



## **AUDIT AND COMPLIANCE COMMITTEE REGULATIONS**

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## **AUDIT AND COMPLIANCE COMMITTEE REGULATIONS**

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## **TITLE I. NATURE, PURPOSE AND APPROVAL**

### **Article 1. Purpose**

The purpose of the Audit and Compliance Committee Regulations (hereinafter, the "Regulations") is to govern the duties, organization and operations of the Audit and Compliance Committee in accordance with law, the Bylaws and the Board of Directors Regulations.

### **Article 2. Interpretation**

1. These Regulations are in addition and supplementary to those provisions of the Bylaws and of the Board of Directors Regulations that govern the Audit and Compliance Committee.
2. The Board of Directors shall have the power to resolve any questions which may arise in the interpretation or application hereof, in accordance with all applicable legal and Bylaw provisions, as well as with best corporate governance practices.

### **Article 3. Approval and Amendment**

1. The Board of Directors may approve and make amendments to these Regulations.
2. The Audit and Compliance Committee may propose such amendments as it deems necessary or convenient based on the circumstances. For this purpose, the proposal shall be submitted with a justifying report presenting the reasons for and scope of the amendment.
3. Any amendment to the Regulations shall require a resolution adopted by the majority of the members of the Board of Directors.

## **TITLE II. AUDIT AND COMPLIANCE COMMITTEE COMPOSITION**

### **Article 4. Number and Type of Directors on the Audit and Compliance Committee**

The Audit and Compliance Committee shall comprise a minimum of three and a maximum of six Board members. The Committee shall be exclusively comprised of non-executive directors, the majority of which shall be independent directors.

### **Article 5. Appointment**

The members of the Audit and Compliance Committee shall be appointed by the favorable vote of the majority of the Board of Directors, at the proposal of the Appointments and Compensation Committee.

Members of the Audit and Compliance Committee shall be nominated and appointed such that the members as a whole have knowledge and experience in financial and non-financial accounting, auditing, finances, internal control and risk management.

Furthermore, the Board of Directors shall promote diversity among the Committee members in terms of professional experience, skills, personal abilities, sector knowledge and gender.

The members of the Audit and Compliance Committee shall collectively have the technical expertise necessary in relation to the electricity and gas industries in which the Company operates.

The Audit and Compliance Committee shall establish an induction program for its new members to ensure that all of them have a sufficient minimum baseline of knowledge about the Company and to promote the active participation of its members from the start.

The Audit and Compliance Committee shall also establish a permanent training plan for its members to ensure that members are updated regarding any developments related to accounting regulations, the electricity and/or gas industry, internal and external audits, risk management, internal controls and/or technological advancements relevant to the Company.

#### **Article 6. Term of Office**

The members of the Audit and Compliance Committee shall serve in their positions for a term of four years and may be reappointed for periods of the same duration.

The members of the Audit and Compliance Committee shall be removed from office when the period for which they were appointed has elapsed; if they no longer serve on the Board of Directors; and in all other applicable cases in accordance with law, the Bylaws, the Board of Directors Regulations and these Regulations.

### **TITLE III. AUDIT AND COMPLIANCE COMMITTEE OFFICERS**

#### **Article 7. Audit and Compliance Committee Chairman**

The Chairman of the Audit and Compliance Committee shall be appointed from among the independent directors on the Committee by the favorable vote of the majority of the Board of Directors.

The proposal and appointment of the Chairman shall take into account his/her knowledge and experience in financial and non-financial accounting, auditing and risk management.

The Chairman shall be replaced every four years but may be reappointed one year after removal thereof has lapsed.

In the Chairman's absence, the independent director with the most seniority on the Audit and Compliance Committee or, if two or more independent directors have the same seniority, the oldest among them, shall act as Chairman.

The Chairman shall be responsible for the effective operation of the Audit and Compliance Committee and, thus, shall ensure that its members receive sufficient information duly in advance, organize the debate and promote active participation of the members during the Committee meetings, protecting their freedom to adopt positions and express their opinions.

Furthermore, the Chairman of the Audit and Compliance Committee shall serve as the spokesperson for the Committee at all meetings of the Board of Directors and, as the case may be, General Shareholders' Meetings. In particular, the Chairman of the Audit and Compliance Committee shall notify the Board of Directors of the subjects discussed and

decisions adopted in each Committee meeting, providing enough detail to enable the Board to fulfill its responsibilities.

