonrisa Médica	Collaboration with the NGO Sonrisa Médica in the Balearic Islands, a pioneer in the field of accompanying "Hospital Clowns" on patient visits, serving intensive, paediatric and chronic care units to roll out smile therapy as part of curative care.	3,360 children received this service 94 face-to-face performances 25 online performances	4 hospitals in the Balearic Islands	Sonrisa Médica	
	Fans for Abrantes hospital	Support purchasing intensive care fans for patients affected by COVID-19	Estimate of more than 390 patients treated	Abrantes (Portugal)	Abrantes Hospital	
RESEARCH AND DISSEMINATION OF PROGRAMMES ON THE ENVIRONMENT AND BIODIVERSITY	Environmental monitoring of invasive algae species (Rugulopteryx okamurae).	Assessment of the impact of these invasive algae on the ecosystem and the local species in the area surrounding the industrial areas in the Bay of Algeciras (Cadiz). Determination of their annual cycle, strengths and weaknesses, with a view to obtaining a specific management plan to control them.	The project has generated new scientific knowledge about this invasive species that affects the local marine ecosystem.	Bay of Algeciras (Cadiz)	FIUS	
PROTECTION OF BIRDS AND OTHER SPECIES	Conservation of Threatened Bat Species (ENDESABATS)	Scientific research providing increased knowledge about populations of bat species at the hydroelectric plants in the Noguera Pallaresa river basin (NE Spain). Surveillance of bat groups throughout the year in specific locations of interest.	Increased scientific knowledge about bats, their needs, preferences and population parameters. Bats are huge allies in fighting pests that can result in the deterioration of agricultural and forest ecosystems or transmit diseases to humans.	ENDESA Hydroelectric Plants	CTFC	



ENDESA Public Responsibility Plan in response to COVID-19

In 2020, ENDESA, as part of its commitment to society and given the health, economic and social emergency into which society has been plunged as a result of the COVID-19 pandemic, took the decision to launch a Public Responsibility Plan, setting aside provisions of Euro 25 million, with a view to alleviating different aspects of the crisis, in collaboration with public administrations, social institutions, civil society and other companies. In this regard, the company turned over its financial, technical and human capabilities to society as part of the implementation of the Public Responsibility Plan in response to COVID, which features two separate phases:

Phase I: immediate response to urgent needs

Launched last March, when the unprecedented health emergency generated by COVID-19, required immediate

aid across the country, with a view to supporting public and private institutions dedicated to fighting the pandemic, prioritising the most pressing needs. This phase of the Plan consisted of three lines of action:

- > Purchase and donation of sanitary equipment and material. Aimed at supplying both protective equipment for healthcare or public service staff and the medical instruments required to care for inpatients.
- > Special conditions for the supply of energy to field hospitals and hotels converted into medical facilities. As part of this second line of action, ENDESA made provided the public with its capacity as an energy supplier, employing two routes. The first involved providing the equipment and staff required to guarantee the supply of electricity to these centres, with actions involving the supply of generators, emergency connections, increased power, fault resolution, etc. The second line of action entailed the supply of free energy to field hospitals and hotels converted into medical facilities that were existing ENDESA customers for the duration of the first state of alarm and lockdown.
- > Financial donations to public institutions, NGOs and foundations to help alleviate the basic needs identified during the health crisis. In this sense, in addition to the company's contributions, a channel of collaboration with employees was set up for certain initiatives, as part of which they could provide resources if they so desired. As a result, an additional Euro 240,000 were raised, thanks to the contributions made by 1,406 employees. Part of the resources set aside for this line of action were devoted to scientific research projects to help alleviate the effects of the pandemic.

The main recipients of this aid were:

- > Government, public administrations and non-governmental organisations, depending on the impact of the pandemic.
- > Hospitals, nursing homes, health centres and medical facilities.
- > Public service teams, such as the local police, the military emergencies unit and civil protection, in addition to others.
- > NGOs and foundations.

Line of action	Material/Service	A sample of these actions	
LINE 1- DONATION OF HEALTH MATERIALS	Health material for regional governments and town halls	Donation for the purchase of health material.	
	Masks	> 376,000 FFP2 masks purchased to supply them to health authorities and old people's homes. > 2 million of surgical masks purchased. Donated to INGESA and the autonomous communities.	
	Respirators	95 respirators purchased for the autonomous communities of Andalusia, Catalonia and Madrid.	
	Mobile X-ray equipment	> 8 mobile X-ray devices purchased as part of the donation made to the autonomous community of Andalusia. > 2 mobile X-ray devices purchased as part of the donation made to the autonomous community of Aragon for Teruel and Calatayud.	
	Robots to perform mass diagnostic testing	Purchase, installation and maintenance of 4 robots to be donated to hospitals in the Balearic Islands, the Canary Islands and Andalusia.	
	CT	1 EVO CT purchased as part of the economic donation made to the Government of Aragon.	
	Thermometers and pulse oximeters	300 non-contact infrared thermometers and 175 pulse oximeters purchased for nursing homes in Madrid.	
	Visors (ENDESA Foundation)	25,000 protective visors delivered to hospitals and nursing homes across Spain.	
	University of Malaga	Help purchasing material for the Respira Andalucía project	
	Ultrasound machines	Purchase of a transesophageal echocardiogram to be donated to Teruel Hospital.	
	Donation of thermal power plant property	Donation of property in Andorra for use as a medical facility.	
LINE 2- SUPPLY CONDITIONS	Material in stock in cross-cutting areas and business lines at the company (thermal and renewable and nuclear generation), donated to local institutions (health facilities, nursing homes, security forces, etc.)	23,665 FFP2 masks, 1,260 surgical masks, 1,392 disposable overalls, 869 acidproof and waterproof overalls, 86 protective goggles, 2,575 plastic bags, 175 bottles of hydrogel (1/2 litres), 112 splash screens, 41 boxes of nitrile gloves and 490 polypropylene sheets.	
	Field hospitals supplied by the retailer	Free energy supplied to 7 field hospitals in Andalusia, Aragon, Catalonia, Galicia and the Canary Islands during the critical phase of the pandemic.	
	Hotels converted into medical facilities by the retailer	Free supply of power to 33 hotels converted into medical facilities.	
LINE 3- ECONOMIC DONATIONS	Field hospitals by the retailer	Urgent connection of field hospitals to the grid.	
	Vulnerable basic needs (food, hygiene, health, etc.)	Red Cross	Contribution to the "Red Cross Responds" project in Spain
		Food Bank	Donation to meet food needs.
		Caritas	Donation to meet food needs.
		Other NGOs	Associations (Norte Joven ,Padre Pulgar, Arrabal, Apanid) and Foundations (Altius, Save the Children, Safa, Integra, Tomillo, Casals des Infants, San Juan del Castillo and Secretariado Gitano)
	Research	CSIC	Research into COVID-19
		Let's stop COVID	Research and testing project to fight the COVID-19 virus.

Phase II: social and economic reactivation

Launched in June 2020, the second phase of the ENDESA Public Responsibility Plan in response to COVID-19 sought to promote the country's social and economic recovery and provide assistance to the most vulnerable.

Phase II of the plan is split between two themes and four lines of action aimed at the groups most affected by the pandemic at a social and economic level:

ENDESA Families.

The aim of this initiative is to pursue social inclusion through projects to support vulnerable families.

- > **Coverage of basic needs.** Second phase to cover basic needs for vulnerable families, with a view to minimising the risk of exclusion. In this line, food, hygiene, health and protection needs have been met, placing a particular focus on vulnerable children, young people and families.
- > **Digital gap and education:** minimising the digital gap for students and teachers in the new post-COVID relationship model and education support programmes. The aim of this initiative was to minimise the impact on children and young people from different economic backgrounds, when education goes online and specific tools are required to access classrooms. Furthermore, teach-

ers and students have also been provided with training to help them take advantage of new technologies and the opportunities they provide.

- > **Employment and employability training.** Actions to enhance the employability of vulnerable groups. Employment is another of the most pressing needs generated by the crisis, meaning that training to access the job market is another priority under the programme. Programmes have been launched to promote the employability of groups that have lost their jobs as a result of the pandemic, offering accompaniment, training and skills development.

ENDESA Active:

This initiative seeks to promote the reactivation of the Spanish business fabric.

- > **Reactivation of the economy.** Advice, digitalisation and support for SMEs, micro-SMEs and the self employed as a cornerstone of the Spanish business fabric. The health

crisis has demonstrated the need to continue providing support to the sectors hardest hit by the health crisis, by creating new innovative relationships. This also provides the framework to support specific local reactivation plans.

The main recipients of aid were:

- > SMEs, micro-SMEs and the self-employed
- > Departments of Education
- > Chambers of Commerce
- > Councils
- > NGOs and foundations

In total, Euro 25 million has been set aside for Phases I and II of the Public Responsibility Plan, which is forecast to benefit more than 1.7 million people as part of the collaboration with almost 800 institutions. A number of the projects being managed that were launched this year will continue into 2021.

Line of action	Type of programme	A sample of these actions
LINE 1 - ENDESA FAMILIES: BASIC NEEDS	Programmes for receiving and assisting vulnerable children	Food Bank, Aldeas infantiles SOS, Caritas Mallorca, Rafael Nadal Foundation, etc.
	Programmes for covering basic needs	
LINE 2 - ENDESA FAMILIES: DIGITAL GAP IN EDUCATION	Programmes to provide devices to minimise the digital divide	Provision of more than 5,000 computers and connection cards to more than 400 schools and institutions
	Programmes offering digital training and reinforcing education	Training in digital skills imparted to approximately 60,000 teachers and students. Reinforcing education for young people at risk of social exclusion
LINE 3 - ENDESA FAMILIES: EMPLOYMENT AND EMPLOYABILITY TRAINING	Programmes providing comprehensive accompaniment for the purposes of workplace insertion	> Impulsa mujeres - Adecco Foundation > New employment niches - Altius Foundation
	Programmes to provide training in new employment niches	> Employment in organic fruit farming - Caritas Menorca > Professional diversification - Red Cross
	Programmes to provide training in digital skills	> Factory 5 - Digital Talent Programme - Don Bosco Foundation and Formació i Treball Foundation > Click on digital skills - Red Cross
	Programmes for improving basic skills to improve employability	> Talento Son Roca - Naüm Son Roca > FORO Programme - Espiral Association
LINE 4 - ENDESA ACTIVE: REACTIVATION OF THE ECONOMY	Programmes for digitalisation at SMEs and digital marketing	> Digital lighting for SMEs in rural areas - Afammer > Business digitalisation - CC Mallorca
	Mentoring and micro-loan programmes for SMEs	> Micro-loans and Mentoring - Youth Business Spain > Senior talent at the service of SMEs - Mas Humano Foundation
	Programmes to support entrepreneurship	> Help for entrepreneurs and SMEs - Mentor Day > ENDESA Dona + Impuls - CC Mallorca
	Programmes to support local reactivation	> Madrid Futuro: regeneration plan > Volveremos si tu vuelves - Zaragoza city council

Lessons learned



The ENDESA Public Responsibility Plan, managed in collaboration with the ENDESA Foundation, has established and strengthened partnerships with entities, institutions and other foundations, in addition to providing assistance to those in need during very difficult circumstances, joining forces with others. According to ENDESA Chief Executive Officer,

José D. Bogas, "the ability of society to quickly join forces and direct all efforts in different projects that seek to provide support must be one of those lessons learned that we can take away from this experience. It is true that life is unpredictable, but when everybody comes together to overcome challenges, the outcome is predictable."

Pillars

Innovation and Cybersecurity

ENDESA is staunchly committed to innovation. The company considers this a strategic element in address the challenges faced by all areas of the company, meaning that it must form part of all its activities. To this end, all ENDESA's lines of business undertake projects, invest resources and ultimately take the lead in this area. In 2020, ENDESA invested Euros 13.04 million in innovation projects performed by the different lines of business.

ENDESA has an open innovation model that makes it possible to create the best solutions, products and services with a view to continuously transforming the current energy model. This model allows us to maintain a privileged relationship with universities, research centres, entrepreneurs and suppliers to promote collaboration and knowledge sharing.

ENDESA is in constant contact with startups; as part of the development phase of projects, it encourages the generation of new challenges and ideas, in addition to any improvements to be made, creating a framework of mutual benefit for entrepreneurs and the company, facilitating the fast development of new solutions.

Technology is becoming an increasingly integrated part of the digital life of the business world, while the cyberthreats inherent in each of these environments are becoming more frequent and more sophisticated. As a result, cyber-

security has become a global issue, and one of the pillars on which the Group's digitalisation strategy has been constructed.

For more details, consult the 2020 Non-Financial and Sustainability Statement.

Digitalisation

A company's digital transformation entails the process that turns it into an organisation that is fully connected to the digital ecosystem and makes it customer-oriented in a smart and agile way. These new technologies fundamentally make it possible to interconnect people and objects, providing new access to both traditional and newly created products and services.

This transformation requires a shift in paradigm in the way relationships between the company and its customers are understood, establishing the need to review the strategy and business model from the perspective of customers' needs; furthermore, taking the customer experience as a starting point, this involves redesigning internal processes by incorporating new technologies and new ways of getting things done. ENDESA is well aware of this reality and the opportunities it offers; therefore, the digital transformation was an essential part of its 2020- 2022 sustainability plan, investing more than Euros 314 million in this area in 2020. These strategic lines of action are combined with ENDESA's staunch commitment to the pursuit of continuous efficiency through the digitalisation of its businesses. To this end,

ENDESA plans to develop digitalisation investment plans across all its businesses for the sum of Euro 1.5 billion between 2021 and 2023. The biggest effort will be made in Distribution, which will allocate Euros 1,300 million to the digitalisation of the business, accounting for more than 85% of the investments announced during this period.

