

# endesa



## INTERNAL REGULATIONS ON CONDUCT IN SECURITIES MARKETS AND MARKETS FOR EMISSION ALLOWANCES

ENDESA, S.A.

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## 1. PURPOSE

These Internal Regulations on Conduct in Securities Markets and Markets for Emission Allowances (the "Regulations") establish the rules of conduct to be followed by those individuals covered hereby in relation to their activities in securities markets and markets for emission allowances and, in particular, in relation to insider information, with a view to preventing market abuse.

## 2. SUBJECTIVE SCOPE

These Regulations apply to all Endesa Group employees, who have a duty to be aware of and comply with these Regulations.

The following persons shall be covered by these Regulations in all cases (the "Covered Persons"):

### 2.1 PERSONS WITH MANAGEMENT DUTIES

The following are considered persons with management duties:

- (i) The Directors and the Secretary of the Board of Directors of the Company.
- (ii) The Senior Executives of the Company, defined as those executives that report directly to the Board of Directors or to any Director, as well as the General Internal Audit Manager and any other executive deemed by the Board to be a Senior Executive.
- (iii) Executives with regular access to information that could be considered Insider Information and who have duties to make management decisions that affect the future performance and business prospects of the Company. The General Manager for Human Resources and Organization, following consultation with the General and Board Secretary and with the General Manager for Administration, Finance and Control, shall determine which individuals fall within this group.

### 2.2 PERSONS WITH REGULAR ACCESS TO INSIDER INFORMATION

Executives and employees of the Endesa Group who have regular or recurrent access to insider information. The General Manager for Human Resources and Organization, following consultation with the General and Board Secretary and with the General Manager for Administration, Finance and Control, shall determine which individuals fall within this group.

### 2.3 PERSONS WITH OCCASIONAL ACCESS TO INSIDER INFORMATION

This category covers all executives, employees, advisors, external consultants, accountants, credit rating agencies, etc. that have access to insider information about the Company or about any of its marketable securities and financial instruments referred to in section 3, for as long as such persons are included in the insiders list in accordance with the provisions of these Regulations.

### 2.4 PERSONS OPERATING IN CAPITAL AND DEBT MARKETS

This category covers all persons that, for and on behalf of the Company, are trading in any of the marketable securities or financial instruments referred to in section 3 or that report thereon to the markets.

## 2.5 PERSONS OPERATING IN MARKETS FOR EMISSION ALLOWANCES

This category covers all persons that, for and on behalf of the Company, prepare or execute trades in emission allowances, auctioned products based thereon or related derivatives thereof, including all persons issuing trading orders or that report thereon to the markets.

## 2.6 COVERED PERSONS REGISTER

- A. The General and Board Secretary shall maintain a Register of all persons specified in sections 2.1 and 2.2, which shall include the following information:
- Identity of the persons
  - Statement of acknowledgment and acceptance of the Regulations, according to section 4.2.
  - Initial notice of covered securities, according to section 4.2.
  - Notice of transactions in covered securities, emission allowances, auctioned products based thereon or related derivatives thereof, according to section 4.3.
- B. The General and Board Secretary shall establish and maintain a Register of those parties that are closely related to the persons specified in section 2.1, which shall include the information reported thereto by virtue of section 4.2.

Closely related person shall mean:

- a) the spouse or any other person deemed equivalent to a spouse under the legislation in force;
- b) dependent children, in accordance with the legislation in force;
- c) any other relative that has lived with the covered person for at least one year prior to the date of the relevant transaction;
- d) any legal entity, trust or association in which a person specified in section 2.1 or in paragraphs a), b) or c) holds a management position;
- e) any legal entity, trust or association that is directly or indirectly controlled by a person specified in section 2.1 or in paragraphs a), b) or c); and
- f) any legal entity that has been created for the benefit of a person specified in section 2.1 or in paragraphs a), b) or c), or whose economic interests are to a great extent equivalent to those of said person.

The persons specified in section 2.1 shall provide all persons closely related thereto with written notice of the obligations of the latter arising under these Regulations and shall keep a copy of said notice.

- C. The General and Board Secretary shall have access to each of the sections within the "insiders list" that are drafted as a result of the analysis and performance of transactions or of the analysis of events involving insider information and that could affect any of the persons covered by these Regulations.

