1. PURPOSE

The purpose of this Policy is to formalize and specify the principles guiding sustainability management and future commitments to stakeholders, and which define ENDESA’s scope of action for Sustainable Development, as established in the Mission, Vision and Values on which the Company’s principles of behavior are based.

This policy forms part of ENDESA’s support for the Universal Declaration of Human Rights and compliance with ENDESA’s Code of Ethics, essential components that lay out the principles on which the Company’s activity is based.

In this regard, the Policy lays the foundations on which ENDESA develops its objectives, programs and actions that are set forth in the successive Sustainability Plans. These Plans help the Company to manage and monitor the different non-financial risks, of an ethical, social and environmental nature, and to seize responsible business opportunities, drive sustainable development and, in particular, contribute to the generation of long-term value on a committed and sustainable basis, addressing all stakeholders.

Additionally, and considering that the sustainability of ENDESA is a cross-functional issue for the whole Company, the sustainability principles and commitments are integrated into daily business management and specific objectives for the Company’s sustainability strategy have been set, namely:

- Integrate sustainability into the very core of ENDESA’s business culture, promoting the transition towards a business model that combines competitiveness, innovation and sustainability.
- Lead the energy transition by decarbonizing the Company’s mix and electrifying other sectors.
- Attain excellence in product and service quality and in customer service and use digitization to create platforms that allow the customer to play a leading role in the new sustainable energy model.
- Making people a central focus from both an internal perspective, creating a diverse, inclusive, healthy and safe work environment that allows for employee development, and from an external perspective, creating shared value in the societies in which the Company is present.
- Extend our commitments to our supply chain.
- Respect the environment, and preserve and ensure sustainable use of resources.
- Apply the highest ethical standards in all that we do.

All of these principles and commitments are continually reviewed and improved by Management, as well as by all business lines and staff areas involved in sustainability management. Additionally, such principles and commitments are regularly updated according to regulatory requirements, best sustainability and corporate governance practices, as well as to reflect the Company’s firm commitment to responding to new demands or recommendations in this matter.

Furthermore, aware of the importance of balanced fulfillment of its economic, social, ethical and environmental responsibilities, ENDESA and specifically its Senior Management expressly promote compliance with this Policy by each and every individual working for or on behalf of the Company.

Likewise, ENDESA monitors and assesses its performance as regards compliance with the Sustainability Plans which implement the principles and commitments of this Policy, thus contributing to reduce the non-financial risks inherent in its business activity, as described herein below in section 6, “Policy Dissemination and Compliance and Control Monitoring”.

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2. SUSTAINABILITY MANAGEMENT PRINCIPLES

ENDESA considers sustainability an essential element of its corporate culture, incorporating sustainability as part of its strategy and contributing to sustainable development through the creation of long-term value.

In order to successfully overcome the sustainability challenges faced by society, ENDESA has identified six cross-functional principles based on the Company's corporate values, which govern economic, social, ethical and environmental management and actions as well as its relations with all its stakeholders.

These principles apply to the entire ENDESA value chain, as they constitute key elements for fulfilling its purpose globally and for becoming a relevant player for sustainable development as well as to lead the energy transition process.

Long-Term Shared Value Creation

The creation of long-term shared value is one of the guiding principles behind ENDESA's corporate strategy. The Company pursues a sustainable value creation approach in carrying out its activities, including, to the extent possible, establishing plans for the creation of shared value with its stakeholders in the environment in which ENDESA operates, with the aim of positively impacting these communities and integrating relevant economic, social, ethical and environmental matters at the local level.

The sustainability initiatives and projects resulting from the various shared value creation plans are aimed at supporting fulfillment of the United Nations Sustainable Development Goals (SDGs), thus contributing to resolving the growing challenges faced by society.

In this regard, ENDESA maintains a firm commitment to the 2030 Agenda and confirms its will to contribute to the achievement of the SDGs. These contributions to the SDGs are based on ENDESA's firm commitment to transitioning to a zero-emission energy model to ensure decarbonization of the Spanish energy mix by 2050 through an ambitious glide path for reduction of emissions over the coming years and by promoting electrification in other sectors, displacing fossil fuel consumption.