ENDESA places digitalisation at the heart of its entire value chain: generation, distribution, marketing and our people are the key drivers in improving efficiency. The highlights and investments made over the course of the year were as follows:

- > In Generation, predictive diagnosis, digital transformation of workers and the response of the control system, with a view to increasing the operational efficiency of plants and improving their integration into the electrical system.
- > In Distribution, process digitalisation and system integration, data-driven networks (quality plan, loss reduction, remote control) and smart meters.
- > In Supply, advanced analytics, new platforms, channel digitalisation (electronic invoicing, etc.), new digital billing platform.

For more details, consult the 2020 Non-Financial and Sustainability Statement.

Corporate governance and ethical conduct

With a view to ensuring its commitment to Sustainability, ENDESA has a sustainability management and governance system in place that applies to all areas of the company; in 2020, this was reflected in the creation of the Sustainability and Corporate Governance Committee. This Committee consists of a minimum of three and a maximum of six members from the Board of Directors; its members must be non-executive directors and a majority must be independent directors. The Chairman has been appointed by the Board of Directors from amongst the independent directors sitting on the Committee.

The Sustainability and Corporate Governance Committee meets as many times as its Chairman calls meeting, when so decided by the majority of its members or at the request of the Board of Directors.

ENDESA is committed to complying with ethical rules and principles, in addition to the legislation in force, both within the Company and in its external relations.

To this end, the company has a Code of Ethics and a Zero Tolerance Plan Against Corruption, which represent the pillars of its ethical culture and integrity. These documents require that directors, managers and employees go about their duties and relationships with their stakeholders with integrity. ENDESA has a Criminal and Anti-Bribery Risk Prevention Model that provides the company with a control system

In 2020, ENDESA invested Euros 13.04 million in innovation projects performed by the different lines of business.

with a view to preventing or significantly reducing the risk of criminal offences being committed as part of its business activity, pursuant to the provisions of the Criminal Code in terms of the criminal responsibility of legal entities, a system introduced into Spanish law in 2010.

In 2020, ENDESA's Model was reviewed, maintaining the certifications obtained in 2017 from the Criminal and Anti-Bribery Risk Prevention Model for its compliance with UNE 19601:2017 on Criminal Compliance Management and UNE-ISO 37001 on the Anti-Bribery Management System. Integrity and ethical conduct are amongst the basic pillars of ENDESA's sustainability strategy.

To this end, ENDESA's 2020-2022 Sustainability Plan included specific targets aimed at maintaining a high level of excellence in this area, achieving 100% global compliance. ENDESA provides all its stakeholders with a Whistleblowing Channel, accessible via its website (www.endesa.com) and all intranet, so that all stakeholders can report, securely and anonymously, any irregular, unethical or illegal conduct which has, in their opinion, occurred in the course of the Company's activities.

For more details, consult the 2020 Non-Financial and Sustainability Statement.

Occupational health and safety

ENDESA considers Occupational Safety and Health a priority objective and a fundamental value to be preserved at all times for all those working at the Company, without



distinguishing between its own staff and those employed by its partner companies.

In ensuring that all operations are performed safely, ENDESA has implemented a safety inspection plan encompassing all levels of the company. These inspections are performed in part by the company's own staff and, in part, by partner companies that have previously received training both on ENDESA's working procedures and actions or behaviours considered unacceptable from a risk prevention perspective.

ENDESA's new Occupational Health and Safety Management System (SGSST), pursuant to ISO 45001, helps ENDESA to identify and collaborate in the control of health and safety risks, reduce accident rates, support efforts to control compliance with the legal provisions and improve performance in general, promoting a safe and healthy environment.

For more details, consult the 2020 Non-Financial and Sustainability Statement.

Environmental sustainability

Sustainable development is one of the main pillars of ENDESA's strategy and environmental protection one of the Company's most important commitments. This stance sets ENDESA apart from other companies as it is a positive

difference that shapes the Company's behaviour and is expressly included in its corporate values.

Through its commitment, ENDESA aims to minimise the impact of its activities on the natural environment where it operates. It encompasses initiatives primarily related to combating climate change, exemplary management of waste, caring for biodiversity, minimising emissions and discharges and managing contaminated land among others.

Furthermore, ENDESA's environmental management efforts are focussed on the sustainable use of natural and energy resources, committing to the protection of biodiversity and ecosystems in the areas in which it operates to promote their natural capital.

Assessment of the environmental risks inherent in the Company's activities and the environmental certifications obtained from external agents help ensure excellence in ENDESA's environmental management and demonstrate that it is fully integrated into and aligned with the Company's corporate strategy.

During 2020, ENDESA maintained its commitment to excellence in environmental sustainability while meeting the decarbonisation targets set out in its Strategic Plan. All this has helped the organisation to reduce its footprint by 56% compared to 2019, well above the target set. This can mainly be attributed to the progressive reduction in coal-fired thermal generation activity, in addition to the general decrease in the generation technologies due to the unique circumstances seen over the course of the year.

ENDESA invests heavily to achieve excellence in environmental management. During 2020, ENDESA's investments in environmental activities fell by 3.3% in terms of accumulated investments when compared to 2019.

ENDESA is committed to achieving excellence in terms of the environmental management of its business activity throughout the entire value chain. Therefore, as part of its 2020-2022 Sustainability Plan, it set the target of ensuring 100% of its generation and distribution facilities were ISO 14001 certified. This target, met in full during 2020, has been maintained in the new 2021-2023 Sustainability Plan. Currently, 22.7% of thermal generation plants are certified under the UNE EN ISO 50001 energy efficiency standard. It is also worth noting that 73.9% of the net installed power of all the thermal plants corresponds to plants registered under the European Eco-management and Audit Scheme (hereinafter "EMAS"). Furthermore, all port terminals are registered with EMAS and during 2020 obtained the Zero Waste certificate.

Comprehensive water management is one of ENDESA's priority concerns. The main lines of action implemented



by ENDESA focus on efficient consumption, water quality by controlling spillages and waste water, and reservoir management, assessing the ecological potential to provide shelter for birdlife, the possibilities to control invasive species and prevent the existence of dried up sections of regulated rivers.

During 2020, 133,898 m³ of water were reused as part of processes, accounting for 2.6% of the total water collected for industrial use. 99% of the water captured by ENDESA for use at its facilities was returned to the national environment for it to be reused

ENDESA has environmental management systems in place that include specific operational procedures on the management of waste generated as part of all its activities and that are continuously reviewed to detect and make progress with improvements.

ENDESA manages its waste according to the waste hierarchy (prevention, preparation for reuse, recycling, other types of recovery, including energy, and final disposal), always starting from prevention, and when that is not possible, prioritising the treatments of recovery and recycling of the waste it generates, especially inert waste, as well

as the treatment for the reuse of those hazardous wastes that admit it, for example, used oils or cleaning solvents. A significant proportion of the total waste generated by ENDESA in 2020 was recovered at external facilities: 84% of all non-hazardous waste in Spain and Portugal and 71% of hazardous waste in the same geographical area.

ENDESA is committed to mitigating the potential impacts on biodiversity and ecosystem services throughout the life cycle of its activities; with a view to considering new approaches and commitments in this area, in January 2020 ENDESA's Board of Directors approved the Biodiversity Policy, reflecting the commitments made by the company in this area.

ENDESA's Biodiversity Conservation Plan (PCBE) is the instrument that implements all biodiversity measures developed by the company. All projects in the PCBE launched following the creation of the Biodiversity Committee have been unanimously approved by all its members.

The PCBE represents one of the most relevant and distinctive aspects of the Biodiversity Policy, as all actions included in the Plan are either voluntary or exceed the mandatory environmental requirements.

The main lines of action of the Plan are:

- > Restoring the physical environment on the land and at our facilities to increase their capacity for hosting biodiversity.
- > Managing the factors in the natural environment surrounding our facilities that contribute to improving the habitats of certain species.
- > Recognising natural capital and the ecosystems it is home to, their value and state of conservation.
- > Preserving native species and controlling invasive species at ENDESA facilities and in the surrounding area.

The Biodiversity Conservation Plan ended 2020 with a total of 26 operational actions with the following results: 21 ongoing from previous years 3 of them were completed in 2020 and 18 will continue this year) in addition to making a start on 5 new actions in 2020.

For more details, consult the 2020 Non-Financial and Sustainability Statement.

Supply chain

ENDESA aims to create value for local suppliers in the countries and regions where it operates. In line with its commitment to them, 87% of the budget consumed, Euros 1,852 million, has been dedicated to these suppliers, including those incorporated in Spain and Portugal.

The General Conditions of all ENDESA's contracts include specific clauses on the commitment of counterparties to human rights, personal safety, the environment and corruption.

With a view to promoting responsible management in the supply chain, ENDESA has implemented a comprehensive procurement process, which starts with the planning of needs by the different Business Areas, and which requires that all suppliers are rated. This does not only mean the successful supplier, but all suppliers invited to participate in the bidding process.

ENDESA has established a supplier rating system that facilitates the careful selection and assessment of companies that wish to participate in tender processes, which involves the assessment of technical, economic, financial, legal, environmental, safety, human rights and ethical requirements, in addition to honourability requirements, with

a view to ensuring the appropriate level of quality and reliability in case contracts are awarded in the energy sector. ENDESA's aim is to select the best suppliers in terms of safety and health, environment, and human rights. To this end, in September 2016,

the Group's Global Procurement department adopted a "Global Rating Model for Sustainability Requirements", identifying sustainability risk factors in the supply chain by mapping the risk level of the different Groups of goods. This model sets out a specific operating model that will be applied globally to assess the ownership of sustainability requirements by contractors involved in works, services and supplies who wish to be rated for the purposes of registration or renew their rating. This operating instrument sets out several control categories: Health and Safety, Environment, Human Rights. All these topics address quality standards, such as ISO 45001 or ISO 14001 certification.

Therefore, as part of the rating process, to be included on ENDESA's supplier register, the supplier must undergo a specific and mandatory assessment of environmental requirements, health and safety requirements and human rights requirements. In practice, the supplier is asked to fill out questionnaires and submit the appropriate supporting documentation for the purposes of assessment. For activities considered to pose a high risk to safety or the environment, an on-site audit is performed to verify these aspects.

In 2018, ENDESA, aware of the importance of extending its commitment to sustainability to its supply chain, started to apply sustainability criteria as part of its product and service tenders. In 2020, it reinforced the use of a range of social, environmental, ethical and occupational safety indicators, with those most suited to the nature of the product or service tendered included in each call for tender, with the performance of potential suppliers in relation to these indicators taken into account and rated, in addition to the economic and technical proposal. During 2020, a total of 1,614 sustainability-related indicators or KPIs (certifications, health and safety, social aspects, circular economy, environment), affecting a total of 489 contracts and a value of approximately Euros 538 million (66% of the contracted amount). These indicators are a reflection of the different commitments made by suppliers when contracting with ENDESA.

For more details, consult the 2020 Non-Financial and Sustainability Statement.

9

**TECHNOLOGY
AND INNOVATION****COMMITMENT TO THE FUTURE**

ENDESA is committed to a model that maximises its capabilities by collaborating with the most relevant stakeholders of the innovation ecosystem.

ENTREPRENEURSHIP

Despite the difficulties caused by the COVID-19 epidemic, the Enel Group maintained its activity with entrepreneurship ecosystems throughout 2020, employing digital communication channels to this end.

TECHNOLOGY

In addition to supporting innovative projects, ENDESA continues to actively participate in different technology platforms.



ENDESA AND RESEARCH, TECHNOLOGY AND INNOVATION ACTIVITIES

ENDESA is committed to a model of innovation as part of which the company opens up to external stakeholders, promoting collaboration and the exchange of ideas to optimise its efforts.

Open innovation is a new model used by companies to relate to the innovation ecosystem (universities, start-ups, research centres or other companies in the same or a different sector), to promote the collaboration and the sharing of knowledge.

ENDESA has adopted this model to maximise its capabilities by collaborating with the most relevant stakeholders in the innovation ecosystem that contribute to the growth and creation of new business opportunities. The aim is to develop a new culture of innovation that makes it possible to generate creative value propositions capable of transforming the current energy model.

Our focus is on the entire energy value chain: conventional and renewable generation, infrastructures and networks, products and value-added services for residential clients, SMEs, companies and large clients, digitalisation of the company and its customer relations in addition to trading, as well as new vectors such as electric mobility. We look for technologically disruptive solutions, new business models and the improvement of our in-house business processes. OPEN INNOVABILITY is the platform used by the Enel Group to launch the innovation and sustainability challenges for both Group employees and start-ups, independent innovators, universities, research centres, potential business partners, NGOs and other partnerships, having launched 14 open challenges of interest to the company over the course of the year.

Using this channel, the company publishes the specific challenges related to topics of special interest that are open to the entire entrepreneurial ecosystem, in addition to serving as an internal channel for identifying innovative employee initiatives from across the Group.

Our focus is on the entire energy value chain



The culture of innovation at ENDESA: Idea Hub



Creating a culture of innovation among ENDESA employees as a key factor of transformation in the context of the energy transition is one of the company's priority objectives.

In this sense, ENDESA structures its activities of promoting creativity, the culture of innovation and intra-establishment at the company via the Idea Hub, promoting the use of co-creation methodologies, employee projects and training in specific innovation tools.