As soon as any General Manager in charge of an area, or the area function to whom this duty has been delegated by him/her, becomes aware that a Covered Person may have access to insider information regarding a particular transaction or event, he/she shall draw up and maintain a documentary record ("Section within the Insiders List"), following the format provided thereto by the General and Board Secretary, in which all persons that have access to insider information shall be recorded, establishing a separate section for each particular transaction or event.

The insiders list shall include, at least, the following information: a) full name; b) national identification number; c) date of birth; d) full home address; e) work phone numbers (direct land line and cell) and personal phone numbers (land line and cell); f) corporate purpose and registered offices of the

company in which they provide services; g) reason why the person has access to insider information; and h) the date and time when said person gained and, if applicable, ceased to have access to the insider information.

Furthermore, the insiders list shall be promptly updated, including the date and time of such updates in the following cases: a) where there is a change in the reason for including a person already on the insiders list; b) where a new person has to be added to the insiders list as a result of having access to insider information; and c) where a person no longer has access to insider information.

The date and time that the change was made that resulted in the update shall be specified in each case and a copy of earlier versions shall be kept on file.

The relevant General Manager shall provide the General and Board Secretary with a copy of the general list for his/her area whenever a section is added or an amendment is made.

The insiders list shall be drawn up electronically in order to ensure that the information in the list is kept confidential and complies with regulations on the processing of personal data. The insiders list may only be accessed by those persons, as designated by those in charge of the transaction and by the General and Board Secretary, whose positions require them to have access.

All covered persons shall be notified that they have been included in the relevant Register and of the applicable data protection regulations.

The data included in the aforementioned documentary records shall be held for at least five years following the date on which they were drafted or updated.

### 3. OBJECTIVE SCOPE

The scope of these Regulations shall cover any type of transaction<sup>1</sup> regarding:

- marketable securities<sup>2</sup> issued by the Company or its Group companies that have been admitted to trading, or for which there has been a request for admission to trading, on regulated markets, multilateral trading facilities or organized trading facilities, whether in Spain or abroad;
- financial instruments<sup>3</sup> and agreements of any kind resulting in the right to acquire, or whose primary underlying asset is, any of the securities described in the previous paragraph, including those not traded on secondary markets; and
- for the purposes of section 5 of these Regulations, any securities or financial instruments [issued] by other companies or issuers for which insider information is available.

Hereinafter referred to as the "Covered Securities."

These Regulations shall also apply to all conduct and transactions, including offers, related to auctions made through an authorized auction platform such as the regulated market for emission allowances or other auctioned products based thereon, even if the auctioned products are not financial instruments, in accordance with Regulation (EU) No. 1031/2010.

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<sup>1</sup> Inter alia: sale and purchase, assignment of rights, usufruct, swap, pledge and lending of securities.

<sup>2</sup> Includes shares, convertible or non-convertible debentures, bonds, promissory notes and subordinated debt.

<sup>3</sup> Includes interest rate derivatives, other financial derivatives and any related life insurance policies.

## 4. GENERAL RULES OF CONDUCT IN RELATION TO TRANSACTIONS IN COVERED SECURITIES AND TO TRANSACTIONS IN EMISSION ALLOWANCES, AUCTIONED PRODUCTS BASED THEREON OR RELATED DERIVATIVES THEREOF

### 4.1 RULES OF CONDUCT

According to regulations on securities markets and markets for emission allowances, covered persons shall act impartially in the performance of their activities and shall not place their personal interests before those of Endesa or of other companies related thereto, complying with their enforceable duty of professional secrecy.

### 4.2 INITIAL NOTICE FROM COVERED PERSONS

Notwithstanding any other notice which may be required by the regulations in force, the persons specified in sections 2.1 and 2.2 shall receive a copy hereof and shall submit to the General and Board Secretary, within 10 days from receipt thereof, a statement of acknowledgment and acceptance of said Regulations, an initial notice listing the covered securities held directly or indirectly by the covered person and, for those persons specified in section 2.1, a list of persons closely related thereto.

Notwithstanding publication of the Regulations on the Company's website for those persons with insider information, under the terms of section 2.3, these persons shall be provided with access to a copy of these Regulations, which they shall acknowledge and accept through execution of a Confidentiality Agreement.

As regards those persons operating in capital and debt markets (section 2.4), as well as those persons placing or executing orders to trade on markets for emission allowances (section 2.5), the General Manager for the relevant area shall provide those persons under his/her authority with access to a copy of the Regulations and shall be responsible for obtaining confirmation of their acknowledgment and acceptance thereof, which he/she shall submit to the General and Board Secretary.

