



ACTION PROTOCOL FOR RELATIONS BETWEEN
ENDESA S.A. AND ENEL S.P.A.

21 December 2021

This English-language version has been translated from the original issued in Spanish by the entity itself and under its sole responsibility. In the event of discrepancy, the Spanish-language version prevails.

Contents

- I. Introduction**
- II. Approval and Amendment**
- III. ENDESA's Areas of Activity**
- IV. ENEL's Areas of Activity**
- V. Relations Between ENDESA and ENEL**
- VI. Related-Party Transactions**
 - A) General system applicable to related-party transactions between ENDESA Group and ENEL Group**
 - B) Specific system for Technical Service and Management Support Agreements between ENEL Group and ENDESA Group**
 - C) Specific system for Related-Party Financial Transactions with ENEL Group**
 - D) Other Related-Party Transactions between ENDESA Group and ENEL Group**
 - E) ENDESA's regulatory framework for related-party transactions**
- VII. Conflicts of interest between ENDESA Group and ENEL Group**
- VIII. Information Reporting**
- IX. Statutory Auditor**
- X. Protocol Term**

I. Introduction

Corporate groups are characterized by their natural strategy of maximizing group interests by taking advantage of synergies and coordinated actions that must necessarily consider the interest of each individual company within the group. At times, the group objectives and the objectives of the companies within the group may not be fully aligned, giving rise to a potential conflict. This is of particular relevance in the case of intra-group, related-party transactions between companies within the same group that carry out related activities.

For this reason, the Spanish Corporate Governance Code for Listed Companies notes that any listed company controlled by another entity, whether listed or unlisted, should publicly and clearly report information on the respective areas of activity of the different companies, establish a protocol for approval of their mutual business and, in general, develop a suitable framework of rules to address any potential conflicts.

ENDESA, S.A. ("**ENDESA**"), a Spanish listed company, is indirectly held by the Italian listed company ENEL, S.p.A. ("**ENEL**"), which owns a majority interest in the share capital of ENDESA, through its subsidiary ENEL Iberia, S.R.L., thus making ENEL, S.p.A. its controlling shareholder.

In accordance with Recommendation 2 of the Spanish Corporate Governance Code for Listed Companies, ENDESA has drafted and published this "Action Protocol for Relations between ENDESA and ENEL" to disclose the procedures and practices followed to safeguard ENDESA's corporate interests and to resolve any conflicts of interest that may arise out of ENDESA's relationships with other companies controlled, directly or indirectly, by ENDESA or ENEL, and with the companies controlled, directly or indirectly, by ENEL, excluding the ENDESA Group.

For the purposes of the internal regulations for related-party transactions, "Endesa Group" refers to Endesa S.A. and its subsidiaries with regard to the provisions of Article 42 of the Code of Commerce. Nevertheless, the Endesa Group is an integral part of the Enel Group of companies.

II. Approval and Amendment

The Board of Directors of ENDESA is responsible for approving this Protocol, which may be amended at any time. The Audit and Compliance Committee and the Sustainability and Corporate Governance Committee may propose such amendments as deemed appropriate to the Board.

III. ENDESA's Areas of Activity

ENDESA was established on 18 November 1944. It is a Spanish Company whose shares have been officially listed on the Spanish Stock Exchanges since 8 September 1958.

ENDESA is a Holding Company and is the only listed company of the Endesa Group.

i ENDESA's Main Activities:

ENDESA and its Subsidiaries carry out their activities in the electricity and gas business, primarily in the Spanish and Portuguese markets.

The organization is set up through the creation of business lines and Subsidiaries representing the main areas of activity providing services to third parties, and which cover the following divisions: electricity generation, marketing of gas and electricity, provision of energy services and related activities, infrastructure and electricity networks, and energy management and logistics.

Likewise, to a lesser extent, it sells electricity and gas in other European markets, as well as other products and services related to its core business, in particular, in Germany, France and the Netherlands.

ii Main Markets:

- Spanish Market

Electricity Generation: ENDESA engages in electricity generation, both thermal, in its different forms, and renewable, and in both the Mainland system and in Non-Mainland Territories, including the island territories of the Balearic and Canary Islands and the autonomous cities of Ceuta and Melilla.

The mainland generation activity is a liberalized activity, although generation from renewable energies may be subject to a specific compensation. On the other hand, generation in Non-Mainland Territories is subject to unique treatment, taking into account the geographical particularities thereof. It is subject to regulated compensation and to significant limitations on increases in this activity, imposed by law on ENDESA.