Likewise, while ENDESA works to promote changes in its energy model, it is also committed to operating under the highest quality standards and to applying the principles of a circular economy. This circular approach applies at all levels of the value chain, taking into account the ecodesign of the materials and components used and sustainable construction criteria, as well as the use of renewable energies and recycling of materials used in the work itself, and assuming a role that drives and accelerates consumer circularity based on a broad set of solutions, fulfilling an innovative role in the market.

Corporate Governance and Ethical Behavior

Corporate Governance and ethical conduct form one of the cornerstones of ENDESA's sustainability strategy, which allows ENDESA to maintain a high level of excellence in fulfilling its commitments and responsibilities.
To achieve this, ENDESA firmly applies the most advanced corporate governance principles, remains up-to-date on developments in best national and international practices with a view to incorporating them in its internal corporate governance standards and constantly striving for excellence as regards transparency in public reporting to the markets. Likewise, ENDESA promotes an ethical culture that ensures the Company, including all members of its governing bodies and all individuals working for or on its behalf, act in a responsible, transparent, and upstanding manner and in accordance with current legislation and with the leading compliance principles, requiring this same level of commitment and compliance from its suppliers.

ENDESA has a criminal and anti-bribery compliance system certified in accordance with the UNE 19601 (Criminal Compliance Management Systems) and UNE-ISO 37001 (Anti-Bribery Management Systems) standards, the objective of which is to prevent potential crimes from being committed within the Company, in accordance with the provisions of the Spanish Criminal Code on criminal liability of legal persons. This system consists of the Crime Risk Prevention and Anti-Bribery Model, as well as a Code of Ethics, a Zero Tolerance Corruption Plan, and other regulations in accordance with the most advanced compliance models, which codify the values, commitments and ethical responsibilities assumed by all its collaborators. In addition, among other aspects, Endesa has established specific action protocols to guide the actions of its collaborators in relation to the acceptance and offering of gifts, hospitality and entertainment as well as in dealing with public officials and authorities.

Furthermore, an Ethics Channel is available to all of ENDESA's stakeholders so they can securely and anonymously report any irregular, unethical or inappropriate conduct which may arise in the performance of the Company's activity. The platform through which this Channel is provided is managed by an external and independent firm that processes all complaints and communications on a confidential basis. Complaints are investigated and managed by the Internal Audit Department, ensuring all complaints are processed following a consistent methodology.

Additionally, ENDESA has a Risk Management and Control Policy, approved by the Board of Directors, which serves as a general framework for action. In this regard, the policy regulates all stages of the process, including identifying, assessing, prioritizing and managing risks of all kinds that could affect the fulfillment of the objectives, and also provides for ongoing oversight and control. This policy covers all financial and non-financial risks to which ENDESA is exposed. Likewise, the Audit and Compliance Committee evaluates and monitors management of the aforementioned risks.

Transparency

ENDESA considers transparency an essential value that should guide its reporting and communications initiatives at all times in order to build relationships based on mutual trust with its customers, shareholders, investors, suppliers and contractors, as well as with the financial community, institutions, society and the rest of its stakeholders.

To achieve this, the Company firmly applies responsible communication practices that prevent the manipulation of information and protect integrity and honor, as well as ensuring fair competition in the performance of the Company's business activities.

In this regard, ENDESA makes it a priority to provide complete, correct and truthful information on the Company's performance and activities, responding to the demands and expectations of its main stakeholders. For such purpose, the Company regularly reports on its economic-financial and non-financial statements; social, ethical and environmental strategic and behavioral plans; and fulfillment of its obligations and responsibilities in these areas. For such purpose, the Company has different systems and channels for communication and contact with shareholders, institutional investors and proxy advisors, ensuring transparency and accuracy of the Company's information as related to its relationships with shareholders and the market in general.
In addition to the systems in place to guarantee proper communication of its business performance, ENDESA implements policies and develops initiatives that promote the accessibility, clarity and transparency of the information on the services and products offered and provided to its customers.