#### **Article 8. Audit and Compliance Committee Secretary**

The Secretary of the Board of Directors shall serve as Secretary of the Audit and Compliance Committee and shall draw up the meeting minutes, recording therein all resolutions adopted. The minutes of the Audit and Compliance Committee shall be made available to all members of the Board of Directors.

Notwithstanding the duties attributed to the Secretary in the Board of Directors Regulations, the Secretary shall also support the Audit and Compliance Committee in all matters affecting said Committee, including but not limited to supporting the Chairman in the implementation of an annual work plan and in drawing up the agenda for each meeting; in drafting the Audit and Compliance Committee Report and the Related-Party Transactions Report; as well as in collecting and distributing documents relevant to the agenda.

### **TITLE IV. PROCEEDINGS AND MEETINGS**

#### **Article 9. Annual Work Plan**

The Audit and Compliance Committee shall establish an annual work plan laying out specific objectives for each of the duties of the Committee as well as an annual meeting schedule, taking into account the time required for each of the Committee's duties and the meeting schedule of the Board of Directors.

#### **Article 10. Meetings**

The Audit and Compliance Committee shall meet in accordance with the annual meeting schedule, and as often as convened by its Chairman, when so resolved by the majority of its members or at the request of the Board of Directors or, as the case may be, the Coordinating Director, subject to a minimum of four meetings per year and at least one meeting to be held upon publication of annual or interim financial information.

The Secretary shall, following the instructions of the Committee Chairman, channel and provide all required information and documentation to the remaining members of the Committee sufficiently in advance to ensure that all members have enough time to analyze the information and documentation prior to each meeting.

Meeting notices for the Audit and Compliance Committee may be sent by mail, e-mail or any other means of distance communication to each of the Directors, together with a copy of the agenda, sufficiently in advance and, in any case, at least forty-eight hours before the date set for the relevant meeting.

The Chairman may, in urgent circumstances, call an Audit and Compliance Committee Meeting by any of these means, as well as by telephone, without giving the minimum prior notice set forth in the preceding paragraph. A majority of those in attendance shall confirm the existence of such urgent circumstances at the beginning of the meeting.

A meeting does not have to be called in advance if all of the members are present and unanimously agree to hold the meeting and to the agenda items.

### **Article 11. Agenda**

The Chairman shall set the agenda for all meetings of the Audit and Compliance Committee, taking into account the agenda of the Board of Directors and the Committee's annual work plan. Furthermore, the agenda shall, in all cases, include those items requested by the Board Chairman or, as the case may be, the Coordinating Director.

### **Article 12. Venue of Meetings**

The Audit and Compliance Committee meetings will usually be held at the Company's registered office, but may also be held at such other location as may be determined by the Chairman and stated in the meeting notice.

As deemed appropriate by the Chairman of the Audit and Compliance Committee, the Committee may meet remotely with all or some of its members and the Secretary using videoconferencing, conference calls, or any other means of distance communication, provided there is interactivity and intercommunication in real time, thereby guaranteeing simultaneity of developments. In such case, the meeting notice and minutes shall indicate, as the case may be, the connection system. The resolutions shall be considered passed at the registered offices.

### **Article 13. Assembly, Proxies and Adoption of Resolutions**

The Audit and Compliance Committee meetings shall be validly assembled when the majority of its members are in attendance, in person or by proxy.

Each member of the Audit and Compliance Committee may grant a proxy to another member, in writing and specifically for each meeting. Resolutions must be passed by a majority vote of the Directors attending the meeting. In the event of a tie, the Chairman or Acting Chairman shall have the casting vote.

### **Article 14. Attendance**

The Chairman of the Audit and Compliance Committee, through the Secretary, may request that the Chairman of the Board of Directors, the Managing Director or any other member of the Board of Directors attend any meeting of the Committee, as deemed appropriate and in all cases at the meeting to be held upon publication of annual or interim financial information; the Committee meetings may also be attended by the internal auditor and, if a review report is issued, by the statutory auditor, for those agenda items in relation to which they were invited to attend. Any meetings held with the internal auditor or statutory auditor shall be held, at least in part, without the attendance of the Company's management so that any specific issues arising from the reviews performed may be discussed in private.