This activity is reflected in different programs, such as **"Make it Happen!"** (providing employees with the opportunity to become entrepreneurs at the company); the **"Challenge driven sessions"** (consisting of innovative methodologies to find solutions to the company's challenges); the **Innovation Academy** (as a training programme specialising in innovation tools); **Innovation ambassadors** (as a network for spreading innovation throughout the company), in addition to others.

ENDESA and entrepreneurs

ENDESA remains committed to working with entrepreneurs and start ups given their capacity when it comes to disruptive innovation, their use of technology, their know-how and, most importantly, their agility to develop and bring products and services to market in the shortest possible turnaround time. ENDESA, as part of the Enel Group, benefits from the activities performed by the Group's ten Innovation Hubs, in particular the Enel Innovation Hub Europe opened in Madrid in 2017. These Innovation Hubs are located at relevant centres of entrepreneurship and in the Group's strategic markets around the world: Brazil, Chile, Spain, Israel, Italy (Milan, Pisa and Catania), Russia and the United States (Boston and Silicon Valley). The Enel Innovation Hub Europe is responsible for developing relations with the corresponding entrepreneurship ecosystems in Europe, including the entrepreneurship ecosystems of Spain and Portugal, markets in which ENDESA is present and searching for European start ups and SMEs capable of responding to the challenges faced by ENDESA, in addition to other Enel Group companies.

Despite the difficult circumstances generated by the COVID-19 epidemic, the Enel Group maintained its activities with entrepreneurship ecosystems throughout 2020, taking advantage of digital communication channels, leading

to the search for 2,600 solutions developed by start ups and SMEs worldwide. Of these, more than 190 were from Spain and Portugal. Furthermore, more than 60 collaborations with start ups and SMEs were activated around the world, of which 7 were with Spanish start ups. As part of its start-up prospecting activities, this year the Enel Group launched "ReShape: Innovability to build a brighter future", a global initiative consisting of nine challenges, spanning the company's entire value chain, which have become relevant or that have emerged as a result of the new scenario. The collaborations performed by ENDESA and other Enel Group companies in 2020 with start ups and SMEs worth particular mention include:

- > Ates Tech España: robotic inspection of pipelines.
- > NIDO Robotics España: underwater ROV for performing inspections and interventions at thermal generation installations.
- > Nnergix España: analysis of the impact of atmospheric catastrophes and risk map for distribution infrastructures.
- > Omniflow Portugal: smart pole that consists of lighting, surveillance and telecommunications services for applications in smart cities.
- > Optimitive España: artificial intelligence applied to the optimisation of the combustion process in thermal generation.
- > Reciclaia España: recycling of wind turbine blades.

- > Relogable España: high and medium-voltage network sensorisation for taking line SAG measurements.
- > Smart Tower España: high and medium-voltage network sensorisation for the analysis of their structural integrity.

Constant contact with start ups and ENDESA's experts; as part of the development phase of projects, it encourages the generation of new challenges and ideas, in addition to any improvements to be made, creating a framework of mutual benefit for entrepreneurs and the company, facilitating the fast development of new solutions.

As part of ENDESA's support for entrepreneurship, the company sponsored "South Summit" for the seventh consecutive year; this event, the largest example of innovation and entrepreneurship in southern Europe, took place between 6 and 8 October 2020. Adapting to the circumstances, the event was streamed reaching an audience of 52,000 people across 120 countries.

Technological projects

Innovation projects in the Generation area

- > Development of machine learning-based artificial intelligence systems for the detection of anomalies and emerging problems in the thermal generation fleet.
- > E-Sense: new advanced systems for monitoring and diagnosing problems in high, medium and low-voltage circuit breakers.
- > Digital Substation: innovative digital solutions for improving the way in which power transformers and substation elements are monitored.
- > Cubic: use of ultrasonic emission systems to improve the process of cleaning the cooling circuits at generation plants and reducing the consumption of chemicals.
- > TES Project: study for the integration of a thermal storage pilot using solid materials to recover residual heat at the Las Salinas plant in Fuerteventura.
- > Robotisation of renewable plant construction processes: use of drones to monitor progress with works. Validation of a robot to automate the process of installing photovoltaic panel modules.

Innovation projects in the field of Electricity Distribution

- > Coordinet: creation of a European energy platform and opening the market to consumers, taking advantage of the flexibility that small generators and demand can offer the system and that is not currently used to improve network stability.
- > Network Digital Twin (NDT): highly computerised digital replication of physical assets and their management, development and maintenance processes.
- > DIGI&N Iberia: global programme for the digital transformation of all Enel Infrastructure and Network processes, through disruptive efficiency, agile operational model and state-of-the-art convergence, fostering best practices across all the Group's countries.
- > It is now nine years since SmartCity Malaga was launched, maintaining the Smartcity Malaga Living Lab certification across the ENoLL network of European laboratories.
- > Preventive Analysis of Smart Networks with Real-Time Operation and Integration of Renewable Assets (PAS-TORA): complementary project as part of the Monitoring and Advanced Control Project for Medium and Low Voltage Distribution Networks (MONICA).
- > Resilience to cope with Climate Change in Urban Areas (Resccue): focussing on assessing the impacts of cli-



mate change on the operation of essential services such as water or energy in cities.

- > Growsmarter: predictive maintenance project that consists of monitoring the temperature of cable connectors in the medium voltage cabinets at substations to detect defects.
- > Coordinet: European energy platform and opening the market to consumers, taking advantage of the flexibility that small generators and demand can offer.
- > Standardisation-Security-Synchronisation Connected Substation 3S-CS: development of a comprehensive system for the control of electrical substations with wireless capability.
- > Aerial-Core: development of central technology modules and an integrated aerial cognitive robotic system with unprecedented capabilities in its range of operation and safety in terms of interaction with humans.
- > Reset: creation of a low-voltage converter to correct the load imbalance between phases generating additional network losses or load malfunction.

Innovation projects in the Supply area

- > Confía Project: to improve the management of vulnerable customers using blockchain. This project will improve the coordination between the public administrations involved, social services and energy companies.
- > Telephone service accessible to customers with hearing impairments in the form of a mobile app developed by Startup Pedius, capable of transforming voice into text and vice versa in real time and using VoIP.
- > Interactive training based on 3D immersive virtual reality in real physical spaces performed by start-up firm 6DLab.

ENDESA X innovation projects

- > City Analytics: support tool for land planning and urban planning departments, and tourism, mobility and public safety departments, making it possible to organise services in line with actual demand. By means of analysis using Big Data, the system makes it possible to obtain a detailed description of the situation in urban hubs. In relation to the limitations placed on mobility in response to COVID- 19, ENDESA X has developed a new version of City Analytics, the City Analytics-Mobility Map. This software tool developed by Enel X in cooperation with HERE Technologies facilitates the management of measures to contain the pandemic, providing access in the form of an interactive map with inflows outflows and movements across autonomous regions and provinces. ENDESA X provides this new tool free of charge to public administrations, institutions, businesses and the general public in light of the current health crisis.

Participation in technology platforms

ENDESA continues to actively participate in different technological platforms that seek to promote the development of a much more advanced distribution network, capable of responding to the challenges posed by the future. These include collaboration with the Futured platform, where it forms is part of the leading group, and that serves as a forum for dialogue and discussion between different stakeholders to provide better knowledge and define a shared vision of the network of the future.

Furthermore, since 2018 ENDESA has chaired the Meters and More association, which promotes the standardisation of the communications protocol for measurement solutions; this initiative encompasses more than 40 million meters installed worldwide and consists of more than 45 members.

Furthermore, ENDESA has collaborated once again with the Pro Rebus Foundation, which seeks to liaise with the Royal Academy of Engineering to promote and develop all activities that contribute to its promotion and dissemination, in particular its application to the business world and society in general.

ENDESA has also participated as a driving force behind the second edition of the go!ODS awards organised by the Spanish Network of the Global Compact in collaboration with the Rafael del Pino Foundation. The awards seek to reward and enhance the visibility of the best innovative projects and initiatives to help achieve the Sustainable Development Goals (SDGs) set out in the United Nations 2030 Agenda.



10

OUR PEOPLE

TALENT MANAGEMENT

In 2020, a range of professional development actions were performed adapting to the specific needs of each business, including onboarding, coaching, skills workshops, mentoring, consulting and succession planning.

LEADERSHIP

Since March, initiatives have been launched to support leaders when it comes to remote people management and opening new spaces and channels to investigate people's well-being.

TRAINING

ENDESA offers a wide range of learning actions to provide and improve the technical qualification required by employees in the performance of their duties and to grow as part of their personal development.



ENDESA'S WORKFORCE

ENDESA had a workforce of 9,591 employees as at 31 December 2020, of which 9,577 were employed in Spain and 14 in Portugal. During 2020, 253 people were recruited, of which 249 were new recruits in Spain and Portugal and the remainder were people returning from leave or transfers between Group companies. Furthermore, 596 employment contracts came to an end, 34 corresponding to resignations, 291 to voluntary redundancy, 83 to retirements, 10 to dismissals and 178 to other types of termination.

ENDESA'S WORKFORCE AT 31 DECEMBER

	2018	2019	2020
Spain	9,723	9,916	9,577
Portugal	40	36	14
Total	9,763	9,952	9,591

When breaking down the workforce by age, it can be seen that the largest number of employees, 54.9%, is aged between 30 and 50. The average age of the workforce is 47.6.

WORKFORCE AS AT 31 DECEMBER BY AGE

	2018	2019	2020
<30	384	375	352
30-50	5,509	5,454	5,264
>50	3,870	4,123	3,975

In 2020, it is worth noting that 97.41% of employment contracts were permanent, with the total number of contracts coming to 9,342. Temporary contracts accounted for 2.59% of the total.

Workday: the vast majority of the workforce works full time. The number of employees in full-time employment is 9,584, with 7 in part-time employment.

DISTRIBUTION OF EMPLOYEES BY CONTRACT TYPE AND WORKDAY IN SPAIN AND PORTUGAL AS AT 31 DECEMBER 2020

	Hombres	Mujeres
Permanent contract	75.51	24.49
Temporary contract	72.68	27.32
Part time	48.95	51.05
Full time	75.45	24.55

The average time an employee stays with the Company is 19.11 years, while 77.46% of the workforce have worked for the company for over 10 years.

By gender, 75.4% of the workforce is male and 24.6% is female.

WORKFORCE AS AT 31 DECEMBER BY GENDER

	Men			Women		
	2018	2019	2020	2018	2019	2020
Total	7,484	7,573	7,235	2,279	2,379	2,356
%	76.7	76.1	75.4	23.3	23.9	24.6

The total number of hours worked by contractors in 2020 came to 34,003,191.

PEOPLE LEADERSHIP AND DEVELOPMENT

Leadership at ENDESA is based on the vision, mission, values and behaviours set out. Open Power values are present across all people management systems, allowing leaders and everybody at the organisation to obtain guidance in relation to the management style and behaviours that clearly commit to people and their potential. All this has made it possible to react quickly and accurately to the health emergency caused by COVID-19.

The circumstances seen in 2020 challenged the organisation's style of leadership

RESPONSIBILITY

Each of us is responsible for the success of the Group, across all levels. We make our energy available to people so they can improve their lives and become more sustainable,



INNOVATION

A certain curiosity is at the heart of what we do and who we are, striving to go one step further and overcome our fears with a view to opening energy up to new uses, technologies, and people. Learning both from our mistakes and our successes.

TRUST

We prioritise competence, honesty and transparency, gaining the trust of our colleagues, customers and external partners, acknowledging individual differences. In turn, we trust in their ability to create value and share it.

PROACTIVENESS

We all assume responsibility for our own work. We constantly interpret global scenarios and challenges to anticipate changes, redefining priorities when the context so requires.

The circumstances seen in 2020 challenged the organisation's style of leadership. At the same time, ENDESA's digitalisation process and the adoption of new approaches to work associated with streamlining, as well as data-driven decision-making, have taken on particular importance. From the very onset of the health crisis, the People and Organisation Division chose to have as many people as possible working from home as a precautionary measure. As a result, since March, a number of initiatives were launched to support the organisation's leaders in the

project aim to emotionally engage employees with the company's mission and its staunch commitment to sustainability and people.

In 2020, ENDESA, maintained the Open Feedback process, an on-going process that remains open through the year to the entire organisation to enhance the culture of exchanging feedback across all levels. As part of the 2020 assessment process, the eligible group was determined to contain 8,301, representing 86.55% of ENDESA employees. All eligible persons must be assessed by their manager (except for those on leave or system errors).



remote management of people, by planning weekly targets, incentivising communication, using collaborative tools and searching for spaces and new channels to research people's well-being. Now more than ever, across all levels, it has been necessary to demonstrate our commitment to the business project and to continue making progress in achieving the targets and overcoming the challenges that the environment and the industry has required of us. In this sense, initiatives including the "Change"

In addition to this process are the Management By Objectives (MBO) and the Annual Bonus (AB) systems, which apply respectively to managers and employees who receive variable remuneration and the Sales Force Objectives system, which affects all salespeople receiving variable remuneration, excluding the MBO and AB and other Remuneration by Objectives systems in force. 36.5% of employees participated in the assessment of objectives with variable remuneration in 2020.

Talent development

ENDESA is committed to talent development and personal and professional growth as part of its business strategy focussed on the sustainability of human capital.

In 2020 a range of professional development actions were taken, adapted to the specific needs of each business.