### 4.3 NOTICE OF TRANSACTIONS

- A. The persons specified in section 2.1 as well as persons closely related thereto shall notify the Company (through the General and Board Secretary) and the Spanish Securities Market Commission (*Comisión Nacional del Mercado de Valores - CNMV*) of all transactions carried out on their own behalf in relation to covered securities, emission allowances, auctioned products based thereon or related derivatives thereof within three trading days following the execution of each transaction, in accordance with the legislation in force. These notices shall be made in the format, with the content and by the means legally provided for such purpose.

With the exception of the Directors and persons closely related thereto whose voting rights are held by the Director as the individual with the discretion to exercise such vote, all persons specified in section 2.1 and persons closely related thereto shall not be required to make the aforementioned notices when the total amount of transactions carried out on their own behalf does not exceed 5,000 euros, or such higher amount as may be established by the Spanish Securities Market Commission, in a single calendar year.

- B. The persons specified in section 2.2 and persons closely related thereto shall notify the General and Board Secretary of any transactions carried out on their own behalf in covered securities, emission allowances, auctioned products based thereon or related derivatives thereof when the total amount of the transactions exceeds 5,000 euros, or such higher amount as may be established by the Spanish Securities Market Commission, in a single calendar year. Said transactions shall be notified within ten trading days following the execution of each transaction.

- C. The threshold established in paragraphs A and B shall be calculated as the sum of all of the transactions referred to in this section, without setting off transactions of an opposite nature (such as buy and sell transactions).

#### 4.4 PORTFOLIO MANAGEMENT

The notice obligations set forth in section 4.3 shall also apply to transactions carried out indirectly, including, for example, those carried out by persons or entities acting on behalf of the persons specified in sections 2.1 and 2.2 or persons closely related thereto, through a portfolio management agreement that grants authority to purchase or sell shares, including in those cases in which they are acting with discretionary powers.

The persons specified in sections 2.1 and 2.2 and persons closely related thereto shall thus notify the manager that they are subject to these Regulations or, otherwise, include in such agreements express instructions to the manager not to carry out transactions in covered securities.

#### 4.5 CLOSED TRADING PERIODS

Except as authorized by the Company in those cases established by law<sup>4</sup>, the persons specified in section 2.1 and those persons identified by the General Manager for Administration, Finance and Control shall not carry out any transaction on their own behalf or on behalf of a third party, directly or indirectly, in relation to covered securities during a closed period of 30 calendar days before the publication of the interim financial statements or annual report required to be made public by Endesa in accordance with the regulations in force.

## 5. INSIDER INFORMATION

### 5.1 DEFINING INSIDER INFORMATION

For the purposes of these Regulations, insider information shall mean:

- a) all information of a specific nature that refers directly or indirectly to the Company, to any Endesa Group Company or to covered securities and that has not been made public and that, if made public, could have a significant effect on their price; and
- b) as relates to derivative financial instruments on commodities, all information of a specific nature that has not been made public and which directly or indirectly refers to one or more of such derivatives or directly to a spot commodity contract related thereto and which, if made public, could have a significant effect on the prices of said derivatives or spot commodity contracts related thereto, provided the information could reasonably be expected to be made public or is otherwise required to be made public in accordance with legal provisions, market rules, contracts, or customs and practices on the relevant commodity derivatives or spot markets.
- c) as relates to emission allowances or auctioned products based thereon, all information of a specific nature that has not been made public and which directly or indirectly refers to one or more of such financial instruments and which, if made public, could have a significant effect on the prices of said financial instruments or derivatives related thereto;

The information shall be deemed to be of a specific nature if it relates to a set of circumstances which exists or which may reasonably be expected to exist, or an event which has occurred or which may reasonably be expected to occur; where it is specific enough to enable a conclusion to be drawn as to the possible effect of that set of circumstances or event on the prices of the financial instruments or derivatives related thereto, on spot commodity contracts related thereto, or on auctioned products based on emission allowances. In this regard, in the case of a protracted process that is intended to bring about, or that results in, particular circumstances or a

<sup>4</sup> For information purposes, as at December 18, 2017 these circumstances are codified in Art. 19.12 of Regulation (EU) No 596/2014 of the European Parliament and of the Council and in Art. 7 of Commission Delegated Regulation (EU) 2016/522.

particular event, such future circumstances or event, as well as the intermediate steps of the process related to bringing about or resulting in such future circumstances or event, may be deemed to be specific information.