Notwithstanding the above, the Internal Audit Manager shall have effective direct access to the Audit and Compliance Committee.

The Chairman of the Audit and Compliance Committee may also, through the Secretary, invite or require any executive or employee of the Endesa Group, as well as any member of a subsidiary company's management body that was appointed at the Company's proposal, to attend or appear at a meeting of the Committee. These attendees shall provide assistance and access to information held thereby, provided no legal restrictions apply thereto.

## **TITLE V. RESPONSIBILITIES**

## **Article 15. Committee Duties**

The primary duty of the Audit and Compliance Committee is to advise the Board of Directors and to monitor and oversee the independence of the statutory auditor, the effectiveness of internal control and risk management mechanisms, and the processes for drafting and presenting financial and non-financial information, as well as to report to the Board of Directors or the General Shareholders' Meeting on related-party transactions, in accordance with the legislation in force.

In any case, the Board of Directors may assign other duties to the Audit and Compliance Committee not reserved to another body by virtue of law, the Bylaws or the Board of Directors Regulations.

## **Article 16. Statutory Auditing Responsibilities**

### **1. Appointment of External Auditor:**

The Audit and Compliance Committee shall refer proposals to the Board of Directors for the selection, appointment, reappointment and removal of the statutory auditor, taking responsibility for the selection process, in accordance with the provisions of applicable regulations, as well as for their terms of engagement. In this regard, the Audit and Compliance Committee shall:

- a) Submit a recommendation on the appointment of statutory auditors or audit firms to the Board of Directors.

These recommendations shall, except as regards renewal of an audit engagement, be justified and contain at least two proposed auditors. The Audit and Compliance Committee must indicate which auditor is preferred and justify its opinion.

The Audit and Compliance Committee shall state in its recommendation that the auditor is free from third party influences and not subject to any provision that would limit appointment of the auditor by the General Shareholders' Meeting.

Except as regards renewal of an audit engagement, the Audit and Compliance Committee's recommendation shall be prepared following a selection process organized by the Company, and implemented by the Audit and Compliance Committee, in accordance with the criteria established in the regulations in force from time to time.

- b) Encourage the Endesa Group's External Auditor to accept responsibility for auditing of all of the companies within the group.
- c) Ensure that compensation of the External Auditor for work completed does not compromise its quality or independence and verify limits on the concentration of the Auditor's business.
- d) Monitor compliance with the audit agreement, regularly receiving information from the External Auditor on the audit plan and on the results of its implementation as well as on any other topics related to the account auditing process.
- e) Verify that the Company reports any change in External Auditor to the Spanish Securities Market Commission (*Comisión Nacional del Mercado de Valores - CNMV*),

including a statement on any potential conflicts with the outgoing auditor and, if any, the content thereof.

- f) In the event the External Auditor resigns, the Committee shall examine the circumstances leading thereto.
2. Engagement of the External Auditor to provide non-Audit services:
- a) The Audit and Compliance Committee shall, after assessing both threats to independence and the safeguard measures applied by the auditor, authorize the engagement of the External Auditor to provide non-Audit services not classified as prohibited services under applicable law to the Company, its parent company or its controlled companies.
  - b) The Audit and Compliance Committee shall approve a policy for engaging the External Auditor to provide non-Audit services.
3. Independence of the External Auditor:

The Audit and Compliance Committee shall assess and monitor the independence and objectivity of the External Auditor, building the necessary relationship therewith in order to obtain information on any issues that could pose a threat to the External Auditor's independence.

In this regard, the Audit and Compliance Committee shall:

- a) Receive an annual statement from the External Auditors on their independence in relation to the company or any of its directly or indirectly related entities. This report shall include detailed and itemized information on additional services of any nature that were provided together with the applicable fees received from such entities by either the External Auditor or other persons or entities related thereto, in accordance with the applicable regulations governing statutory auditing;
- b) Issue an annual report, prior to publication of the auditors' report, expressing an opinion on whether the independence of the statutory auditors or audit firms has been compromised. This report shall, in any case, include a justified assessment of each of the additional services referred to in the preceding paragraph, accounted for both on a stand-alone and collective basis, which were provided apart from the legal auditing and in relation to independence requirements or regulations governing statutory audit activities;
- c) Gather from the Administration, Finance and Control Department, the Internal Auditing Department and the statutory auditor any information which may be relevant to the independence of said statutory auditor.

