

endesa



RELATED-PARTY TRANSACTION REGULATIONS

ENDESA, S.A.

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PRELIMINARY TITLE

ARTICLE 1. DEFINITIONS

1. Significant Shareholder:

Shareholder that holds, individually or jointly with other shareholders, a direct or indirect interest in the company greater than or equal to that regarded as significant by law or regulations.

2. Senior Executive: Executive that reports directly to the Board of Directors or to any Director, as well as the General Audit Manager and any other executive deemed by the Board to be a Senior Executive.

3. Endesa: ENDESA, S.A.

4. Endesa Group: The group of companies whose controlling company is Endesa, as defined in Article 42 of the Spanish Commercial Code. Consequently, significant shareholders of Endesa shall not be considered to form part of the Endesa Group.

5. Related person to a natural person director:

For the purposes of these Regulations, related person to a natural person director shall include any of the following:

- a) The spouse of or other person related by a like relationship of affection to a Director.
- b) The ascendants, descendants and siblings of a Director or of the spouse of a Director.
- c) The spouses of the ascendants, descendants and siblings of a Director.
- d) Companies in which a Director, personally or through an intermediary, falls within any of the control situations provided for in Article 42 of the Spanish Commercial Code.

6. Related person to a corporate director:

For the purposes of these Regulations, a related person to a corporate Director appointed in accordance with the provisions of Article 212 bis of the Spanish Capital Companies Act (Ley de Sociedades de Capital) shall include any of the following:

- a) Shareholders that, in relation to the corporate Director, fall within any of the control situations provided for in paragraph 1 of Article 42 of the Spanish Commercial Code.
- b) De facto or de jure directors, liquidators and attorneys-in-fact holding general powers of attorney from the corporate Director.
- c) Companies, including their shareholders, that form part of the same group as that of the corporate Director.
- d) Those persons who, with respect to the representative of the corporate Director, are deemed related persons to a corporate Director in accordance with the provisions of Definition 5, supra.

7. Related persons to a natural significant shareholder:

For the purposes of these Regulations, related person to a natural significant shareholder shall include any of the following:

- a) The spouse of or other person related by a like relationship of affection to a significant shareholder.

- b) The ascendants, descendants and siblings of the significant shareholder or of the spouse of the significant shareholder.
 - c) The spouses of the ascendants, descendants and siblings of the significant shareholder.
 - d) Companies in which a significant shareholder, personally or through an intermediary, falls within any of the direct or indirect control situations provided for in Article 42 of the Spanish Commercial Code.
8. Related persons to a corporate significant shareholder:

For the purposes of these Regulations, related person to a corporate significant shareholder shall include any of the following:

- a) Shareholders that, in relation to the corporate significant shareholder, fall within any of the direct or indirect control situations provided for in paragraph 1 of Article 42 of the Spanish Commercial Code.
- b) De facto or de jure directors, liquidators and attorneys-in-fact holding general powers of attorney from the significant shareholder.
- c) Companies, including their shareholders, that form part of the same group as that of the significant shareholder.

ARTICLE 2. OBJECTIVE SCOPE

1. The purpose of these Regulations, implementing the provisions of Article 6.7 of the Board of Directors Regulations, is to govern the procedures for approval by the Board of Directors of those transactions that Endesa or any Endesa Group companies performs with Endesa's Directors or significant shareholders, or with any persons related thereto.
2. The provisions set forth in these Regulations shall be understood notwithstanding the provisions of law, the Bylaws and the General Shareholders' Meeting Regulations of Endesa on transactions that, as the case may be, may require approval by the General Shareholders' Meeting.
3. Furthermore, the provisions hereof shall be understood notwithstanding the duties and obligations established for all Board members in Endesa's Board of Directors Regulations, Internal Code of Conduct for the Securities Market and Code of Ethics.

ARTICLE 3. RELATED-PARTY TRANSACTIONS

1. The transactions covered by these Regulations shall include any transaction involving the transfer of resources, services or obligations and that is carried out by Endesa's Directors or significant shareholders, or third parties related thereto, with Endesa or any other Endesa Group companies, regardless of whether compensation was provided.
2. The Board of Directors shall ensure, through the Audit and Compliance Committee, that all transactions carried out with Directors and significant shareholders, and any parties related thereto, are carried out at arm's length and, at all times, in accordance with applicable law.
3. In the event the transaction involves successive transactions, of which the second and subsequent transactions merely implement the first transaction, approval shall only be required, as applicable, of the first transaction, provided the resolution approving such transaction refers to the aforesaid subsequent transactions.
4. Unless otherwise provided by the Board of Directors, recurring related-party transactions that have a set purpose, price or other key conditions, or which can be objectively determined, shall be analyzed

and, as the case may be, approved, taking into account their maximum duration, including all subsequent extensions.