**Tax Responsibility**

ENDESA ensures compliance with tax legislation as one of its sustainability driving principles, as the Company considers its tax responsibility one of its main contributions to the economic and social development of the communities where it operates.

In this regard, taking into account the general interest as well as the interest of the organization itself in terms of proper business management, which safeguards corporate values and interests as well as the interests of society and its shareholders, ENDESA's tax strategy is governed by a set of specific guidelines that apply to all organizations under its control.

Compliance with applicable tax regulations is one of the guidelines of this strategy, and the Company adopts at all times a reasonable interpretation thereof and works to avoid inefficiencies and undue tax expenses. Specifically, it is through this framework that ENDESA undertakes not to engage in certain actions within the framework of its tax responsibility, among which, the following stand out: engaging in transactions the sole pursuit of which is to obtain a tax advantage, structuring artificial operations or other transactions beyond the scope of the Company's activity, using opaque structures for the sole purpose of reducing its tax burden, making investments in or through tax havens with the sole purpose of reducing the tax burden.

In this regard, the principles laid out in the strategy follow OECD trends and recommendations as related to the principles of the Action Plan on Base Erosion and Profit Shifting (BEPS Project) on the fight against tax base erosion and profit transfer in each of the jurisdictions where it operates.

Furthermore, as part of the Company's tax responsibility, ENDESA complies with the Tax Risk Management and Control Policy, which establishes the tax control framework for the Company and its subsidiaries, the objective of which is to promote the identification, prevention and detection of tax risks, establishing measures to mitigate any identified tax risks and establishing internal corporate governance rules in this regard, the compliance of which can be verified.

The Audit and Compliance Committee is responsible for monitoring the operation and effectiveness of the tax risk management and control system.

ENDESA also has a UNE 19602 certified Tax Compliance Management System.

In this same manner, ENDESA ensures tax transparency before third parties as relates to these tax action principles, the bodies involved in the Company's tax governance and the details on its tax contributions in the countries where it operates.

Additionally, ENDESA is committed to promoting cooperative and transparent relationships and to full collaboration with the Tax Authorities in the various jurisdictions where it is present.
Open Innovation

ENDESA sees innovation as a strategic element to address the challenges faced across all areas of the Company and to respond to the needs and expectations of its main stakeholders. For this reason, ENDESA is firmly committed to developing innovation in all its dimensions and in each of the processes related to the Company’s different businesses.

For ENDESA, it is essential to promote collaborative and open innovation by establishing a corporate relationship model with external actors, such as universities, startups, research centers and other organizations, building an ecosystem that promotes collaboration and the exchange of knowledge to maximize the capacity for innovation, in order to develop innovative and sustainable solutions capable of transforming the current energy model.

In this context, ENDESA is committed to taking the initiative in this matter, in all its business lines and staff areas, in other words, from promoting innovation in power generation by incorporating new technologies that offer new energy production or storage solutions or that improve the production process and reduce environmental impact, to innovation in distribution by integrating new platforms and innovation in creating a more efficient, sustainable and flexible grid, including promoting customer-oriented innovation by developing new products, services and solutions that adapt to new needs and enable development of new distinctive proposals.

Likewise, through ongoing innovation, ENDESA ensures continuous improvement in the management of potential environmental and social impact with a view to reducing risks in this area and driving sustainable increases in business opportunities. Within this framework, ENDESA innovates its work models to make them more sustainable and motivating for individuals and, in turn, for the environment.

In this open innovation approach, the supply chain also plays a significant role, which is why ENDESA develops strategies that promote innovation and share the benefits with its suppliers.

Responsibilities to the Environment

The principle of environmental protection is fully integrated in the strategic decision-making process and in the management of the Company and the projects life cycle. For this reason, ENDESA carries out all its activities in a manner that respects the environment, in accordance with sustainable development principles and applying leading techniques, going beyond mere compliance with legal requirements and identifying, evaluating and managing the environmental risks and impacts of its activities and minimizing them in all the Company's activities and infrastructures.