The provisions set forth herein above shall be interpreted notwithstanding any statutory audit regulations.

4. Review of audit work:

Once the audit has been completed, the external auditor shall submit the additional report

to the Audit and Compliance Committee detailing the results of the audit carried out (Article 11 of Regulation (EU) No. 537/2014, of April 16), and the Committee shall review, with the external auditor, all significant findings identified during the audit, and the contents of the audit report and the additional report to the Committee.

5. Final assessment of the performance of the External Auditor:

In order to meet all of its oversight duties, the Audit and Compliance Committee shall complete a final assessment of the auditor's performance, addressing its contribution to the quality of the audit and the comprehensiveness of the financial information.

If based on this assessment of the auditor the Audit and Compliance Committee has unresolved concerns regarding the quality of the audit, the Committee shall consider notifying the Board of Directors and, if appropriate, shall notify such circumstance to the relevant oversight bodies.

6. Reporting to the General Shareholders' Meeting:

The Audit and Compliance Committee shall report the audit findings to the General Shareholders' Meeting, explaining how the audit has contributed to the integrity of the financial information and about the involvement of the Committee in this process.

In those cases in which the statutory auditor has included any reservation in the auditors' report, the Chairman of the Audit and Compliance Committee shall report the Committee's opinion on the contents and scope of such reservation to the General Shareholders' Meeting and shall make available to the shareholders, at the time the Notice of General Meeting is issued and together with the remaining Board proposals and reports, a summary of such opinion.

**Article 17. Responsibilities Regarding the Drafting of Economic/Financial and Non-Financial Information**

The Audit and Compliance Committee shall hold the following duties regarding the drafting of economic/financial and non-financial information:

1. To monitor and assess the preparation and presentation of all required financial and non-financial information on the Company and, as the case may be, the Endesa Group, as well as to submit recommendations or proposals to the Board of Directors with a view to safeguarding the integrity thereof.
  - a) To review, analyze and discuss on an on-going basis the financial statements and other non-financial information related to the management, internal audit, external auditor or, as the case may be, audit firm, as applicable.
  - b) To assess, taking into account the different available sources of information, whether the Company has properly applied all accounting policies and used its own judgment to reach its own conclusions.
2. As relates to non-financial information, the Committee shall propose to the Board of Directors the appointment of the independent verification provider responsible for verifying the information contained in the non-financial information statement.

3. To report to the Board of Directors on the clarity and integrity of the financial and non-financial information which the Company, in its condition as a listed company, is legally required to periodically make public, namely:
  - a) An annual financial report including the annual financial statements and management reports both for the Company and its consolidated Group, reviewed by the auditor.
  - b) A consolidated Group non-financial information statement, following a report from the Sustainability and Governance Committee.
  - c) A semi-annual financial report for the first six months of each fiscal year, including the Summary Annual Financial Statements and the Company and consolidated Group Interim Management Reports.
  - d) Interim statements on the first and third quarters of each fiscal year, explaining all significant events and transactions carried out as from the beginning of the fiscal year up to the end of the relevant quarter, and including also a general statement on the financial position and profits of the Company and its Consolidated Group.
4. To monitor the effectiveness of internal controls on financial and non-financial information of the Company, which should include receiving reports from the internal control and internal audit managers, and determining the trustworthiness and reliability of the system, reporting such conclusions to the Board of Directors, as well as to discuss with the External Auditor any significant weaknesses in the internal control system detected during the audit. For such purpose, as the case may be, the Audit and Compliance Committee may submit recommendations or proposals to the Board of Directors, including the periods established for compliance therewith.
5. To review and ensure that all financial and non-financial information published on the Company's website remains up to date and matches the information drawn up by the Company's directors and published, as the case may be and as so required, on the website of the CNMV.