Details of a number of these actions are provided below:

> *Onboarding*: this process aims to facilitate the incorporation of new recruits into the organisation and transmit ENDESA's values and culture to them. The process is automated and digitalised, with the use of digital signatures, the synchronization of information between systems, management via mobile devices and the coordination of actions for new employees joining the organisation and undertaking the training required in line with their position.

> *Coaching*: ENDESA maintains its staunch commitment to coaching through individual or group actions, mainly imparted through the Internal Coaching Network where more than 35 in-house coaches accompany professionals at the company; this model serves as a benchmark among Ibex35 companies.

During this complicated year so harshly hit by the pandemic, the Internal Coaching Network has launched an initiative consisting of emotional support sessions for all company employees requesting them via the specific mailbox or their People Business Partner.

In 2020, ENDESA once again received acknowledgement as one of the most influential organisations in relation to coaching, this time receiving first prize at Expocoachig 2020 for its work to promote the personal and professional development of the company's staff through coaching initiatives.

> *Skills workshops*: ENDESA has organised "Coach Manager" and "Coach Manager+" courses, aimed at people managers to help develop their coaching skills, competencies and tools. As part of its commitment to the culture of feedback, coaching tools contribute in a positive way to team management in high-efficiency environments.

> *Mentoring*: maintaining the line of action launched in previous years, ENDESA has kept this knowledge transfer project in place, as part of which professionals with particular experience in a specific skill or area of knowledge tutor and mentor other colleagues for a period of 3 to 6 months.

> *People and Organisation Consultancy*: one of the biggest achievements in the field of Talent Development involves offering tailor-made solutions for the businesses that so require them. During 2020, ENDESA has continued to strengthen its internal line of consultancy that provides ad-hoc solutions to business needs.

One of the most notable achievements is the project for providing emotional support to the Generation Business in light of the uncertainty experienced by people as part of the changing circumstances triggered by the decarbonisation of the sector and the switch in technology used in energy production processes to renewable technologies. This project has made a positive contribution to the people relocation process, preparing them emotionally for the reskilling processes have been rolled out.

> > *Succession plans*: in 2020 ENDESA has continued to work on succession plans to identify successors for positions with greater management responsibilities.

Succession plans identify both people prepared to take over in the short term, in addition to those who will be prepared in the medium to long term. The identification process is governed by criteria that have been suggested and shared, placing an emphasis on women's and youth groups. These criteria contribute to ensuring compliance with the Gender Diversity targets, to which ENDESA is staunchly committed.

As part of the process for drawing up Succession Plans, development actions have been identified for designated successors; these specific actions are in line with the needs of the person in question and are included in the annual development plans of ENDESA's workforce.

In 2020 a range of professional development actions were taken, adapted to the specific needs of each business.

TRAINING

As part of its commitment to people, ENDESA focuses on imparting training to them and offers a wide range of learning actions to provide and improve the technical qualifications they need in the performance of their duties and to grow as part of their personal development. The process of moving from the concept of "training" to "learning" has been consolidated, placing the person at the centre of the process and making them responsible for their professional development. A new way of learning that incorporates learning communities into the global digital platform "eEducation", to facilitate the sharing of knowledge and develop social aspects through the exchange of knowledge and information among all persons that form part of the Enel Group, in addition to the public assessment of contents.

2020 was a year that was harshly hit by the pandemic and the health crisis generated by COVID-19, as part of which working from home became the new norm. This has resulted in the transformation of traditional face-to-face courses into virtual courses stepping up a gear, with shorter formats and adapted approaches, increasing online learning content on the e-learning platform, "eEducation".

Furthermore, webinars have become commonplace to accompany workers, helping them to continue working together at a distance and guarantee their well-being. In 2020, ENDESA started to implement a new learning model, turning its attention to the globalisation of processes; the employee user experience (including the social part of assessment of courses and learning communities); and on the development of new tools, new ways of thinking, new processes, new culture, a new system of recognition and motivational leadership.

In rolling out this activity, ENDESA invested Euro 30.8 million, of which Euro 12.3 million came in the form of the direct costs of training activities.

Over the course of 2020, ENDESA held 4,418 training events, at which 9,444 employees participated. This activity involved 348,700 hours of training, with an average of 36.36 hours per employee.

2020 was a year that was harshly hit by the pandemic and the health crisis generated by COVID-19, as part of which working from home became the new norm.

Training type and content

Training actions respond to the needs detected as part of different analysis processes to ensure continuous and up-to-date learning in the different types of training identified:

Training in energy sustainability

The commitment to sustainable development is a core part of ENDESA's activity. Training in this area is of significant importance as is the target of ENDESA employees being able to assume the principles of sustainability in their professional and private fields of action, and that by provoking a change in energy behaviour, they can set the benchmark for society.

In 2020, the Education4all training programme was worth particular mention to help explain how Sustainability has become a core aspect of the business; in addition to the inclusion of learning in the circular economy, as an essential aspect for looking confidently towards the future and overcoming the transition towards increasingly sustainable and competitive models.

Training in health and safety

Workplace risk prevention courses are mandatory for the entire workforce, combining online and face-to-face components.

In 2020, ENDESA imparted a total of 59,186 hours of training in occupational health and safety for its in-house staff. 5,755 people attended training courses on prevention matters.

In addition to undertaking the standard health campaigns (including COVID-19 prevention), safety walks, safety inspections and internal and external audits, a number of basic principles, information, preventive recommendations and awareness-raising videos have been disseminated. Knowing how to detect unsafe situations is a key aspect of ENDESA's culture and requires everybody's commitment and participation.

Environmental training

During 2020, an emphasis continued to be placed on environmental training with the delivery of nearly 2,463 hours of training to ENDESA employees. This training has made it possible to comply with the requirements established for the renewal of the different ISO 14001, Energy Efficiency and Integrated Energy Environmental Management System and Indoor Environmental Quality (SIGAEC) certifications received by the company.

Training in digitalisation

ENDESA's programmes imparting training in digital skills allow staff to increase their technical knowledge of technology, these change management skills are an essential asset in the digital age and new model of work with the aim of obtaining a more systemic vision and achieving a positive and sustainable impact. Digital transformation training in 2020 has reached record levels, with 33,174 hours of training delivered. Given the impact of the COVID-19 pandemic, in 2020 leaps forward were made in the digitalisation process in which ENDESA was already immersed; this saw a new model of work implemented that saw employees receive training in digital skills, adapting

their professional abilities to those currently demanded by the market.

Technical training

One of ENDESA's main commitments that has remained unchanged over the years is technical training for employees. This allows them to continue with their professional progress and provides them with the necessary qualifications to perform their duties. Thus, in 2020, 141,215 hours of technical training were imparted in the fields of Conventional Generation, Renewables, Distribution, Supply, Global Digital Solutions (GDS), Procurement and Support Areas. From the total number of hours of training delivered, 84.4 were imparted online.

Other training activities

As part of the training offered in management, social and leadership skills, ENDESA has provided employees with tools for their personal and professional development. This type of training has been delivered in a cross-cutting manner between the different lines of business and support areas. The number of hours training in skills management programmes came to 141,815 hours in 2020. Furthermore, a number of training programmes were launched in relation to different aspects of diversity: in terms of gender, training in unconscious biases was imparted in the form of the HER course, and the Take the lead course, aimed at women in middle management positions or who manage teams. Agile methodology programmes have also been delivered: let's talk about agile and Scrum master in addition to training in new working methodologies: design thinking, visual thinking and creative problem solving.





ATTRACTING AND RETAINING TALENT

During 2020, ENDESA participated at different employment fairs to offer vacancies to newly qualified graduates and in particular those from STEM backgrounds.

Furthermore, the method employed to publish vacancies was changed to use a more inclusive and informal vocabulary and writing style.

Furthermore, the Internship Journey was launched with a view to increasing the number of interns recruited when their internship at ENDESA comes to an end.

Furthermore, with a view to optimising the process insofar as possible, the "Agile" model has been used to fill the most critical and urgent vacancies, including renewable energy profiles or profiles for the Digital Solutions area.

Recruitment

In 2020, ENDESA continued to promote the participation of its employees in the selection processes, placing a priority on publishing vacancies internally. This has enhanced internal mobility, offering people the opportunity to improve their professional development, based on their interests and motivations.

In cases where internal promotion is not possible, the net is cast further afield by contacting people who have already had direct links with the Company's activities, through internships, scholarships or specific temporary contracts.

When this option is exhausted, vacancies are posted on ENDESA's website and job portals.

In 2020, in response to the pandemic, the ability of candidates to manage their own workload and discipline were subject to further scrutiny. Along these lines, priority was placed on new recruits being able to seamlessly join the company and work from home from the get-go.

EMPLOYEES HIRED

	2018	2019	2020
Total local employees joining the workforce over the course of the year	361	375	223
Total local Senior Manager (managers + middle managers) joining the workforce over the course of the year	189	174	132

Remuneration policy

ENDESA's remuneration policy is in line with the recommendations set out in the national and international corporate governance regulations. Its main objective is to retain, attract and motivate the best talent, prioritising internal equality, external competitiveness and establishing remuneration in line with the best practices used on the market. In this regard, ENDESA's remuneration policy ensures competitive and fair remuneration for its employees. Remuneration is determined following an analysis of external competitiveness based on wage surveys in the market, employing a job valuation methodology with criteria used by similar companies in terms of number of employees and turnover.

ENDESA's remuneration policy also places an emphasis on the principles of meritocracy. In 2020, as was the case in previous years, the individual salary review process was performed for all employees, across all professional categories. The main purpose of these processes is to acknowledge the efforts, responsibility and commitment of the Company's employees, adjusting remuneration on a case-by-case basis, while guaranteeing the minimums established in the V ENDESA Framework Collective Bargaining Agreement. This policy also enhances the role of managers in the recognition of team members.

In 2020, an exercise in transparency was performed terms of the communication of the salary review process to the workforce, with an emphasis placed on the gender perspective.

Digital tools have made it possible for decisions regarding employee salary reviews to be taken consciously in terms of their impact on the gender gap, with a view to minimising unconscious bias that could influence them.

ENDESA's commitment to diversity

ENDESA believes that diversity among its employees is a key factor in making the company a more enriching place to work. The progressive increase of women in the workforce, the recruitment of people from other nationalities, the recruitment of young people to rejuvenate the workforce, the recognition of the longest serving members of staff, as well as the integration of people with disabilities are a sign of respect for the

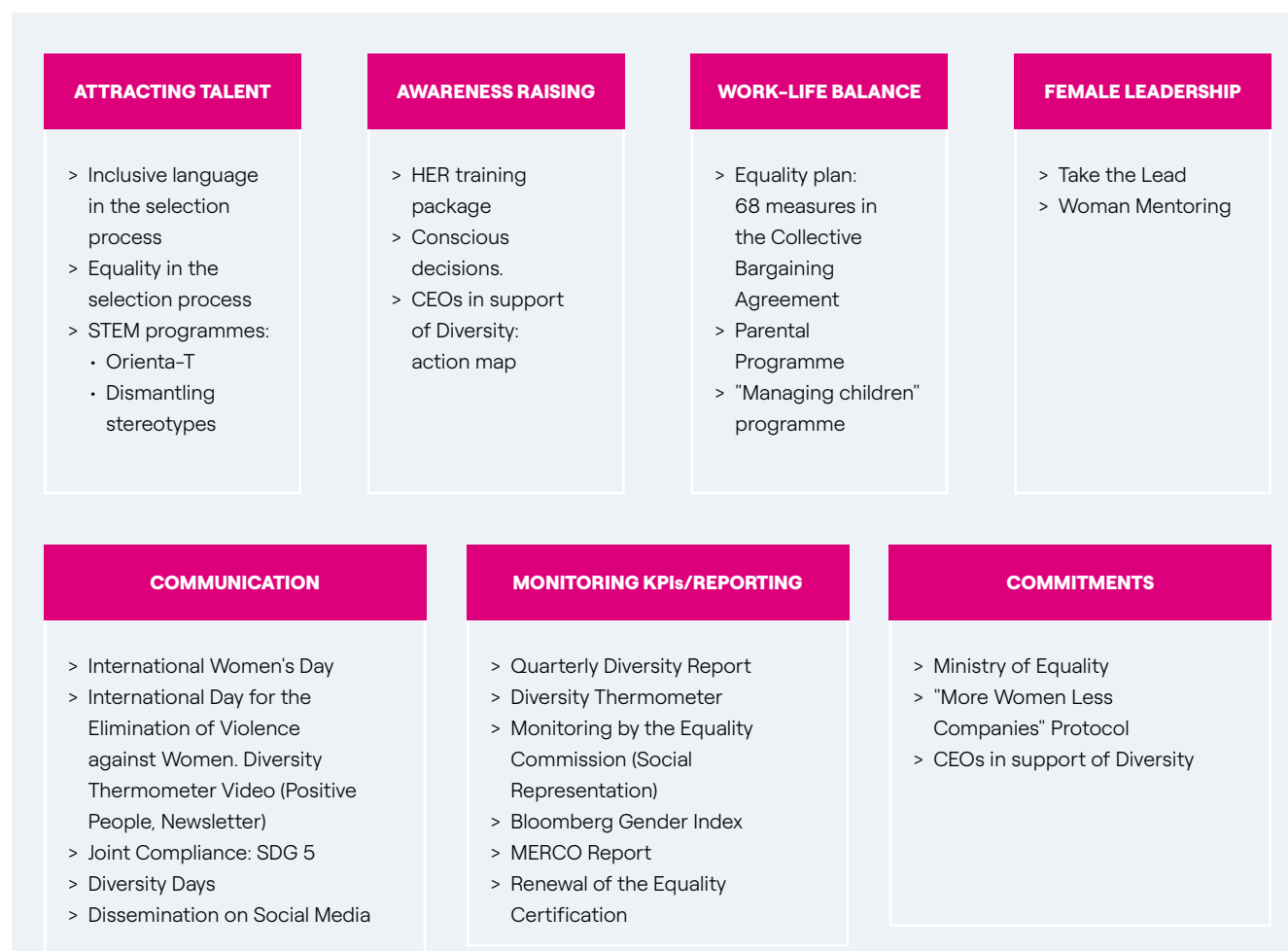
different aspects that serve as the basis for its Diversity and Inclusion Policy (age, gender, culture and disability).