An intermediate step in a protracted process shall be deemed to be insider information if, by itself, it satisfies the criteria of insider information as referred to in this section.

Information that would, if made public, be likely to have a significant effect on the prices of financial instruments, derivatives or spot commodity contracts related thereto, or to auctioned products based on emission allowances, shall mean any information a reasonable investor would be likely to use as part of the basis for his/her investment decisions.

## 5.2 PROHIBITION ON TRANSACTIONS WITH INSIDER INFORMATION

All persons with insider information shall be prohibited from:

- a) carrying out or attempting to carry out transactions using insider information, i.e., they may not buy, sell or assign, for their own benefit or for the benefit of third parties, directly or indirectly, covered securities and may not cancel or amend any order concerning covered securities that was issued prior to knowledge of the insider information. As relates to the auctioning of emission allowances or other auctioned products based thereon in accordance with Regulation (EU) No. 1031/2010, use of insider information includes the submission, modification or withdrawal of a bid by any person acting on its own behalf or on behalf of third parties.
- b) making recommendations or inducing third parties to buy, sell or assign covered securities on the basis of that information or to cancel or amend any order concerning the financial instruments to which that information refers, or requiring a third party to buy, sell or assign financial instruments or cancel or amend an order related thereto on the basis of insider information.

## 5.3 PROHIBITION ON ILLEGAL COMMUNICATION OF INSIDER INFORMATION

Those persons with insider information may not communicate said information to third parties other than in the normal course of their work, profession or duties.

Persons holding insider information have a duty to safeguard said information, notwithstanding the duty to report to and collaborate with judicial and governmental authorities under the terms provided in the applicable regulations.

Persons holding insider information shall adopt appropriate measures to prevent the abusive or unfair use of said information.

Any person that becomes aware of any abusive or unfair use of insider information shall notify such circumstances to the General and Board Secretary.

## 5.4 MARKET SOUNDING

Market sounding involves communicating information to one or more potential investors prior to the announcement of a transaction in order to gauge their interest in a potential transaction and its conditions, such as its potential price or size.

Prior to conducting a market sounding, the General Manager for the relevant area shall specifically consider whether the market sounding will involve the disclosure of insider information. If the Company ends up disclosing information, said General Manager shall submit a written record to the General and Board Secretary containing its conclusions regarding whether the information constitutes insider information and providing the reasons for disclosure.

The Company may disclose insider information with a view to market sounding, provided, in accordance with applicable regulations, it complies with all reporting obligations in relation to the recipient of the information, who shall have consented to receive insider information.

## 5.5 CONDUCT IN THE CONSIDERATION AND EXECUTION OF TRANSACTIONS OR ANALYSES INVOLVING INSIDER INFORMATION

During the stages of analysis and development of any type of transaction or in the analysis of events that could involve, in whole or in part, insider information regarding the covered securities or emission allowances, those persons in charge of the relevant area shall be required to:

- a) Restrict knowledge of the information strictly to those internal or external persons whose participation is essential.
- b) Verify with the General and Board Secretary whether a section has already been created in the insiders list for the transaction or event and, if not, draft and maintain said section, in accordance with section 2.6.C, regarding those persons with access to insider information for each particular transaction or event and provide a copy of the list to the General and Board Secretary. If the section has already been created, notify the head of the relevant area of the persons to be included.

Nevertheless, with a view to preventing the same people from being listed multiple times in different sections of the insiders list, the General and Board Secretary shall draft and maintain, in coordination with the General Manager for Human Resources and Organization, a special section that lists those persons with permanent access to insider information ("List of Permanent Insiders"), which shall include all persons who, due to the nature of their duties or positions, have access to all of the Company's insider information at all times.

- c) Expressly notify the persons who will be given access to the insider information of the nature of the information, their duty of confidentiality and the prohibition on its use.

In this regard, the persons involved in these particularly significant transactions, whether within or outside the Company, shall execute a "Confidentiality Agreement," unless they are already bound by a legal duty of confidentiality. If all of the persons that will have access to insider information are not employees of the Company or its Group, they shall undertake the duties of confidentiality as well as the duties to draw up the insider list for the relevant agreements for the provision of professional services.

- d) Establish security measures for the custody, storage, access, reproduction and distribution of the information.

Endesa shall also monitor the performance in the market of its listed securities and any news reported by professional distributors of financial information or by the media that could affect said securities.