#### **Article 18. Responsibilities Regarding the Internal Control and Risk Management Systems**

The Audit and Compliance Committee shall hold the following duties regarding the internal control and risk management systems:

1. To submit the risk control and management policy, including tax risks, as well as any amendments thereto, to the Board of Directors, ensuring that, at a minimum, the following aspects are identified or addressed:
  - a) The different types of financial and non-financial risks (including but not limited to operating, technological, legal, social, environmental, political, reputational or corruption-related) faced by the Company, including as financial and economic risks any contingent liabilities and other off-balance sheet risks.
  - b) A risk control and management model based on different risk levels.

- c) An established risk level deemed acceptable by the Company.
  - d) The measures intended to mitigate the impact of the risks identified, in the event that they materialize.
  - e) The internal control and reporting systems that will be used to control and manage the aforementioned risks, including contingent liabilities and off-balance sheet risks.
2. To monitor the effectiveness of the internal controls and risk management system. For such purpose, Endesa's Risk Committee shall report directly to the Audit and Compliance Committee. In this regard:
- a) Throughout the year, the Committee shall monitor all significant risks, including financial and non-financial risks, and shall identify any new emerging risks, including those arising from technological, environmental, social or regulatory changes, as well as any reputational risks or the existing whistle-blowing mechanisms. For this purpose, the Committee shall:
    - ✓ Receive quarterly reports from management on the internal control and risk management systems.
    - ✓ Submit to the Board of Directors an annual assessment of the most significant financial and non-financial risks, including the level of tolerance established for each such risk, and shall report on exposure levels and the effectiveness and operation of the risk management and control system in accordance with the provisions of the policy approved by the Board in such regard.
    - ✓ Receive annual information on risks relevant to the context and the Company (emerging risks).
  - b) The Committee shall promote a culture where risk is considered as a factor in all decisions and at all levels of the organization.
  - c) The Audit and Compliance Committee shall select an external independent expert to regularly assess performance of the internal control and risk management function.

#### **Article 19. Responsibilities Regarding Related-Party Transactions**

The Audit and Compliance Committee shall establish demanding and transparent processes that ensure transactions carried out by the Company or its Group with Directors, senior executives and shareholders in possession of 10% or more of the voting rights or represented in the Board of Directors, or with any parties related thereto, are fair and reasonable from Endesa's point of view and, where appropriate, from the point of view of non-related party shareholders, and strictly comply with applicable law.

In this regard, the Audit and Compliance Committee shall:

1. Propose Regulations governing the Company's related-party transactions to the Board of Directors, for approval and alteration, and approve an implementing procedure for the Regulations on related-party transactions.
2. Prior to its approval by the Board of Directors or the General Shareholders' Meeting, release a report on the related-party transactions with an opinion on whether or not a transaction is fair and reasonable from the point of view of Endesa, S.A. or a group

company or the non-related party shareholders. This report must refer to the budgets used as the basis for assessment, as well as the methods applied. The affected directors must not be involved in drawing up the report.

The Audit and Compliance Committee will resort, as it deems necessary, to external advice to prepare said report.

3. Participate, where appropriate, in the delegation procedure which the Board of Directors may establish as per the legal provisions and verify the transactions' fairness and transparency.
4. Draft an annual report on related-party transactions performed by the Company during the relevant fiscal year.

### **Article 20. Internal Audit Responsibilities**

The Audit and Compliance Committee shall directly oversee the Internal Audit Department, which shall report hierarchically to the Board of Directors and, functionally, to the Committee Chairman, and in accordance with the International Standards for Professional Practice for Internal Audits, shall also have a direct reporting line to the Managing Director. These oversight and functional reporting responsibilities are implemented, *inter alia*, through the following duties:

- a) To ensure the independence and effectiveness of the internal audit function. In this regard, to assess on annual basis the operation of the Internal Audit function and performance of its manager.

The Committee shall establish the procedure for such annual assessments, which shall focus on those areas referred to in paragraphs c, d, e, f and g, *infra*, and which shall involve obtaining the opinion of the Executive Directors.

As regards assessment of the Internal Audit function, the Committee shall ensure that the Internal Audit Manager develops and maintains a Quality Assurance and Improvement Program to cover all aspects of its activities, which shall include an independent assessment to be completed by an external party at least every three years, in accordance with the International Standards for the Professional Practice of Internal Auditing, and which shall be approved by the Audit and Compliance Committee.