ENDESA, as part of its Diversity and Inclusion Policy and the company's Human Rights policy, rejects all forms of discrimination and is committed to ensuring and promoting diversity, inclusion and equal opportunities. ENDESA spares no efforts in fostering and maintaining a climate of respect for personal dignity and individuality, ensuring the highest standards of confidentiality as regards any information related to the private life of employees that it may become aware of. Therefore, as part of its compliance with the values and principles set out in the ENDESA Code of Ethics, and as part of this Code, the company adheres to the following core principles:

- > Non-discrimination.
- > Equal opportunities and dignity for all forms of diversity.
- > Inclusion.
- > Striking a balance between personal, family and professional life.

In 2020, no incidents involving discrimination, a factor that the company regularly reports to the Workers' Representatives, were reported at ENDESA. Furthermore, ENDESA has developed an action protocol against sexual harassment, guaranteeing it is employed whenever any claim of sexual harassment or harassment in the workplace is made.

Based on these principles, ENDESA has established a Gender Diversity Action Plan, which is in line with the Diversity and Inclusion Policy, targeting three main goals: increasing the presence of women at the company, increasing the presence of women in positions of responsibility and ensuring wage equality. To achieve these goals, a number of initiatives are being developed structured around three pillars: attracting talent, raising awareness and boosting female leadership. Furthermore, complementary communication initiatives are organised, external commitments are made and the evolution of actions and their impact is monitored.





ENDESA forms part of the Network of Companies that are certified on account of their Equality efforts and has actively participated in the different initiatives performed by this Network.

Volunteering commitments made by Management

As part of its volunteering commitments **made by ENDESA with the Ministry of Health, Social Services and Equality** (hereinafter the Ministry), the following are worth particular note:

- > Company Equality Certification.
- > "More Women, Better Companies" Initiative.
- > "To a Society Free of Gender-Based Violence" Initiative.

The Company has also made commitments to other institutions and targets are reported publicly:

- > Equality Plan as part of the V Framework Bargaining Agreement.
- > CEOs in support of Diversity (since 2019).
- > Sustainable Development Goal: SDG 5: Gender equality.

Company Equality Certification

As part of ENDESA's commitment to equality, in 2010 the Ministry awarded ENDESA the "Equality in Business" certificate, which has been renewed every three years ever since. Each year, the corresponding follow-up reports, which are required to maintain this certification, are presented; the application was filed for the third extension of the certification in 2020. Furthermore, ENDESA forms part of the Network of Companies that are certified on account of

their Equality efforts and has actively participated in the different initiatives performed by this Network.

"More Women, Better Companies" Initiative

As part of the "More Women, Better Companies" initiative, with which ENDESA has been collaborating since 2014, its affiliation to the 2019-2023 Protocol remains in force with a view to promoting the balanced participation of women and men in pre-executive and executive positions and on management committees. The Protocol contains quantitative targets in relation to the presence of women in positions of responsibility, in addition to qualitative commitments in relation to the promotion of technological careers for girls, leadership development programmes for women, awareness-raising, support for maternity/paternity leave and the visibility of female talent inside and outside the company. The targets set out in this Protocol are monitored as part of biannual reports.

CEOs Alliance for Diversity

In addition to the commitments assumed before the Ministry, ENDESA has been a member of the CEOs Alliance for Diversity since 2019, promoted by the Adecco and CEOE foundations. On joining the Alliance, Endesa's CEO's recognised diversity, equity and inclusion as core values that enrich companies and strengthen their competitiveness. ENDESA is also committed to promoting diversity strategies, involving its Management Committees and creating a common vision in terms of diversity.

Promoting gender equality

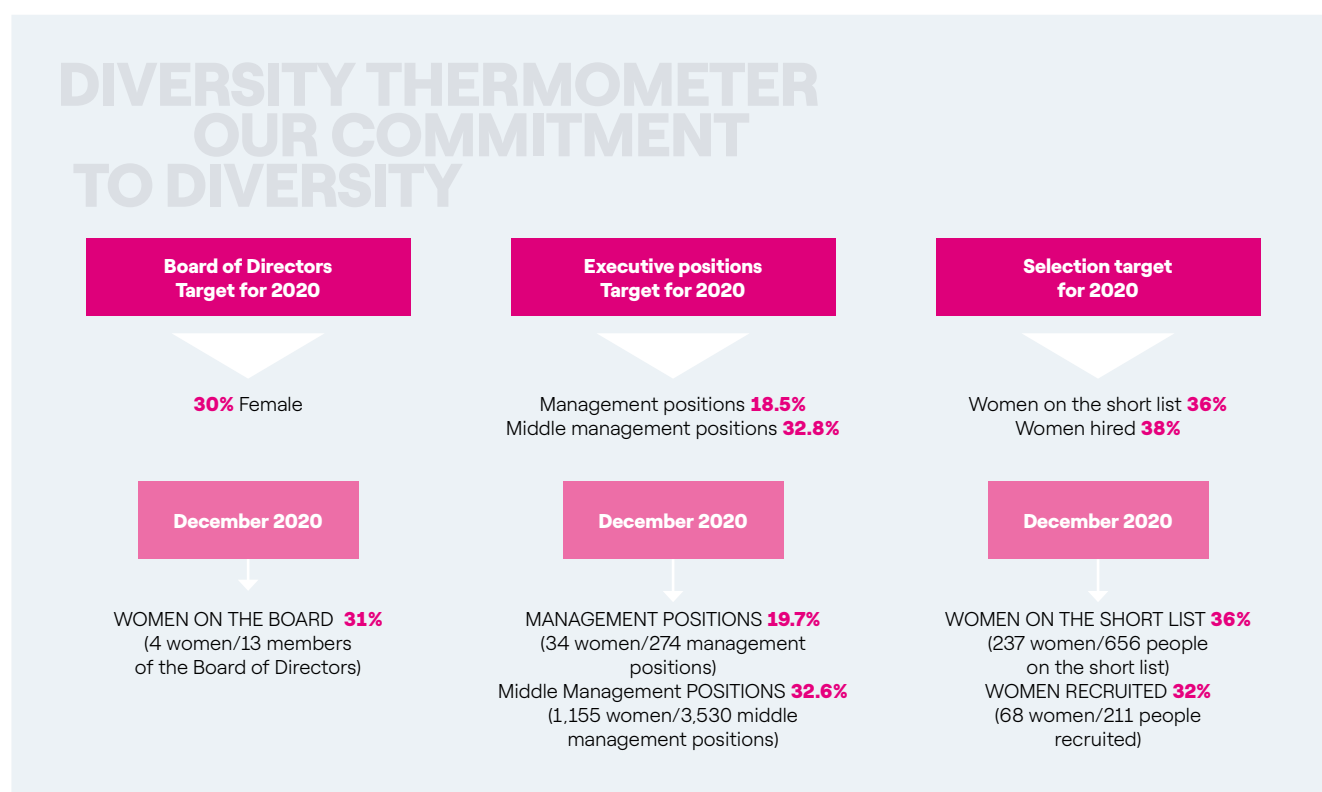
ENDESA promotes gender equality throughout all areas of the company, placing special emphasis on both the internal and external gender targets, which are included in the Strategic Sustainability Plan (2021-2023):

DIVERSITY AND INCLUSION

		2021-2023 Targets			
		2020	2021	2022	2023
Increase the presence of women in positions of responsibility (% women)	Management Positions ¹	18.5%	20.0%	20.0%	20.5%
	Middle management positions ¹	32.8%	33.0%	33.3%	33.5%
Promoting gender diversity as part of selection processes (% women)		36%	50%	50%	50%
Promoting gender diversity in the recruitment process (% all women recruited)		38%	39%	39%	40%
Professional guidance in STEM specialisations for women		>2,500 women involved between 2020 and 2023			

Each month, the details and results of actions performed in relation to the gender diversity policy are published and developments are subject to analysis, compared to the targets set for 2020.

Compared to the previous year, the number of women involved in selection processes has increased, as has the number of women on the Board of Directors and in positions of responsibility:



In 2020, the percentage of women recruited came to 32%.

In terms of positions of responsibility, the percentage of women in management positions in 2020 came to 32.6% as regards middle managers, only 0.2% off the target, and 19.7% in management positions, up from the score of 18.7% recorded the previous year.

Equality Plan in the Bargaining Agreement

ENDESA has an Equality Plan that sets out the Human Resources Policies for promoting the implementation of the actions required to facilitate the inclusion of women into decision-making positions with higher amounts of responsibility.

The plan has been negotiated and agreed with the Workers' Representatives and its implementation is monitored as part of the work performed by the Equality Committee. It is divided into four sections:

- > Measures for promoting equal treatment and opportunities between men and women
- > Measures on striking a work/life balance
- > Specific measures providing protection during pregnancy, to mothers, and the partner of the mother and to the newborn
- > Special measures for the protection of victims of gender-based violence and victims of terrorism

The Plan ensures the effective application of the principle of equal remuneration for work of equal value and, in particular, that there are no differences in pay on the grounds of gender.

The Plan also sets out the possibility of adapting the work day by applying flexitime, a temporary change in working hours, reduced working hours and leave to take care of relatives. It also includes specific measures for protection during pregnancy and maternity, and special measures for the protection of victims of gender-based violence. As a tool for helping with the care of children, for both mothers and fathers, the Plan provides for the establishment of agreements with nurseries and awareness in relation to equality through information and communication.

Thus, all the measures set out in the Equality Plan have been implemented in Spain. This Plan is evaluated and monitored by company management and trade unions through the joint equal opportunities commission provided for in the collective bargaining agreement.

Finally, in terms of combating gender-based violence, the ENDESA Equality Plan, which forms part of the Framework Collective Bargaining Agreement, includes special measures for the protection of victims of gender-based violence.



Age

As part of its management of generational diversity, ensuring integration, motivation and the transfer of knowledge, ENDESA has launched the following initiatives:

- > Tutoring for new recruits: this initiative supports employees during the main transition period and especially following their recruitment to the company.
- > > Knowledge transfers: this includes mentoring programs and internal training initiatives.
- > > Our Greatest Values: initiative that recognises the career path of veteran workers.

Nationality

To manage the differences experienced by people from different nationalities and to promote their integration, a tutoring program is in place for expats as part of which, in 2020, they were assigned a tutor from the country to which they were destined, who provides support during the secondment period.

Disability

ENDESA complies with the current regulations on disability, as set out in the General Law on Disability, and as a sign of its commitment to the inclusion of people with different abilities, ENDESA has signed up to "Valuable 500", an initiative that targets 500 private sector companies with a view to promoting and integrating the business, social and economic value of people with different abilities around the world. The company, which has already disability on the agenda of its Board of Directors, has thus demonstrated its public commitment to action in relation to people with disabilities.

In 2020, the Adecco Foundation offered its Family Plan to 76 relatives of ENDESA employees with a disability.

As part of this initiative, these individuals received personalised counselling and care therapy.

Furthermore, training has been imparted to workers in the People and Organisation division to raise awareness about disabilities and the importance of the inclusion of people with disabilities in the workplace, in addition all the current regulations on this matter. Awareness-raising activities have also been offered to the entire workforce as part of the Diversity Workshops.

Corporate volunteer programme

In the area of corporate volunteerism, ENDESA employees collaborate on numerous projects to promote the social development of communities. Corporate volunteers act as drivers of other initiatives that in turn brings the Company closer to and more involved with its stakeholders and boosts the personal development and commitment of participants. Furthermore, this represents a staunch commitment to the development of the communities in which it operates, dedicating the time of its own staff to activities that combine the interests of the company and its stakeholders, such as providing vulnerable groups with access to energy, promoting employability and quality education, or improving the environment.

In 2020, as a result of the pandemic, a range of volunteer initiatives had to be brought to a standstill for the first half of the year. During the second half of the year, all those that could be continued online were resumed. In total, 24 volunteer projects have been carried out, involving 485 volunteers during business hours and 69 out of hours. This represents a total of 554 volunteers, of which 69 were involved in both formats. In total, volunteers dedicated 1,341 hours of their time during working hours, valued at more than Euro 59,800, in addition to 207 hours offered by volunteers in their free time.

Thanks to the initiatives in which ENDESA volunteers participated in 2020, more than 41,000 people benefitted in total.