In this regard, one of ENDESA's greatest commitments is to assume a relevant role in the fight against climate change and decarbonization of the economy through its commitment to using low-emission energy sources as the main basis of its energy mix, increasing the installed capacity of renewable energies. Furthermore, ENDESA complements this commitment to renewable generation by supporting the electrification of energy demand, contributing to the penetration of renewable energies in different productive sectors and promoting sustainable mobility.

On this basis, ENDESA is aware of the need to use natural resources in a way that ensures the development of future generations, paying particular attention to the preservation and sustainable use of the resources it uses and to the measurement, reduction and offsetting of its carbon footprint. ENDESA undertakes to develop initiatives that will reduce greenhouse gas emissions and improve air quality.
The Company is fully aware that the natural resources it uses are very valuable and that the performance of its activities has an impact on the environment. Protecting biodiversity is a priority in the development of the Company's business strategy, and the Company is fully aware of the risks associated with the loss of biodiversity. For this reason, it is committed to protecting biodiversity in the environments in which it operates, assessing, mitigating and offsetting the potential impact of its business on natural environments through the development of a Biodiversity Conservation Plan, which includes actions relating to research and conservation of species and habitats, as well as reforestation of degraded environments.

ENDESA informs all interested parties, including contractors, of its Environmental Policy as well as its objectives, commitments undertaken and performance in this area, promoting environmental awareness and understanding, carrying out external and internal training actions and collaborating with governmental authorities, institutions, non-governmental organizations and citizen associations in the locations where it does business.

3. COMMITMENTS TO THE MAIN STAKEHOLDERS

ENDESA strives to ensure constant and fluid dialogue with its main stakeholders in order to better understand and integrate their expectations in a structured manner and in line with Company strategy.

To accomplish this, the Company has different channels for communication, participation and dialogue that allow it to identify the primary levers that contribute to the development of sustainable, competitive and safe energy models and to the search for market differentiation, development of an ethical and responsible business model and management of economic, social, ethical and environmental risks and opportunities.

As a result of this dialogue, ENDESA has established the following main commitments to its stakeholders for the future.

**People**

The individuals that work for the Company are its main asset. In this regard, the Company promotes a leadership and people management model that advances a culture of diversity, inclusion, innovation and collaboration; a model that views the creation of a cross-functional vision, knowledge sharing and achieving synergies as a way to develop new valuable products and services and to improve and increase the efficiency of the Company's processes.

ENDESA views diversity as a source of wealth of both professional and personal skills and therefore it promotes and ensures equal treatment and opportunities and drives the implementation of measures that promote a balance between work and family/personal life in such a way that work-life balance does not mean less favorable treatment of individuals.

Likewise, ENDESA remains committed to creating an inclusive work environment by establishing actions, practices, processes and services that do not limit access to or activities related to the company to employees, clients, contractors or suppliers.

Similarly, in line with ENDESA's commitment to the Universal Declaration of Human Rights, the Company rejects forced, compulsory and child labor, as well as any form of discrimination, and respects the freedom of association and collective bargaining.

Additionally, ENDESA views the personal health and safety of its employees and its collaborators as one of the most important issues for the Company, promoting the implementation of measures and actions that ensure work is always performed under safe conditions. In this context, ENDESA integrates prevention management at all organizational levels and maintains a firm commitment to
continuous improvement through its Occupational Health and Safety management system, with the aim of reducing and minimizing occupational health and safety risks.

ENDESA is committed to engaging in actions that are aimed at attracting and selecting talent through recruitment processes based on merit, candidate skills and workforce diversity, as well as to promoting the professional and personal growth of its employees so that they acquire the knowledge and skills necessary to perform their work, regardless of their gender, age, origin, disability, or any other characteristic of diversity, as part of its business strategy focused on the responsible management of human capital. ENDESA also develops initiatives that contribute to diversity on the Board of Directors through the commitments and objectives established in its Director Selection and Diversity Policy.

Through other initiatives, ENDESA undertakes to provide promotions and compensation based on merit, equality, assessment of targets and equal performance, attracting and retaining the best professionals, taking into account external competitiveness and establishing compensation according to good market practices.