As regards assessment of the performance of the Internal Audit Manager, the Audit and Compliance Committee shall monitor the calculation of said Manager's variable compensation, thus preventing the targets for the area from compromising the Manager's objectivity and independence. This assessment shall include a determination of whether the targets and criteria established for the purposes of variable compensation of the Internal Audit Manager have been met, with the involvement of the Audit and Compliance Committee. The conclusions of this assessment shall be reported to the Internal Audit Manager and shall be taken into account by the Board of Directors when calculating the final annual variable compensation of said Manager. The Board of Directors shall establish the compensation policies applicable to the Internal Audit Manager, as a manager

reporting directly to the Board.

- b) As applicable, to propose to the Board of Directors the selection, appointment or removal of the person responsible for internal auditing services, as the case may be, following a report from the Appointments and Compensation Committee. In order to ensure the independence thereof, the internal auditor shall not be dismissed without a prior proposal from the Chairman of the Audit and Compliance Committee.

The Audit and Compliance Committee shall require the Internal Audit Manager to draft a succession plan, which shall be regularly updated.

- c) To approve the budget for such services in order to ensure it meets the real needs of the Company.
- d) To approve its direction, annual work plan and duties, ensuring that its activity is primarily focused on relevant risks for the Company, including reputational risks.
- e) To receive regular information on its activities and, in particular, on implementation of the annual work plan, including any possible incidents or limitations to the scope arising in the implementation of such plan and, in any case, receive a final report for each fiscal year; and to verify that Senior Management takes the conclusions and recommendations of its reports into account.
- f) To ensure that employees have the appropriate background and are able to objectively and independently perform their work, in relation to which the requirements set forth in the International Standards for the Professional Practice of Internal Auditing and the recommendations of the Corporate Governance Code for Listed Companies shall serve as a reference.
- g) To monitor the annual internal audit plan, verifying that said plan has taken all key risks into account, including financial and non-financial risks of the business, and that said plan identifies and clearly lays out its responsibilities as relates to proper coordination of other assurance functions, including those of the risk management and control, regulatory compliance and external audit units.

To create and monitor a mechanism that allows employees and interest groups to communicate –confidentially and, as the case may be, anonymously, respecting the rights of the reporting and reported parties– any potentially significant irregularities, including on financial, accounting or other concerns, as related to the Company and its ethics and crime prevention regulations which are detected within the Company, as well as to regularly receive information on the operation thereof.

#### **Article 21. Responsibilities Regarding Tax Matters**

The Audit and Compliance Committee, prior to drafting the annual financial statements, shall receive information from the tax manager, to be communicated to the Board of Directors, on the degree of compliance throughout the fiscal year with the Spanish Code of Good Tax Practices, to which both Endesa and its subsidiaries are signatories, as well as on the most relevant tax issues.

The Audit and Compliance Committee shall, *inter alia*, submit the following to the Board of Directors for decision or approval:

- a) Tax strategy and any changes thereto.
- b) Transactions posing particular tax risks whenever such risks constitute a determining or relevant factor for approval by the Board. The General Manager of Administration, Finance and Control shall determine which transactions should be considered as such in accordance with the Company's Tax Control Framework.
- c) The creation or acquisition of shares in special purpose vehicles or companies incorporated in foreign countries or territories which are classified as tax havens.

## **Article 22. Regulatory Compliance Responsibilities**

The Audit and Compliance Committee shall have, *inter alia*, the following duties:

1. As regards criminal risk and bribery prevention:
  - a) To propose the approval or amendment of the Criminal Risk and Bribery Prevention Model to the Board of Directors and to monitor performance of and compliance with said model.
  - b) To appoint and remove members of the Oversight Committee for the Criminal Risk and Bribery Prevention Model, as well as to approve any regulations or amendments thereto.
2. In relation to the prevention of competition risk:
  - a) Propose the Fair Competition Policy to the Board of Directors, for approval or alteration
  - b) Approve and alter the Fair Competition Defense Compliance Program and the annual activity program and oversee their operation and compliance.
  - c) Appoint and cease the term of office of members of the Fair Competition Committee and approve the Committee's regulations and any amendments thereto.
3. In relation to personal data protection:
  - a) Appoint Endesa's Data Protection Officer for a period of four years, at the proposal of the head of the Legal Department.
  - b) Monitor compliance with applicable data protection regulations and receive information on the requirements of the competent bodies, through the reporting of information by the Data Protection Officer, at least twice a year.
4. Through the office of the General Secretary, in coordination with other units within Endesa Group and without prejudice to the duties of the Internet Audit unit, implement global regulatory compliance systems or models for management thereof. To this end, it may appoint a head of regulatory compliance within Endesa Group.