5. Any contractual relationship with a set purpose, price and other key conditions, or which can be objectively determined, and whose term is indefinite or which is established subject to unlimited extendable periods, may be analyzed and, as the case may be, approved, establishing a fixed period as deemed reasonable in light of the nature of the contractual relationship in question.
- 5bis. In addition, related-party transactions that are homogeneous and recurring within a line of transactions, specifically including commodities trading activities and connected financial hedging transactions, may be subject to analysis and, as the case may be, standardized approval provided that both the provisions of these Regulations and the following requirements are duly complied with:
 - (a) The transaction falls within the ordinary course of the company's business.
 - (b) A limited term of validity is set based on need and the nature of the transactions, which shall in no case exceed one year.
 - (c) A quantitative maximum for the transactions subject to authorization is provided.
 - (d) A fixed or ascertainable compensation for the transactions subject to authorization is provided. If the consideration is yet to be determined, the methodology to be applied in order to verify that compensation for each transaction is set at arm's length shall be specified, as well as the appropriateness of the benchmarks used.
 - (e) The basic legal and commercial terms of the transactions are established.
 - (f) The rationale and justification for the transactions subject to authorization as well as for the need for standardized approval are included, as well as the fact that the transactions are being carried out with a related party.
 - (g) In addition to the information deemed appropriate, a third-party report on the methodology to be followed to verify that consideration was established at arm's length shall be attached.
 - (h) In order to enable due control by the executive and management bodies, a logical period shall be established for the regular reporting to the Audit and Compliance Committee on the execution of transactions covered by the standardized authorization, in general, on a quarterly basis. In any case, a third-party report shall be included on whether the consideration for the transactions executed has been established at arm's length.
6. Any amendments to the purpose or price of a related-party transaction previously approved by the Board of Directors, as well as any amendments to the duration or other basic terms thereof, shall require approval by the Board of Directors, unless said amendments to the related-party transaction were already taken into account at the time of its original approval.

ARTICLE 4. INTERPRETATION

Any question regarding the construction of these Regulations shall be submitted to the Board and Company Secretary. The Secretary may raise this issue for resolution by the Board of Directors as deemed necessary.

ARTICLE 5. PUBLICATION AND DISCLOSURE

1. These Regulations shall be made available through Endesa's intranet and its corporate website.
2. Endesa shall release the contents of these Regulations and report on the implementation thereof in its annual reports, under the terms established by law and internal corporate governance rules.

TITLE I.- RELATED-PARTY TRANSACTIONS WITH DIRECTORS

ARTICLE 6. PRIOR REQUEST FOR TRANSACTION AUTHORIZATION

1. Endesa Directors shall submit all transactions that they or their related persons intend to carry out with Endesa or any Endesa Group company to the Board of Directors for approval, through the Board and Company Secretary, prior to the execution thereof.
2. If the Director requesting authorization is also the Secretary, the relevant request shall be addressed to the Chairman of the Board of Directors.
3. The request shall include:
 - (a) The Director or related person that will be carrying out the transaction, including the nature of their relationship.
 - (b) The name of the Endesa Group company with which the transaction would be carried out.
 - (c) The purpose, amount and basic terms and conditions of the transaction.
 - (d) The rationale for the transaction.
 - (e) Any other information or circumstance considered relevant to the assessment of the transaction.
4. Notwithstanding the provisions of section 1 above, if a Senior Executive has knowledge of a potential related-party transaction with a Director, or a related person thereto, said Executive shall notify the Board and Company Secretary and the Director General of Administration, Finance and Control of Endesa of such circumstances.
5. Related-party transactions with Directors and related persons thereto that simultaneously meet all of the following requirements shall not require approval of the Board of Directors (although the transaction shall still be notified to the Board and Company Secretary):
 - The transaction is being carried out by virtue of a contract whose terms and conditions are standardized and apply generally to a large number of clients.
 - The transaction is carried out at prices or rates established generally by the party acting as the supplier of the related goods or services.
 - The transaction is immaterial, understood as those transactions for which information is not required to express a true and fair view of Endesa's equity, financial position and profits. In any case, transactions may only be considered immaterial if the amount in question does not exceed one percent of Endesa's annual income.