Examples include the following initiatives in the areas of social and economic development, education and support for local communities:

Category	Project	Description	2020 Results	Volunteer programmes	Scope	Project partners
SOCIO-ECONOMIC DEVELOPMENT	Changing lives	This programme, arranged by the ENDESA Foundation, seeks to improve the employability of people at risk of exclusion, providing them with the necessary tools for them to be included in the world of work. Part of this training is imparted at reinforcement schools, where those delivering training are ENDESA employees. In 2020, 130 volunteers participated and 712 people received training.	712 people received training	130 ENDESA volunteers 520 business hours	Barcelona, Seville, Madrid and Zaragoza	Fundación integra
	Coach Project	As part of this programme, volunteers tutor young people at risk of social exclusion to enhance their employability, with a positive impact on their self-esteem, motivation and professional guidance, applying coaching or mentoring techniques. 14 volunteers offered mentoring to 14 young people throughout 2020.	14 people received training. Following their time in this programme, 82% of young people passed the course and 76% remained in training	14 ENDESA volunteers 149 business hours	Barcelona, Madrid, Seville, Las Palmas, Valencia	Exit Foundation
EDUCATION	SDGs at school	This dynamic and attractive educational proposal seeks to share the SDGs and the 2030 Agenda with schools and in particular primary school children, thus promoting their social participation and active citizenship. 18 ENDESA volunteers offered training to more than 1,000 children participating in the project in 2020.	Raising awareness among young people of the values of the UN Sustainable Development Goals to encourage citizens to become responsible. More than 1,000 children participating in 2020	18 ENDESA volunteers 39 business hours	Doñana (Andalusia), Teruel and La Atalaya (Madrid)	Volunteer programmes and Strategy
SUPPORT FOR LOCAL COMMUNITIES	Rescuing kestrels	Workers from the Carboneras power plant (Almería) participated in handing over kestrels to the Administration's environmental agents, allowing for their reintroduction into the environment once they recover. 3 volunteers participated in 2020.	Preserving the biodiversity of the local environment	3 ENDESA volunteers 11 business hours	Carboneras (Almería)	Department of Agriculture, Livestock, Fisheries and Sustainable Development

11

OTHER ACTIVITIES

DIGITALISATION

ENDESA placed digitalisation at the heart of its entire value chain: generation, distribution, marketing and our people were the key drivers in improving efficiency.

CYBERSECURITY

The company assesses the main risks and identifies shortcomings, in addition to performing extensive digital surveillance as part of which it analyses information and implements remedial actions to mitigate risks.

PROCUREMENT

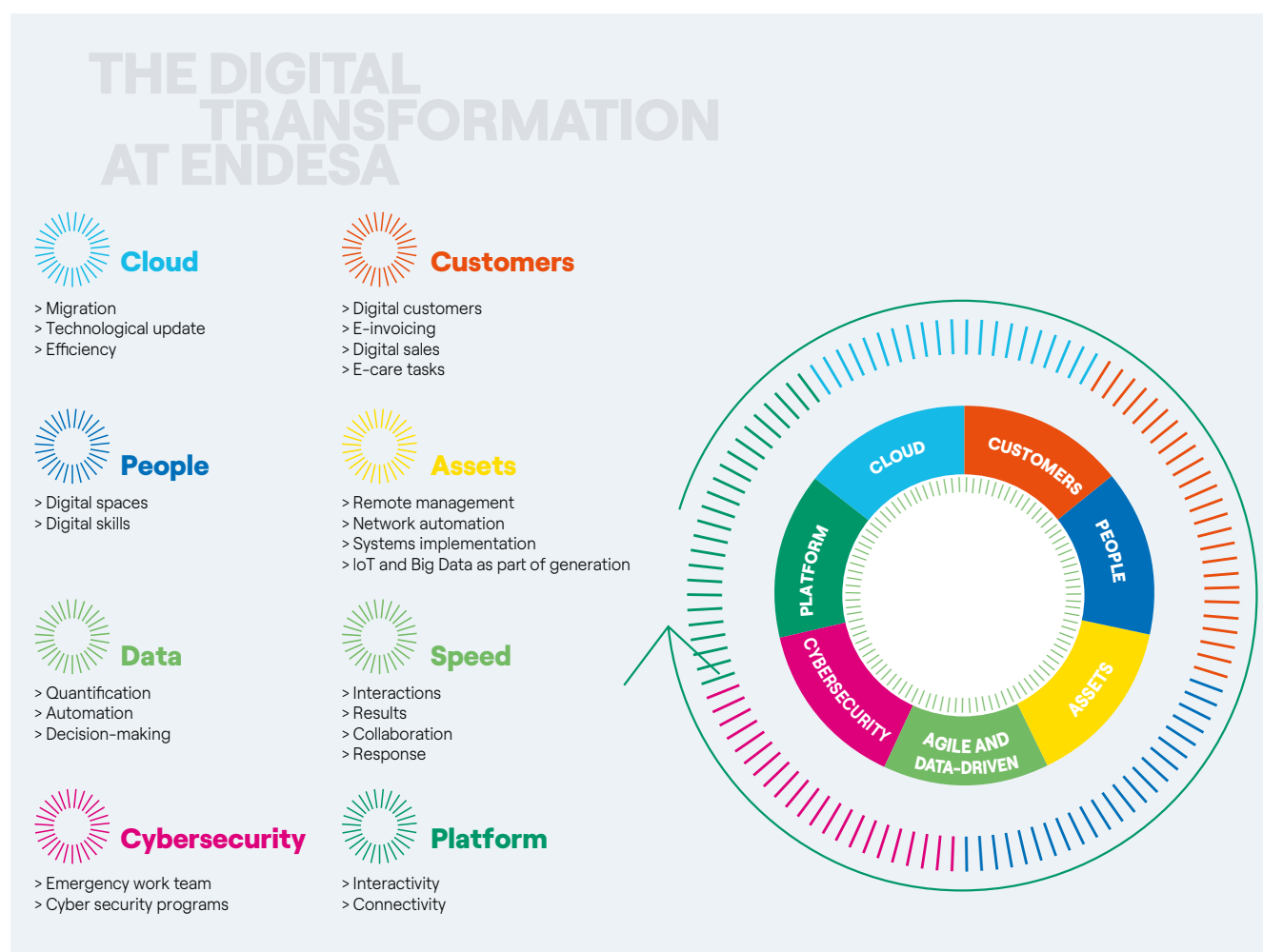
The general conditions of all ENDESA's contracts include specific clauses on the commitment of counterparties to human rights, personal safety, the environment and the fight against corruption.



DIGITAL TRANSFORMATION

The digital transformation entails the process that turns the company into an organisation that is fully connected to the digital ecosystem and makes it customer-oriented in a smart and agile way. This process requires important efforts to manage change to successfully handle the challenge of introducing new digital technologies. These new technologies fundamentally make it possible to interconnect people and objects, providing new access to both traditional and newly created products and services. ENDESA, aware of the foregoing and the opportunities the digital transformation provides, has incorporated it as an essential part of its 2019-2021 sustainability plan, investing more than Euro 314 million in this area in 2020.

These strategic lines of action coincide with ENDESA's staunch commitment to the pursuit of continuous efficiency through the digitalisation of its businesses. To this end, ENDESA plans to develop digitalisation investment plans across all its businesses for the sum of Euro 1.5 billion between 2021 and 2023. The biggest effort will be made in Distribution, which will allocate Euros 1,300 million to the digitalisation of the business, accounting for more than 85% of the investments announced during this period. ENDESA included digitalisation throughout its chain of value, generation, distribution, marketing and its people, as a catalyst for improving efficiency.



Customers

ENDESA developed new computer tools to promote the digitalisation of customers, in addition to the development of new service channels and other products and services.

Consumers' access to new technologies, their adoption and mass use, has completely transformed customer relations. This adoption resulted in new habits and customs

amongst consumers in their personal and professional lives and, as goes without saying, their relationships with companies. The vast majority of them are already or will become digital, connected and social customers.

These efforts have helped to secure the progress and achievements indicated below that contribute to the process of digitalising customer relations in 2020.



People

The digital transformation required that the company adapt its value proposition to new digital customers, resulting in the introduction of new technologies into its value chain. In this sense, ENDESA is working in different areas to promote the change in organisational culture and the way in which the company works. It believes that 100% of its workforce will be able to develop their digital skills over the coming 3 years. These areas include:

- > Improving data management process including but not limited to the use of the latest data storage technology on the cloud and the development of digital platforms that allow for interactivity and connectivity to be increased.

- > Promoting the most demanding standards in relation to the promotion of cybersecurity to undertake the digital transformation with the least possible risk.
- > Being a data-driven company, where Big Data is used correctly to guide strategic decisions.
- > Promoting the agile methodology to support these transformations, consisting of an approach focused on the target making customer deliveries within a short turnaround time and at regular intervals, combining methodological rigor with adapting to the customer's needs and the context in the development of a product or a service.

Digitalisation of generation facilities

At generation facilities, there are two major digitalisation programmes underway, Digiworld: Covering the Operation and Maintenance processes, both in thermal and renewable power stations, and another covering the engineering and construction processes: E&C Revolution 2.0. These digitalisation programmes rely on a powerful technological infrastructure (servers, storage, networking and security), in addition to communications and control systems (currently undergoing technological renewal for the entire line of renewables), while ensuring compliance with the company's Cybersecurity policies.

Digitalisation of the distribution network

The goal of ENDESA's Remote Management Project was to develop and roll out an automatic and remote electricity supply control and operating system for domestic customers. Throughout 2020, ENDESA has performed a total of 141,910 replacements, encompassing 99.6% of type 5 meters with an active contract and contracted power of up to 15 kW (11.82 million supplies).

Furthermore, this year, 84,229 type 4 devices have been installed with remote management capacity (for supplies with a contracted power of between 15 and 50 kW), encompassing 94.6% of the target type 4 facilities. ENDESA has thus consolidated its position as a leader in the development of this technological solution across Spain, helping to incentivise energy efficiency and the sustainability of the electricity system.

Smart grids

ENDESA has continued to configure its distribution grids in line with the smart grid model. Grid technification and the inclusion of information and communica-



tion technology (ICT) mean these grids are able to offer a rapid response to users' needs. ENDESA is developing the smart grid concepts in different projects and innovation initiatives, with end users playing an important role, while seeking to validate and test in real operating conditions.

The main target is to contribute to the development and implementation of integrated energy solutions to achieve energy savings and reduce CO₂ emissions, in line with EU targets for 2030, placing an important focus on the decarbonisation of the economy. Unique projects underway to develop smart grids include the Digital Network Twin (NDT) and the DIGI&N Iberia programmes.

Cybersecurity

ENDESA's cybersecurity strategy is in line with international standards and government initiatives. As part of this strategy, ENDESA assesses the main risks and identifies shortcomings, in addition to performing extensive digital surveillance as part of which it analyses information and implements remedial actions to mitigate risks. Furthermore, it imparts training and performs awareness-raising actions on the use of digital technologies amongst its employees, both professionally and in particular, with a view to changing people's behaviour and reducing risks.

On its assets, ENDESA performs cyber exercises involving plant or industrial facilities.

ACQUISITIONS

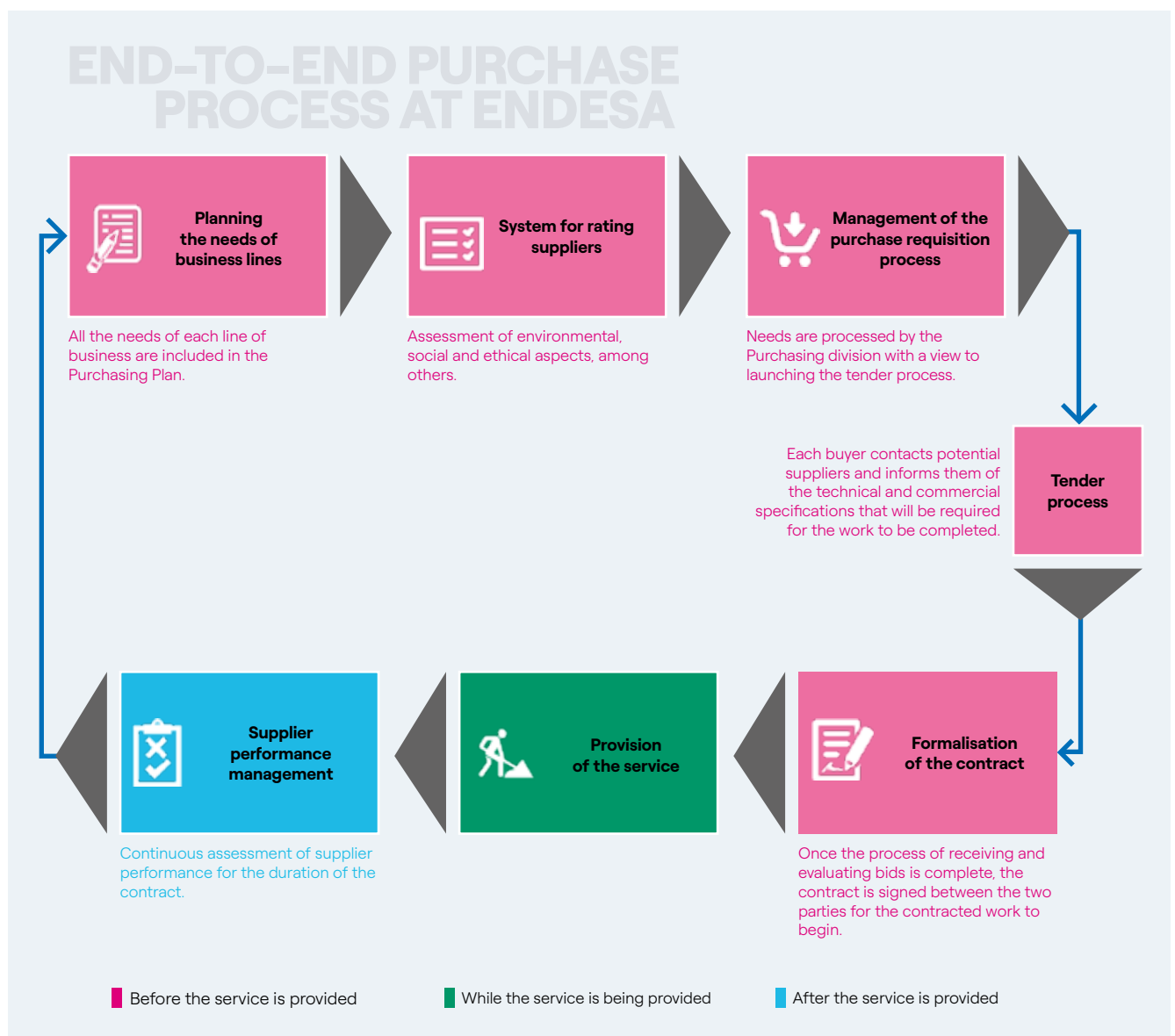
In 2020, ENDESA collaborated with 4,867 suppliers, including the total number of suppliers subject to delegated purchases.