**Customers**

ENDESA works to constantly provide excellent customer service, making a commitment to customers and their needs and expectations. It is the Company’s responsibility to be more and more effective every day and it therefore commits to provide both actual and potential customers with high-quality, safe and reliable products and services.

In today’s society, characterized by high penetration and rapid technological maturation, ENDESA is committed to improving its relationship and proximity with consumers by promoting and developing the customer’s digital experience through new value proposals that facilitate more efficient energy use, and is committed to raising awareness and promoting renewable energy use by consumers and implementing measures that improve customers’ energy efficiency.

Additionally, in order to continue advancing in this area, the Company is committed to developing new customer communication channels that allow for greater interaction and user experience by supporting the latest technologies.

In this context of increased customer interaction, ENDESA maintains a firm commitment to data privacy and protection, viewing this as one of its priorities for improving trust and transparency with the individuals with whom the Company is linked. In this regard, the Company undertakes to respect the rights and freedoms of individuals, among which is the fundamental right to privacy and personal data protection, ensuring the integrity and confidentiality of customer data as well as ensuring that data is processed in a responsible, loyal and transparent manner in accordance with the provisions of its Data Protection Policy and with current legislation.

This commitment extends to advertising and commercial communications, with the Company undertaking to responsibly inform and guarantee the right of customers to be clearly and transparently informed about the characteristics of the products and services they consume, complying with regulatory requirements on informing customers across the various phases of the business cycle and going beyond legal requirements to overcome potential sensory, social or language barriers.

ENDESA also acknowledges that access to energy plays an essential role in ensuring the fulfillment of human rights, as this is directly related to the well-being and quality of life of individuals. The Company therefore undertakes to work together with local and regional governments as well as with third sector organizations to ensure that no vulnerable customer is deprived of an energy supply.
Shareholders and Financial Community
ENDESA is firmly committed to the objective of increasing Company value and providing returns to shareholders and investors through relationships based on the principles of loyalty and transparency. For this purpose, the Company carries out its business activity efficiently and competitively, aiming to optimize use of available resources in a responsible manner, in the interest of the investors that have placed their trust in the organization.

The Company implements this objective by creating the necessary conditions to ensure equal treatment of all Company shareholders and investors in the same position, as a means of promoting and enhancing the responsible exercise of their rights and fulfillment of their obligations, through approaches that facilitate their training and stimulate their contribution towards achieving the corporate will through the exercise of their right to be given the floor in deliberations and to vote, with the goal that they play an active role in the Company’s governance system.

These principles extend to the rest of the financial community, with ENDESA promoting specific actions and measures aimed at meeting the expectations of the financial community through the regular reporting of accurate and truthful information on sustainability, as well as through participation in indexes related to this area.

Suppliers and Contractors
In today’s society, the supply chain is crucially important to ensure that companies effectively comply with their sustainability commitments. For this reason, ENDESA has identified the active involvement and collaboration of its suppliers as a key aspect in ensuring that the Company effectively fulfills its commitments to sustainability throughout the supply chain. For this purpose, ENDESA has established a supplier qualification system that allows for the careful selection of collaborators, evaluating aspects related to health and safety, the environment, human rights and ethics, as well as technical, economic-financial, legal and reputational aspects.

In addition, as relates to tender procedures, ENDESA has outlined several factors that reward potential suppliers, called “K de sostenibilidad” (“K for Sustainability”), which are related to social, environmental, health and safety, and circularity aspects applicable to evaluation of the offer.

The Company believes it essential to guarantee fair conditions for suppliers that ensure their continuity and sustained viability over time, and is committed to transferring the Company’s commitments to sustainability and ethical behavior to its suppliers, helping them to assume these commitments with the aim of building a responsible supply chain.

In this regard, ENDESA ensures that the entire value chain is committed to complying with current legislation and assumes the ethical and sustainability principles of the Company as their own. Along these lines, the Company undertakes to promote the respect of Human Rights in all commercial relations as well as to seek adherence thereto by its contractors, suppliers and business partners, paying particular attention to conflict and risk situations. ENDESA also requires its suppliers and contractors to implement environmental policies based on the principles of ENDESA’s Environmental Policy and which cover all processes throughout its value chain.