ARTICLE 7. BOARD OF DIRECTORS TRANSACTION AUTHORIZATION

1. If the transaction requires Board approval, the Board and Company Secretary or, as the case may be, the Chairman of the Board of Directors, shall request that the Audit and Compliance Committee issue the required report and shall provide the Committee with all relevant information collected.
2. The Audit and Compliance Committee shall analyze said information and issue a report on the transaction and may, for such purpose, request additional information, as deemed appropriate, through the Board and Company Secretary. In accordance with the provisions of the Board of Directors Regulations, the Audit and Compliance Committee may, as it deems necessary, seek external advising in order to prepare said report.
3. The Audit and Compliance Committee's report shall be sent to the Board of Directors, who shall resolve

upon all applicable matters in relation to the authorization of the transaction.

4. In the event of duly justified urgency circumstances, the Managing Director may approve the transaction, subject to ratification by the next Board of Directors meeting held following said approval.

ARTICLE 8. DUTY TO REFRAIN FROM PARTICIPATING IN DECISION MAKING

Any Directors, or related persons thereto, carrying out related-party transactions or who, for any other reason, have a conflict of interest, shall refrain from debating and voting on the resolution in question in order to ensure the independence of the Directors approving the related-party transaction in relation to the Directors affected thereby.

TITLE II.- RELATED-PARTY TRANSACTIONS WITH SIGNIFICANT SHAREHOLDERS

ARTICLE 9. PRIOR REQUEST FOR TRANSACTION AUTHORIZATION

1. Transactions carried out by Endesa or Endesa Group companies with significant shareholders or related persons thereto shall be approved by the Board of Directors, following the prior report of the Audit and Compliance Committee.
2. Senior Executives of the Endesa Group shall submit all transactions that Endesa or any Endesa Group company intends to carry out with significant shareholders or related parties thereto to the Board of Directors, through the Board and Company Secretary, for approval. Furthermore, Senior Executives shall notify the Director General of Administration, Finance and Control of Endesa of the aforementioned request for approval.
3. The request shall include:
 - (a) The significant shareholder or related person thereto that will be carrying out the transaction, including the nature of their relationship.
 - (b) The name of the Endesa Group company with which the transaction would be carried out.
 - (c) The purpose, amount and basic terms and conditions of the transaction.
 - (d) The rationale for the transaction.
 - (e) Any other information or circumstance considered relevant to the assessment of the transaction.
4. Related-party transactions with significant shareholders and related persons thereto that simultaneously meet the three requirements set forth in Article 6.5 shall not require approval of the Board of Directors (although the transaction shall still be notified to the Board and Company Secretary):

ARTICLE 10. BOARD OF DIRECTORS TRANSACTION AUTHORIZATION

1. If the transaction requires Board approval, the Board and Company Secretary shall request that the Audit and Compliance Committee issue the relevant report and shall provide the Committee with all relevant information collected.
2. The Audit and Compliance Committee shall analyze said information and issue a report on the transaction and may, for such purpose, request additional information, as deemed appropriate, through the Board and Company Secretary. In accordance with the provisions of the Board of Directors Regulations, the Audit and Compliance Committee may, as it deems necessary, seek external advising in order to prepare said report.

3. The Audit and Compliance Committee's report shall be sent to the Board of Directors, who shall resolve upon all applicable matters in relation to the authorization of the transaction.
4. In the event of duly justified urgency circumstances, the Managing Director may approve the transaction, subject to ratification by the next Board of Directors meeting held following said approval.

ARTICLE 11. DUTY TO REFRAIN FROM PARTICIPATING IN DECISION MAKING

Directors that are also significant shareholders affected by the transaction, or a related person thereto, as well as all Directors designated by the aforementioned significant shareholder or that, for any other reason, have a conflict of interest, shall refrain from debating and voting on the relevant resolution.

TITLE III.- REGISTER OF RELATED-PARTY TRANSACTIONS

ARTICLE 12. REGISTER OF RELATED-PARTY TRANSACTIONS

The Board and Company Secretary shall maintain a Register of Related-Party Transactions, which shall include all transactions approved by Endesa's Board of Directors, as well as all other transactions exempt from Board approval in accordance with the provisions of Articles 6.5 and 9.4.

FINAL PROVISION

Each Director shall receive a copy of these Regulations and shall issue, within 10 days from receipt thereof, a statement acknowledging receipt and acceptance of said Regulations to the Board and Company Secretary.