In the event of abnormal performance in the volumes traded or the prices quoted and where there are reasonable indications that such performance is the result of a premature, partial or distorted disclosure of information on a transaction, the relevant General Manager shall notify the General and Board Secretary of such circumstances. Endesa shall release a relevant event document that clearly and specifically discloses the status of the transaction in progress or anticipating the information to be supplied.

## 5.6 PUBLIC DISCLOSURE OF INSIDER INFORMATION

The General Manager for the relevant area shall notify the General and Board Secretary of the existence and content of insider information. The Company shall make the insider information directly related thereto public as soon as possible in such a manner as allows quick access and a thorough, accurate and appropriate assessment of the information.

The Company may not combine public disclosure of insider information with the commercialization of its activities. Furthermore, the Company shall publish on its website all insider information which it is required to make public, which shall remain available through said website for at least five years.

The Company, under its own responsibility, may postpone public disclosure of insider information whenever the following conditions have been met:

- a) immediate disclosure could damage the legitimate interests of Endesa;
- b) the delay in disclosure will not confuse or mislead the public;
- c) Endesa is able to guarantee the confidentiality of the information.

The General Manager for the relevant area and the General and Board Secretary shall be in charge of determining on a case-by-case basis whether the preceding conditions have been met.

In the case of a protracted process that occurs in stages and that is intended to bring about, or that results in, a particular circumstance or a particular event, the Company may, under its own responsibility, delay the public disclosure of insider information relating to such process, subject to the provisions of paragraphs a), b) and c) of the first paragraph.

If disclosure of the insider information has been delayed in accordance with the preceding paragraphs and confidentiality of the insider information is no longer guaranteed, Endesa shall make said information public as soon as possible.

When Endesa or a person acting for or on its behalf discloses insider information to a third party in the normal course of the exercise of their employment, profession or duties, they shall make complete and effective public disclosure of that information, simultaneously in the case of intentional disclosure, and immediately in the case of an unintentional disclosure. The provisions of this section shall not apply if the person receiving the information is subject to a duty of confidentiality, regardless of whether said duty is based on a legal, regulatory, by-law or contractual provision.

## 6. PROHIBITION ON MARKET MANIPULATION

Neither the Company nor any individual may carry out any action which could be considered manipulation or intent to manipulate the market, including, *inter alia*, the following activities:

- A. carrying out a transaction, issuing an order to trade or any other conduct that:
  - i) sends or could send false or misleading signals regarding the supply, demand or price of a financial instrument or spot commodity contract related thereto; or
  - ii) set or could set an abnormal or artificial price of one or more financial instruments or a spot commodity contract related thereto;

unless the person carrying out the transaction, issuing the order or engaging in such other conduct can demonstrate that said transaction, order or conduct was carried out for legitimate reasons and in accordance with market practices accepted by the CNMV.

- B. carrying out a transaction, issuing an order to trade or any other activity or conduct that affects or could affect, through fictitious mechanisms or any other means of deceit or manipulation, the price of one or more financial instruments, related spot commodity contracts or auctioned product based on emission allowances;
- C. disclosing information through the media, including the Internet, or through any other medium that sends or could send false or misleading signals regarding the supply, demand or price of a financial instrument, related spot commodity contract or auctioned product based on emission allowances, or which could secure the price of one or more of the financial instruments, related spot commodity contracts or auctioned products based on emission allowances at abnormal or artificial levels,

including disseminating rumors, when the person who disclosed such information knew or should have known that the information was false or misleading.

- C. transmitting false or misleading information or providing false information in relation to a benchmark, when the person transmitting or providing said information knew or should have known that they were false or misleading, or any other conduct that constitutes manipulation of the calculation of the benchmark.

## 7. RULES ON MANAGEMENT OF TREASURY STOCK

Treasury stock shall be managed in accordance with the provisions of the applicable regulations in force.

Endesa shall apply measures to prevent investment or divestment decisions from being affected by knowledge of insider information in relation to the execution of transactions in treasury stock or financial instruments linked thereto.

Endesa's General Manager for Administration, Finance and Control shall make all official notices regarding treasury stock transactions, as required by the provisions in force, and shall maintain proper control and records of said transactions.

## 8. VALIDITY

These Regulations shall enter into force on the day after the date of their approval.

## 9. BREACH

In addition to the consequences provided for in Spanish law, a breach of the provisions of these Internal Regulations on Conduct shall be deemed a labor infringement. The severity of said infringement shall be determined through the legally provided procedures and channels.