The value of purchases from suppliers was down by 10% compared to 2019, coming to Euro 2,176 million.

Furthermore, in 2020, contractors and subcontractors involved in construction, operation and maintenance activities worked a total of 3,773,503 days, a 11.22% decrease on 2019.

The total number of hours worked by contractors in 2020 came to 34,003,191.

ENDESA is working in different areas to promote a change in organisational culture and the way the company works.



12

APPENDICES



ENDESA'S GENERATION FACILITIES IN SPAIN AS AT 31/12/2020

	Company	Location	Type of fuel	No. of units	Total capacity (MW)	ENDESA %	Consolidated power rating at Endesa (MW)
MAINLAND GRID							
Conventional thermal power stations							
Coal							
COMPOSTILLA ¹	ENDESA	Cubillos del Sil-León	H-A	0	0	100.0	0
ANLLARES ²	33.33% ENDESA	Anllares-León	H-A	0	0	33.33	0
AS PONTES	ENDESA	As Pontes-La Coruña	CI	4	1,469	100.0	1,469
TERUEL ³	ENDESA	Andorra-Teruel	LN	0	0	100.0	0
LITORAL	66.66% END-33.33% SEV	Carboneras-Almería	CI	2	1,159	100.0	1,159
Total Coal				6	2,627		2,627
CCGT							
SAN ROQUE 2		San Roque-Cádiz	CCTG	1	408	100.0	408
BESÓS 3		Besós-Barcelona	CCTG	1	419	100.0	419
BESÓS 5		Besós-Barcelona	CCTG	3	873	100.0	873
COLON 4		Huelva	CCTG	1	398	100.0	398
AS PONTES		As Pontes-La Coruña	CCTG	3	870	100.0	870
Total Gas				9	2,969		2,969
Nuclear							
ASCO I	40% END - 60% FEC	Ascó-Tarragona	N	1	1,033	100.0	1,033
ASCO II	40% END - 45% FEC	Ascó-Tarragona	N	1	1,027	85.0	873
VANDELLOS II	72% ENDESA	Vandellós-Tarragona	N	1	1,087	72.0	783
GAROÑA ⁴	100% NUCLENOR	Stª Mª Garoña-Burgos	N		0	50.0	0
ALMARAZ I	36% SEVILLANA	Almaraz-Cáceres	N	1	1,049	36.0	378
ALMARAZ II	36% SEVILLANA	Almaraz-Cáceres	N	1	1,044	36.0	376
TRILLO ⁵	2% NUCLENOR	Trillo-Guadalajara	N	1	1,066	1.0	11
Total Thermal Nuclear				6	6,307		3,453
Total Mainland Conventional Generation Facilities					11,903		9,050
Conventional hydroelectric							
U. de Prod. Hidr. Noroeste			H		749.24	100.00	749.24
U. de Prod. Hidr. Ebro-Pirineos			H		1,953.45	100.00	1,953.45
U. de Prod. Hidr. Sur			H		660.80	100.00	660.80
Pumping plants							
U. de Prod. Hidr. Ebro-Pirineos			H		759.89	100.00	759.89
U. de Prod. Hidr. Sur			H		589.77	100.00	589.77
Total hydroelectric					4,713.15		4,713.15
Mini hydro							
ANLLO	Enel Green Power España	GALICIA	H	1	7.92	100.00	7.92
ARROIBAR	Enel Green Power España	GALICIA	H	1	14.70	100.00	14.70

	Company	Location	Type of fuel	No. of units	Total capacity (MW)	ENDESA %	Consolidated power rating at Endesa (MW)
BATANES	Enel Green Power España	CASTILE-LEON	H	1	0.22	100.00	0.22
CASAS	Enel Green Power España	CATALONIA	H	1	0.13	100.00	0.13
CASTADÓN - HERVEDOIRO	Enel Green Power España	GALICIA	H	1	1.21	100.00	1.21
CASTRO	Enel Green Power España	GALICIA	H	1	0.12	100.00	0.12
FERVENZAS-COIROS	Enel Green Power España	GALICIA	H	1	0.25	100.00	0.25
GRAUS	Enel Green Power España	ARAGON	H	1	2.15	100.00	2.15
HOZ SECA-NAVAREJOS	Enel Green Power España	CASTILE-LA MANCHA	H	1	0.78	100.00	0.78
IZBOR	Enel Green Power España	ANDALUSIA	H	1	11.98	100.00	11.98
LA CASTELLANA	Enel Green Power España	GALICIA	H	1	1.20	100.00	1.20
LA ROCHA	Enel Green Power España	CASTILE-LA MANCHA	H	1	1.45	100.00	1.45
MANDEO-ZARZO	Enel Green Power España	GALICIA	H	1	25.60	100.00	25.60
MOLINAFERRERA-CABRITO I AND II	Enel Green Power España	CASTILE-LEON	H	1	1.05	100.00	1.05
MOLINO DE ARRIBA-PERALEJOS	Enel Green Power España	CASTILE-LA MANCHA	H	1	0.93	100.00	0.93
MORLA	Enel Green Power España	CASTILE-LEON	H	1	0.19	100.00	0.19
PÉ DE VIÑA	Enel Green Power España	PRINCIPALITY OF ASTURIAS	H	1	0.68	100.00	0.68
REQUEIXO (AS CHAS)	Enel Green Power España	GALICIA	H	1	3.08	100.00	3.08
ROSARITO	Enel Green Power España	CASTILE-LEON	H	1	4.86	100.00	4.86
SAN JUAN DE MURO	Enel Green Power España	GALICIA	H	1	0.13	100.00	0.13
TUNEL DE VIELHA	Enel Green Power España	CATALONIA	H	1	0.25	100.00	0.25
VILLAMECA	Enel Green Power España	CASTILE-LEON	H	1	0.50	100.00	0.50
Total Mini-Hydro Plants				22	79.37		79.37
Wind							
ACAMPO	Enel Green Power España	ARAGON	E	1	6.00	100.00	6.00
ÁGREDA	Enel Green Power España	CASTILE-LEON	E	1	18.00	100.00	18.00
AGUILÓN	Enel Green Power España	ARAGON	E	1	50.00	100.00	50.00
ALDEAVIEJA	Enel Green Power España	CASTILE-LEON	E	1	14.52	100.00	14.52
ALLUEVA	Enel Green Power España	ARAGON	E	1	25.20	100.00	25.20
ALMARÉN	Enel Green Power España	ARAGON	E	1	11.90	100.00	11.90
ALTO DE LAS CASILLAS I	Enel Green Power España	COMUNIDAD VALENCIANA	E	1	30.00	100.00	30.00
ALTO DE LAS CASILLAS II	Enel Green Power España	COMUNIDAD VALENCIANA	E	1	30.00	100.00	30.00
AMPLIACIÓN CORTADO	Enel Green Power España	CASTILE-LEON	E	1	13.50	100.00	13.50

1	The Enel Group	2	Economic, energy and regulatory framework	3	Corporate governance	4	Strategy	5	Financial data	6	Businesses
7	Internal control systems	8	Sustainability	9	Technology and innovation	10	Our people	11	Other activities	12	Appendices

	Company	Location	Type of fuel	No. of units	Total capacity (MW)	ENDESA %	Consolidated power rating at Endesa (MW)
AMPLIACIÓN LOS LLANOS	Enel Green Power España	CASTILE-LEON	E	1	20.00	100.00	20.00
ANGOSTURAS	Enel Green Power España	ANDALUSIA	E	1	36.00	100.00	36.00
ARAGON	Enel Green Power España	ARAGON	E	1	5.28	100.00	5.28
BARBANZA I AND II	Enel Green Power España	GALICIA	E	1	29.04	100.00	29.04
BELMONTE	Enel Green Power España	PRINCIPALITY OF ASTURIAS	E	1	34.85	100.00	34.85
CALDEREROS	Enel Green Power España	CASTILE-LA MANCHA	E	1	37.80	100.00	37.80
CAMPOLIVA I	Enel Green Power España	ARAGON	E	1	35.99	100.00	35.99
CAMPOLIVA II	Enel Green Power España	ARAGON	E	1	39.38	100.00	39.38
CANTIRUELA	Enel Green Power España	CASTILE-LEON	E	1	15.00	100.00	15.00
CAPELADA I AND CAPELADA II	Enel Green Power España	GALICIA	E	1	31.35	100.00	31.35
CAREÓN	Enel Green Power España	GALICIA	E	1	18.00	100.00	18.00
COGOLLOS II	Enel Green Power España	CASTILE-LEON	E	1	50.00	100.00	50.00
CORISCADA	Enel Green Power España	GALICIA	E	1	24.00	100.00	24.00
CORZÁN	Enel Green Power España	GALICIA	E	1	43.20	100.00	43.20
COUTO SAN SEBASTIAN	Enel Green Power España	GALICIA	E	1	18.00	100.00	18.00
DEHESA DE MALLEN	Enel Green Power España	-1	-1	1	3.47	100.00	3.47
DO VILÁN	Enel Green Power España	GALICIA	E	1	16.90	100.00	16.90
EEE	Enel Green Power España	ANDALUSIA	E	1	32.00	100.00	32.00
EL CAMPO	Enel Green Power España	ARAGON	E	1	19.80	100.00	19.80
EL PUERTO-TRINIDAD	Enel Green Power España	ARAGON	E	1	25.08	100.00	25.08
FALADOIRA-COTO TEIXIDO	Enel Green Power España	GALICIA	E	1	47.52	100.00	47.52
FARLAN	Enel Green Power España	ARAGON	E	1	41.40	100.00	41.40
FARRAPA	Enel Green Power España	GALICIA	E	1	20.00	100.00	20.00
GIGANTES	Enel Green Power España	-1	-1	1	21.30	100.00	21.30
GRANUJALES	Enel Green Power España	ANDALUSIA	E	1	24.00	100.00	24.00
LA ESTANCA	Enel Green Power España	ARAGON	E	1	24.00	100.00	24.00
LA MUELA II	Enel Green Power España	ARAGON	E	1	13.20	100.00	13.20
LA MUELA III	Enel Green Power España	ARAGON	E	1	16.50	100.00	16.50

	Company	Location	Type of fuel	No. of units	Total capacity (MW)	ENDESA %	Consolidated power rating at Endesa (MW)
LANCHAL	Enel Green Power España	CASTILE-LEON	E	1	21.25	100.00	21.25
LAS PARDAS	Enel Green Power España	CASTILE-LEON	E	1	49.50	100.00	49.50
LES FORQUES	Enel Green Power España	CATALONIA	E	1	30.00	100.00	30.00
LOMA GORDA	Enel Green Power España	ARAGON	E	1	23.93	100.00	23.93
LOS ARCOS	Enel Green Power España	ANDALUSIA	E	1	34.65	100.00	34.65
LOS LANCES	Enel Green Power España	ANDALUSIA	E	1	10.68	100.00	10.68
LOS LLANOS	Enel Green Power España	CASTILE-LEON	E	1	38.00	100.00	38.00
MADROÑALES	Enel Green Power España	ANDALUSIA	E	1	34.00	100.00	34.00
MONTARGULL	Enel Green Power España	CATALONIA	E	1	44.00	100.00	44.00
MONTE DE LAS NAVAS	Enel Green Power España	CASTILE-LEON	E	1	48.84	100.00	48.84
MOTILLA DEL PALANCAR	Enel Green Power España	-1	-1	1	51.00	100.00	51.00
MUNIESA	Enel Green Power España	ARAGON	E	1	46.80	100.00	46.80
PE. CHAN DO TENON	Enel Green Power España	GALICIA	E	1	22.40	100.00	22.40
PE. DE ENIX	Enel Green Power España	ANDALUSIA	E	1	13.20	100.00	13.20
PE. DE ESCUCHA + SANT JUST	Enel Green Power España	ARAGON	E	1	28.38	100.00	28.38
PE. LEBOREIRO	Enel Green Power España	GALICIA	E	1	21.12	100.00	21.12
PE. LOS BARRANCOS	Enel Green Power España	ANDALUSIA	E	1	20.00	100.00	20.00
PE. MENAUTE	Enel Green Power España	ANDALUSIA	E	1	37.40	100.00	37.40
PE. PENA VENTOSA	Enel Green Power España	GALICIA	E	1	44.80	100.00	44.80
PADUL	Enel Green Power España	ANDALUSIA	E	1	18.00	100.00	18.00
PARADELA	Enel Green Power España	GALICIA	E	1	12.00	100.00	12.00
PE CASTELO	Enel Green Power España	GALICIA	E	1	16.50	100.00	16.50
PENA REVOLTA	Enel Green Power España	GALICIA	E	1	14.00	100.00	14.00
PEÑA ARMADA	Enel Green Power España	GALICIA	E	1	20.70	100.00	20.70
PEÑA DEL GATO	Enel Green Power España	CASTILE-LEON	E	1	50.00	100.00	50.00
PEÑA FORCADA	Enel Green Power España	GALICIA	E	1	33.80	100.00	33.80
PEÑA II	Enel Green Power España	CASTILE-LA MANCHA	E	1	18.00	100.00	18.00
PESUR	Enel Green Power España	ANDALUSIA	E	1	42.00	100.00	42.00
PICAZO	Enel Green Power España	CASTILE-LA MANCHA	E	1	14.00	100.00	14.00
PLANTA EÓLICA EUROPEA	Enel Green Power España	ANDALUSIA	E	1	6.00	100.00	6.00