Likewise, the Company is committed to continually improving the working conditions of its collaborators, developing programs to prevent injury and impairment of health, involving all contractors and suppliers to work together towards the “Zero Accidents” goal.

Additionally, beyond compliance with the Company’s sustainability commitments, ENDESA wishes to maintain a relationship of association and co-innovation with suppliers, with the aim of seeking solutions that increase both operational efficiency and innovation in the business and achieving a circular procurement model in the supply chain.
Regulatory Bodies
ENDESA shall endeavor to maintain and promote open and ongoing communication with regulatory bodies, based on the corporate values of ethical behavior that allow for value creation for all parties as well as to establish systems to help manage potential social and environmental risk.

Business Community
ENDESA’s commitment to the business community focuses on proactively participating in different forums and associations aimed at promoting the sustainable development of the energy sector, engaging with key change agents, to create shared value between the Company and its environment, learning and sharing good practices and strengthening relationships with stakeholders.

Likewise, in order to contribute to the positioning of the sector and the Company among the business community, ENDESA promotes a compliance and ethical management system that encourages the Company to act in a responsible and transparent manner in accordance with current law, emphasizing its ethical principles and the fight against unethical and unlawful behavior and corruption.

Additionally, in line with its open innovation approach, ENDESA is aware that the search for solutions to complex challenges often requires the collaboration of different economic players, and is therefore open to promoting and participating in collaborations with other members of the business community to design solutions with multi-sectoral approaches that respond to the great challenges faced by the society in which it operates.

Institutions
ENDESA is aware that, as established by top-level institutions such as the United Nations, close collaboration and active dialogue between the private and public sectors is the only way to reach sustainable development goals and address social and environmental challenges faced by society.

In this regard, the Company promotes the establishment of long-term alliances with institutions, based on a relationship of mutual trust and managed ethically and transparently, with the desire to become a relevant actor in fulfilling the 2030 Agenda, the Paris Agreement and its national Energy and Climate commitments.

Company
The Company is aware that it plays a significant role in responding to the major environmental, social, economic and ethical challenges faced by the society in which it operates.

In this regard, ENDESA approaches its business in a manner that responds to some of these great challenges. As such, maintaining ongoing communication and building stable and lasting long-term relationships with society and with social stakeholders and organizations is extremely important for the Company to be able to more precisely identify these challenges and, adopting an open innovation approach, to work together to identify the best solutions to these challenges, ensuring benefits for both the Company and society.
**Media**

ENDESA is committed to maintaining a relationship of transparency, collaboration and ongoing, mutual communication with the media that will help the Company communicate the main positive effects derived from its activity and to position itself in the market as a sustainable company.

4. **SCOPE**

ENDESA’s Sustainability Policy shall apply to the Company and all of its Subsidiaries, defined as those entities directly or indirectly controlled by ENDESA under the terms provided in Article 42 of the Spanish Commercial Code.

5. **APPROVAL AND AMENDMENT**

The Board of Directors may approve this Sustainability Policy and any amendments thereto, at the proposal of ENDESA's Sustainability and Governance Committee, when circumstances which render said amendments convenient or necessary exist. For these purposes, proposed amendments shall be submitted with a justifying report indicating the reasons for and scope thereof.

6. **POLICY DISSEMINATION AND COMPLIANCE AND CONTROL MONITORING**

ENDESA’s Board of Directors, through its Sustainability and Corporate Governance Committee, is responsible for overseeing compliance with and control of the Sustainability Policy and the sustainability and corporate governance strategy in accordance with the duties and responsibilities established in the Sustainability and Corporate Governance Committee Regulations.

In this regard, it shall receive, on an annual basis, the proposed Sustainability Plan, including all details on the actions and objectives established for compliance with the principles and commitments included in this policy for the following three years, which, after review, shall be submitted for approval to the Board of Directors.

Likewise, the Sustainability and Corporate Governance Committee shall annually review the degree of compliance with the Sustainability Plan.

This Policy shall be available on Endesa's website.