

## **Endesa announces to its shareholders that it has raised the volume of projects that will be eligible for european funds by 22%, to 23,300 million euros**

- **CEO José Bogas has updated the company's strategy for European recovery funds and revealed that Endesa has increased the aggregate amount for the 122 projects submitted to the Government to 23,300 million euros, an increase of 22% over the initial 19,000 million euros**
- **Renewable energies, smart networks, sustainable transport, refurbishing of buildings and efficiency, green hydrogen, storage and mechanisms for flexibility and conversion of coal-fired power plants - Teruel and Pego (Portugal) - are the focus for Endesa's initiatives.**
- **The electricity company confirmed its strategy for decarbonisation at the General Shareholders' Meeting, the objective of which is that by the end of the decade 80% of its total electricity will be free of CO<sub>2</sub> emissions**
- **He underlined the firm commitment to the Fair Transition process in the coal-fired business, which over the next five years will involve shutting down three power plants - two planned in 2021 and the last one in 2027 - and replacing this power with new renewable installations, as is the case at the two power plants that ceased operations in 2020**
- **Mr Bogas assessed the Government's Strategic Energy and Climate Framework and highlighted the progress of the Climate Change Act that has already been passed and other measures such as the Green Hydrogen Roadmap and the circular economy strategy, as well as the National Electricity Sector Sustainability Fund**
- **He gave special thanks to outgoing directors Miguel Roca and Alejandro Echevarría for their twelve years of experience in the company's management body**



Today Endesa held the General Shareholders' Meeting in a totally telematic format from the headquarters in Madrid. In his address to the company's partners, CEO José Bogas provided updates on the volume and distribution of projects submitted by Endesa to the Government within the framework of the European Union's recovery funds. Mr Bogas specifically pointed out that the total amount of initiatives submitted to the administration had increased by 22% from an initial estimated figure of 19,000 million euros distributed between 110 projects.

"We are continuing to work on initiatives and projects within the framework of the anticipated conversion and recovery. There has been an upwards trend in our review of plans and projects. For this reason I would like to announce to you that the total investment we will submit to the Recovery, Transformation and Resilience funds will amount to 23,300 million euros, distributed between 122 projects."

*"We already are and will continue to be one of the main industrial investors in Spain over the next three years and a key engine behind economic recovery. There has been an upwards review of the total investment submitted to Recovery, Transformation and Resilience funds from 19,000 million to 23,300 million euros, distributed between 122 projects"*

José Bogas, CEO of Endesa

Geographically, the CEO of Endesa pointed out that the distribution of the investment will include the company's activity in Portugal for the first time and is as follows:

- Energy transition in non-mainland territories: 2,655 million
- Energy transition in mainland Spain: 19,918 million
- Energy transition in Portugal: 727 million

By activity segment, renewable energies, smart networks, sustainable transport, refurbishing of buildings and efficiency, green hydrogen, storage and mechanisms for flexibility and conversion of coal-fired power plants - Teruel and Pego (Portugal) - are the focus for the initiatives submitted to European funds.

"This portfolio of projects will make a significant contribution to recovery in Spain, with an accumulated total of 214,000 jobs created and an estimated reduction in emissions of 13.6 million tons of CO<sub>2</sub> per year. We already are and will no doubt continue to be one of the main industrial investors in Spain over the next three years and a key engine behind economic recovery", Mr Bogas pointed out in his speech.



And he added the following with regard to European funds and the projects proposed by the company: "Here in Endesa we believe that this is undoubtedly an opportunity to improve the outlook in the short- and medium-term, and to transform our economy in the medium- and long-term."

Together with this significant statement, Endesa's CEO reaffirmed the company's commitment to reducing the CO<sub>2</sub> emissions from its electricity generation activity by 80% before the end of this decade.

"We project investments amounting to 25,000 million euros up to 2030 so 80% of all our production, including non-mainland systems, will be free of CO<sub>2</sub>", he said. These 25,000 million euros in investment, essentially distributed between renewable energies (10,000 million) and the digitalisation of the network (a further 10,000 million), were announced to the market last November as part of the company's Vision for 2030, together with an update to the strategic plan for 2021-2023 that includes an outlay of nearly 8,000 million euros.

"We project investments amounting to 25,000 million euros up to 2030 so that 80% of our total production, including non-mainland systems, will be free of CO<sub>2</sub> by the end of this decade"

José Bogas, CEO of Endesa

With regard to the decarbonisation process already underway, Mr Bogas announced the funding strategy to the company's partners and the large amounts committed to developing the generation mix towards sustainability. "Endesa was essential in the structuring of entire regions and of a Spain that in years gone by based its energy mix on coal. As we are now immersed in a profound industrial reconversion process within the sector, the company is committed to plans for the future in and on behalf of all the areas affected by the closure of coal-fired power plants."

Endesa will not be pulling out or washing their hands of those areas where it has been operating for decades and that are a part of our history. We will stay but we will be working in different ways, with a model that is sustainable over time a fair transition model that concentrates on leaving nobody behind. In the coming years we plan to invest intensively in those places where coal-fired plants are being closed so as to develop new renewable projects and green hydrogen projects in these areas."

### **Alignment with Spain's climate strategy**



In his speech, the CEO placed all these plans within the framework of the climate and energy transition strategy implemented in recent years by the central government. In this regard, he reviewed the main steps already taken, as well as those that have been planned.