	Company	Location	Type of fuel	No. of units	Total capacity (MW)	ENDESA %	Consolidated power rating at Endesa (MW)
POUSADOIRO	Enel Green Power España	GALICIA	E	1	23.50	100.00	23.50
PRIMORAL	Enel Green Power España	ARAGON	E	1	34.65	100.00	34.65
PUCHERUELO	Enel Green Power España	CASTILE-LEON	E	1	22.95	100.00	22.95
REFORMADO PENA VENTOSA	Enel Green Power España	GALICIA	E	1	8.00	100.00	8.00
SAN ANDRÉS	Enel Green Power España	GALICIA	E	1	33.00	100.00	33.00
	Enel Green Power España	GALICIA	E	1	23.93	100.00	23.93
SAN PEDRO ALACON	Enel Green Power España	ARAGON	E	1	39.90	100.00	39.90
SANTO DOMINGO DE LUNA	Enel Green Power España	ARAGON	E	1	29.87	100.00	29.87
SASO PLANO	Enel Green Power España	ARAGON	E	1	39.20	100.00	39.20
SERRA DAS PENAS	Enel Green Power España	GALICIA	E	1	42.00	100.00	42.00
SIERRA COSTERA	Enel Green Power España	ARAGON	E	1	48.90	100.00	48.90
SIERRA COSTERA I	Enel Green Power España	ARAGON	E	1	40.80	100.00	40.80
SIERRA DE LA VIRGEN	Enel Green Power España	ARAGON	E	1	28.80	100.00	28.80
SIERRA DE ORICHE	Enel Green Power España	-1	E	1	13.86	100.00	13.86
SIERRA DEL CORTADO	Enel Green Power España	CASTILE-LEON	E	1	18.48	100.00	18.48
SIERRA DEL MADERO I AND II	Enel Green Power España	CASTILE-LEON	E	1	28.71	100.00	28.71
SIERRA PELARDA	Enel Green Power España	ARAGON	E	1	14.40	100.00	14.40
TOURIÑAN	Enel Green Power España	GALICIA	E	1	24.65	100.00	24.65
VALDESAMARIO	Enel Green Power España	CASTILE-LEON	E	1	24.00	100.00	24.00
VALDIHUELO	Enel Green Power España	CASTILE-LEON	E	1	16.15	100.00	16.15
VIRAVENTO	Enel Green Power España	GALICIA	E	1	1.20	100.00	1.20
Total Wind				89	2,382.06		2,382.06
Photovoltaic							
AUGUSTO	Enel Green Power España	EXTREMADURA	FV	1	49.91	100.00	49.91
AZNALCOLLAR	Enel Green Power España	ANDALUSIA	FV	1	1.00	100.00	1.00
DON QUIJOTE	Enel Green Power España	EXTREMADURA	FV	1	42.21	100.00	42.21
FV CASTELO	Enel Green Power España	GALICIA	FV	1	0.01	100.00	0.01
FV CASTIBLANCO	Enel Green Power España	EXTREMADURA	FV	1	42.30	100.00	42.30

	Company	Location	Type of fuel	No. of units	Total capacity (MW)	ENDESA %	Consolidated power rating at Endesa (MW)
FV CORISCADA	Enel Green Power España	GALICIA	FV	1	0.02	100.00	0.02
GUADARRANQUE	Enel Green Power España	ANDALUSIA	FV	1	12.30	100.00	12.30
HERNÁN CORTÉS	Enel Green Power España	EXTREMADURA	FV	1	42.21	100.00	42.21
LA VEGA I	Enel Green Power España	ANDALUSIA	FV	1	43.24	100.00	43.24
LA VEGA II	Baylio Solar S.L.U.	ANDALUSIA	FV	1	43.24	100.00	43.24
LAS CORCHAS	Enel Green Power España	ANDALUSIA	FV	1	49.90	100.00	49.90
LOS BARRIOS	Enel Green Power España	ANDALUSIA	FV	1	0.10	100.00	0.10
LOS NARANJOS	Enel Green Power España	ANDALUSIA	FV	1	49.48	100.00	49.48
NAVALVILLAR	Enel Green Power España	EXTREMADURA	FV	1	42.30	100.00	42.30
TOTANA	Enel Green Power España	MURCIA	FV	1	84.71	100.00	84.71
VALDECABALLEROS	Enel Green Power España	EXTREMADURA	FV	1	42.30	100.00	42.30
ZURBARÁN	Enel Green Power España	EXTREMADURA	FV	1	42.21	100.00	42.21
Total Photovoltaic				17	587.43		587.43
Biogas							
AGUAS DE JEREZ	Enel Green Power España	ANDALUSIA	B	1	0.47	100.00	0.47
Total Biomasa				1	0.47		0.47
Total Mainland Renewable Generation Facilities				129	7,762.48		7,762.48
NON-MAINLAND SYSTEMS							
Balearic Islands							
Coal							
ALCUDIA ⁶	GESA	Mallorca	CI	2	260	100.0	260
Fuel-Gas							
ALCUDIA	GESA	Mallorca	G	2	75.0	100.0	75.0
SON REUS	GESA	Mallorca	G	11	612.8	100.0	612.8
CA'S TRESORER	GESA	Mallorca	G	6	475.1	100.0	475.1
MAHON	GESA	Menorca	F-G	8	270.0	100.0	270.0
IBIZA	GESA	Ibiza	F-G	13	319.6	100.0	319.6
FORMENTERA	GESA	Formentera	G	1	14.0	100.0	14.0
Total Balearic Islands				43	2,027		2,027
Canary Islands							
Fuel-Gas							
JINAMAR ⁷	UNELCO	Gran Canaria	F-G	7	266.45	100.0	266
BARRANCO DE TIRAJANA	UNELCO	Gran Canaria	F-G	10	697.00	100.0	697
CANDELARIA ^{8,9}	UNELCO	Tenerife	F-G	6	203.60	100.0	204
GRANADILLA ¹⁰	UNELCO	Tenerife	F-G	14	797.40	100.0	797
PUNTA GRANDE	UNELCO	Lanzarote	D-G	13	231.01	100.0	231
LAS SALINAS	UNELCO	Fuerteventura	D-G	12	186.58	100.0	187
EL PALMAR	UNELCO	La Gomera	D	10	22.90	100.0	23
LLANOS BLANCOS	UNELCO	El Hierro	D	9	13.00	100.0	13
LOS GUINCHOS	UNELCO	La Palma	D-G	11	107.74	100.0	108
Total Canary Islands				92	2,526		2,526

1	The Enel Group	2	Economic, energy and regulatory framework	3	Corporate governance	4	Strategy	5	Financial data	6	Businesses
7	Internal control systems	8	Sustainability	9	Technology and innovation	10	Our people	11	Other activities	12	Appendices

	Company	Location	Type of fuel	No. of units	Total capacity (MW)	ENDESA %	Consolidated power rating at Endesa (MW)
Ceuta and Melilla							
CEUTA	ENDESA	Ceuta	F-D	10	99	100.0	99
MELILLA	ENDESA	Melilla	F-G	8	85	100.0	85
Total Ceuta & Melilla					184		184
Total Mainland and Non-Mainland Conventional Generation Facilities					4,736		4,736
Wind							
ARICO I AND II	Enel Green Power España	CANARY ISLANDS	E	1	16.50	100.0	16.50
ARINAGA	Enel Green Power España	CANARY ISLANDS	E	1	6.92	100.0	6.92
BARRANCO DE TIRAJANA	Enel Green Power España	CANARY ISLANDS	E	1	2.00	100.0	2.00
CUEVA BLANCA	Enel Green Power España	CANARY ISLANDS	E	1	2.00	100.0	2.00
FARO FUENCALIENTE	Enel Green Power España	CANARY ISLANDS	E	1	2.25	100.0	2.25
FINCA SAN ANTONIO	Enel Green Power España	CANARY ISLANDS	E	1	1.50	100.0	1.50
P.E. DE EPINA	Enel Green Power España	CANARY ISLANDS	E	1	0.36	100.0	0.36
P.E. DE GARAFÍA (JUAN ADALID)	Enel Green Power España	CANARY ISLANDS	E	1	1.60	100.0	1.60
P.E. GRANADILLA I	Enel Green Power España	CANARY ISLANDS	E	1	0.15	100.0	0.15
P.E. GRANADILLA II	Enel Green Power España	CANARY ISLANDS	E	1	0.30	100.0	0.30
PUNTA DE TENO	Enel Green Power España	CANARY ISLANDS	E	1	1.80	100.0	1.80
SANTA LUCÍA	Enel Green Power España	CANARY ISLANDS	E	1	4.80	100.0	4.80
Total Wind				12	40.18		40.18
Solar							
SACASETA	Enel Green Power España	BALEARIC ISLANDS	FV	1	21.83	1.0	21.83
Total Solar				1	21.83		21.83
GORONA DEL VIENTO ¹¹		El Hierro	H+E		11.50	0.2	0.00
Total Mainland and Non-Mainland Renewable Generation Facilities					13	73.51	62.01
Total Parque de Generación Insular Total Mainland and Non-Mainland Generation Facilities					4,810		4,798

¹ Compostilla: Resolution authorisation for the closure of units 3, 4 and 5 on 29 June 2020. The Sub-Delegation of the Government of León released the instrument for its closure on 23 September 2020.

² Anllares: Ministry of Ecological Transition authorises closure on 20 November 2018. The Sub-Delegation of the Government of León released the instrument for its closure on 18 February 2019.

³ Teruel: Resolution authorisation for the closure of the 3 units on 29 June 2020. The Sub-Delegation of the Government of Teruel released the instrument for its closure on 21 July 2020.

⁴ The Official State Gazette of 3 August 2017 publishes Order ETU/754/2017 of 1 August rejecting the renewal of the operating authorisation for the nuclear power plant and confirms 6 July 2013, pursuant to Order ETI/1302/2013, as the definitive date for operations to be ended at the Santa María de Garoña nuclear power plant.

⁵ On 31 July 2020, Endesa Generación acquires a 1% holding in the Trillo nuclear power plant from NUCLENOR, S.A.

⁶ Alcudia: Authorisation for the closure of units 1 and 2 received on 29 March 2019. Instrument for its closure released on 30 December 2019

⁷ Jinámar Diesel 1, 2 and 3 (3x12 MW): Declared indefinitely unavailable following the completion of technical-economic feasibility study

⁸ Candelaria includes the Guía de Isora facility: GT1: 48.6 MW (twin-pack = 2x24.3 MW).

⁹ Candelaria TG3 (17.20 MW) and Candelaria Diesel 1, 2 and 3 (3x12 MW): Declared indefinitely unavailable following the completion of technical-economic feasibility study.

¹⁰ Granadilla includes the Arona facility (GT1 and GT2: 2x24.3 MW).

¹¹ Gorona del Viento: Hydro-wind power generation plant owned by Gorona del Viento El Hierro, S.A., in which Unelco Generación, S.A. has a 23.21% interest.

ENDESA'S GENERATION FACILITIES IN PORTUGAL AS AT 31/12/2020

	Company	Location	Type of fuel	No. of units	Total capacity (MW)	ENDESA %	Consolidated power rating at Endesa (MW)
PORTUGAL							
Coal							
TEJO ¹	ENDESA	Pego, Abrantes	CI	2	628	43.8	0
Total Coal				2	628		0
CCGT							
ELECGAS ²	ENDESA	Pego, Abrantes	CCTG	2	855	100.0	855
Total CCGT				2	855		855
Total Portugal				4	1,483		855

¹ Tejo Energy consolidated using the equity method.

² ENDESA holds a 50% stake in Elecgas, but 100% of the tolling contract.

ENDESA'S GENERATION FACILITIES IN MOROCCO AS AT 31/12/2020

	Company	Location	Type of fuel	No. of units	Total capacity (MW)	ENDESA %	Consolidated power rating at Endesa (MW)
MOROCCO							
MOROCCO ¹		Tahaddart	CCGT	1	392	32	0
Total Morocco				1	392	32	0
Total Conventional Generation Facilities					18,514		14,641
Total Renewable Generation Facilities					7,836		7,824
ENDESA'S Total Generation facilities					26,350		22,465

¹ Tahaddart consolidated under the equity method.

Fuel:

H-A (hard coal-anthracite), BrI (brown lignite), BL (black lignite), IC (imported coal), F (fuel oil), G (gasoil), NG (natural gas), CCGT (combined cycle-gas turbine), D (diesel), N (nuclear), H (hydroelectric), W (wind), PV (photovoltaic), B (biomass), H+E (hydro-wind).

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