5. Propose the approval or amendment of Endesa's ethics regulations to the Board of Directors and oversee compliance therewith.

### **Article 23. Other Responsibilities**

The Audit and Compliance Committee shall have, *inter alia*, the following duties:

1. To report to the Board of Directors on the Company's internal corporate policies and regulations comprising Endesa's corporate governance system, as relates to matters within its purview.
2. To report to the Board of Directors on the Corporate Governance Annual Report, for approval and publication on an annual basis, in accordance with applicable legal provisions and regulations, for those matters falling within the purview of the Committee.
3. To submit the Audit and Compliance Committee Report to the Board of Directors for approval and publication, on an annual basis.
4. To receive information on structural and corporate transactions of strategic interest which the Company intends to perform in order to analyze such transactions and report to the Board of Directors regarding the financial terms, alignment with corporate interests and accounting impact thereof and, in particular, as the case may be, regarding the proposed exchange ratio.
5. To participate in the updates to the Board of Directors Regulations as relates to matters within its purview.
6. To monitor, within the scope of its purview and in accordance with the Company's internal regulations on this matter, the Company's communications with shareholders and investors, proxy advisors and other stakeholders, and to report to the Board of Directors on such communications. Additionally, the manner in which the Company communicates and relates with small and medium shareholders will also be monitored.
7. To regularly receive information on the degree of compliance with the Internal Regulations on Conduct in Securities Markets and Markets for Emissions Allowances and its implementing regulations.
8. To receive information on reports, writings or communications of external supervisory bodies within the scope of this Committee's purview.

These duties will be deemed to be without limitation and without prejudice to such other duties as may be entrusted to the Committee by the Board of Directors. The Board may require that the Committee prepare reports on matters for which it is specifically responsible.

## **TITLE VI. AUDIT AND COMPLIANCE COMMITTEE POWERS AND MEMBER DUTIES**

### **Article 24. Powers and Advising**

The Audit and Compliance Committee may, as it deems convenient for the performance of its duties and at the expense of the Company, seek independent external advice, including legal, strategic, accounting or any other type of advice, in relation to which the Committee shall have sufficient economic resources to carry out this duty.

The members of the Audit and Compliance Committee, as required to perform their duties, shall have access to all of the Company's services and shall have a duty to request, and the right to receive, all information from the Company which may be appropriate or necessary in order to perform their duties, all through the Secretary of the Audit and Compliance Committee.

#### **Article 25. Duties of the Audit and Compliance Committee Members**

1. The members of the Audit and Compliance Committee shall attend the Committee meetings and actively participate in deliberations thereof with a view to contributing effectively to the decision making process. If a Director is unable, for just cause, to attend a meeting to which he/she has been called, he/she may provide voting directions to the member of the Audit and Compliance Committee representing him/her, if any.
2. The members of the Audit and Compliance Committee shall be subject to the duties of diligence, loyalty and confidentiality provided for in the Board of Directors Regulations.

#### **Article 26. Conflicts of Interest**

The members of the Audit and Compliance Committee shall abstain from deliberating and voting on resolutions or decisions regarding which they and/or a related person has a direct or indirect conflict of interest, according to the provisions of Article 28 of the Board of Directors Regulations.

#### **Article 27. Assessment**

The Audit and Compliance Committee shall, as part of the annual assessment of the Board, assess its own performance in order to strengthen its operations and better plan for the following fiscal year, in coordination with the Appointments and Compensation Committee. Regardless of the procedures selected, the Board shall be notified, through the Appointments and Compensation Committee, regarding the areas assessed and the results of the assessment, which shall be taken into account as part of the annual assessment of the Board.