"I would like to acknowledge the progress that the government is making via the Ministry of Ecological Transition and Demographic Challenge. Within the Strategic Framework for Energy and Climate promoted by the Ministry, I would like to highlight the progress in terms of regulations for everything that concerns the decarbonisation process in Spain. It is a good start, but there is still a lot to do."

Mr Bogas specifically stressed:

- The Climate Change and Energy Transition Bill already passed in the Congress of Deputies and currently pending debate in the Senate
- The already conceived foundations for a Circular Economy strategy
- The National Integrated Energy and Climate Plan, which has already been forwarded to the European Union and envisages an ambitious emission reduction plan
- The Second National Climate Change Adaptation Plan with the horizon set at 2030
- The long-term decarbonisation strategy that paves the way for climate neutrality by 2050
- The first hydrogen roadmap that should be a dynamic force behind Spain's industry revolving around hydrogen
- The new electricity tariff structure consisting of a Toll Circular and a Royal Charges Decree, which will encourage the use of the electricity grid at low prices at times when its capacity is idle
- And the draft law for the National Electricity Sector Sustainability Fund, which sends a key signal in favour of electricity that will have a positive impact on the electricity customer's bill and, therefore, on the electrification of the economy

"It is essential that the electricity customer will no longer be penalised as a result of the parliamentary process of the Electricity System Sustainability Fund, together with the new tariff structure, as this will represent a before and after in the electrification of demand for electricity based on clean energies"

José Bogas, CEO of Endesa

**Leadership in Spain and contribution to the national economy**



As well as all this, the CEO of Endesa highlighted the importance of the work done by all areas of the company in such a complex, challenging and exceptional year as 2020, and also of the role played by the two directors who are leaving the company's administrative body after twelve years in office, Miguel Roca and Alejandro Echevarría.

"Here in Endesa our aim is to grow and continue to be a leader in the electricity market in Spain and Portugal under a framework of sustainability and profitability. This is our ambition and our commitment. For this reason, I would like to thank you all wholeheartedly for your trust and thank the Board of Directors of Endesa for its continued support. I would especially like to thank Miguel Roca and Alejandro Echevarría for these twelve years during which I have learnt so much from them."

"Here in Endesa our aim is to grow and continue to be a leader in the electricity market in Spain and Portugal under a framework of sustainability and profitability. As a company we are and will continue to be a driving force behind economic recovery following the health crisis. We are one of the country's main industrial investors, in Spain we have paid an average of 4,000 million euros a year in tax on a sustained basis in recent years, we generate direct and indirect employment and we work with almost 5,000 suppliers"

José Bogas, CEO of Endesa

Finally, the CEO highlighted the importance of Endesa's role as a key player in the Spanish economy as a whole. "Endesa is and will continue to be a driving force behind economic recovery following the health crisis. We are one of the country's main industrial investors, in Spain we have paid an average of 4,000 million euros a year in tax on a sustained basis in recent years, we generate direct and indirect employment and we work with almost 5,000 suppliers, most of which are small and medium-sized Spanish companies".

### **Corporate Governance Policy**

Prior to the speech by the CEO, Juan Sánchez-Calero, the Chairman of Endesa, detailed the main developments and milestones in the company's Corporate Governance Policy. "Endesa pays special attention to the development of best practices, which we integrate into our system and these ensure our status as a benchmark in matters of transparency. We have a corporate governance system that we would like to consolidate, based on the assessment that the board makes annually of its operation and that of its committees, performed with the support of external consultants. In 2020 we modified our system with the incorporation of changes required by the new legislation and the modifications approved with regard to certain corporate policies."



Specifically, Endesa has taken into account the recommendations arising from the current Code of Good Governance published in June 2020, and has also taken a number of measures in anticipation of the subsequent adoption of the recent Law 5/2021 of 12 April on the promotion of long-term shareholder involvement. In this regard, and in relation to the committees that depend on the Board of Directors, Endesa has already launched a new Sustainability and Corporate Governance Committee, and has recomposed the Audit and Compliance Committee, and the Appointments and Remuneration Committee (which remains unified to ensure the best coordination between the two areas). They all consist of 75% independent directors and 40% of women, Mr Sanchez-Calero stated

"The Good Governance of a company is an organic service based on the individual performance of each of the directors in accordance with their respective duties, functions and responsibilities. I would like to thank all the directors for their performance throughout 2020"

Juan Sánchez-Calero, Chairman of Endesa

Endesa's General Shareholders' Meeting was held for the second consecutive year in 100% telematic format because of the Covid-19 pandemic. With a quorum of XX%, shareholders approved all the items on the agenda.

Special mention should go to the distribution of the largest annual dividend distributed by Endesa since 2014, amounting to 2.0136 euros per share. The part payable on account (0.70 euros per title) was paid on 4 January, and the final dividend (1.3136 euros) will be paid on 1 July. This will bring Endesa's dividend yield to approximately 9%, based on the share price as at 31 December.

## **About Endesa**

Endesa is the largest electricity company in Spain and the second largest in Portugal. The company is also the second largest gas operator in the Spanish market. Endesa operates an end-to-end business from generation to marketing and through Endesa X also offers value-added services aimed at the decarbonisation of energy uses in homes, companies, industries and public administrations. Endesa is firmly committed to the United Nations SDGs and therefore strongly supports the development of renewable energies through Enel Green Power España, the electrification of the economy and Corporate Social Responsibility. The Endesa Foundation is also active in CSR. Our workforce numbers around 9,600 employees. Endesa is a division of Enel, Europe's largest electricity group.