Marketing of Electricity and Gas: The marketing activity consists of the sale of energy in the market. Marketing is a liberalized activity. It has two strands:

- Marketing to customers in general, which is carried out at prices subject to general market rules, within the limits established by regulations governing competition and consumer protection.
- Marketing to eligible consumers -whether because they meet the relevant requirements or are classified as vulnerable- at administratively fixed prices, as an activity restricted to organizations classified as Reference Vendors (of the eight ENDESA companies in Spain, only two companies -one in Ceuta- have such classification).

Infrastructure and Networks: Includes electricity distribution and related activities.

The purpose of the electricity distribution activity is to get electricity from the transmission grid (essentially classified as such according to their voltage level) or generation plants to the consumption points. Distribution is a regulated activity and, as such, it must be the exclusive corporate purpose of any company engaged therein.

Distribution-related services include those services that are inseparable from distribution, and not strictly limited to energy transport (i.e., construction of connection facilities or power supplies, lease and reading of meters, telecommunications networks for own use within power lines), as well as those activities not forming an integral part of electricity distribution and which are consequently provided by another company, e.g. the construction or maintenance of public or private network infrastructure for third parties.

Marketing of services related to energy, electrification, its efficiency and decarbonization: Offering third parties open and flexible solutions capable of connecting individuals, urban ecosystems, industrial zones and transport. These services include offering third parties distribution systems and batteries for energy storage; intelligent lighting solutions and low consumption LEDs; electric mobility and fast charging services; instruments for intelligent energy management and installations in homes, buildings and cities; and software that controls energy exchange in distributed self-generation systems, among others.

Logistics and Energy Management: This includes the activity carried out in the electricity and commodities supply markets as well as their transport facilities and port infrastructures associated to company assets at source. This includes acquisition, transport and trading in different electricity and fuel markets, such as coal, gas, oil derivatives, or emission rights in organized and OTC markets, including any financial instruments that may be convenient for such purpose.

- Portuguese Market

Electricity Generation: Electricity generation in Portugal is carried out in a competitive environment. This activity is integrated in the Iberian Electricity Market (MIBEL), together with Spain, for calculating spot and future prices.

Marketing of Electricity, Gas and Other Products and Services: This activity is mostly liberalized in Portugal, although a universal regulated service exists for legally eligible customers.

iii **Organizational Structure:**

ENDESA's activity is structured by Business Lines to ensure ENDESA can act with agility in the relevant markets and adapt to the needs of its customers in the territories and businesses in which it operates.

In order to organize its Business Lines, ENDESA operates primarily through the following Subsidiaries:

- **Energy Generation and Management:** ENDESA Generación, S.A.U. and subsidiary companies (especially ENEL Green Power España, S.L., Gas y Electricidad Generación, S.A.U., and Unión Eléctrica de Canarias Generación, S.A.U.)
- **Infrastructure and Networks:** ENDESA Red, S.A.U. and subsidiary companies (especially EDistribución Redes Digitales, S.L.U. and other minor distributors, and ENDESA Ingeniería, S.A.U.)
- **Marketing of Energy:** ENDESA Energía, S.A.U. and subsidiary companies (especially Energía XXI, S.L.U.)
- **Marketing of Value-Added Energy Products and Services:** ENDESA X Servicios, S.L.U.

IV. **ENEL's Areas of Activity**

ENEL is an Italian company that was established in 1962 and has been listed on the Italian Stock Exchange since 1999.

ENEL controls a total of 14 companies, listed on the Stock Exchanges of Argentina, Brazil, Chile, Spain, the United States, Peru and Russia.

i **ENEL's Main Activities**

ENEL is the world's largest private electricity distribution company and the global leading private operator in renewable energies.

The organization is set up through the creation of business lines and subsidiaries representing the main areas of activity providing services to third parties, and which cover the following divisions: electricity generation, marketing of gas and electricity, provision of energy services and related activities, infrastructure and electricity networks, and energy management and logistics.

The global business lines are responsible for optimizing asset performance and return on invested capital in the different regions in which the Group operates; business lines are also tasked with improving the efficiency of the processes they manage and sharing best practices around the world.

ii **Main Markets and Organizational Structure**

The ENEL Group has operations in 47 countries across various continents and has more than 1,000 Subsidiaries. Its global reach extends from Europe to Latin America, North America, Africa, Asia and Oceania.

ENEL's business model establishes duties for all the main organizational units. Each country operates in the territory within its purview following a matrix approach with respect to the broader and global business lines, managing activities such as relations with the territory, regulation, the relevant retail market and local communication.

The mission of each business line can be summarized as follows:

- **Global Power and Thermal Generation:** this business line is used by the Group to accelerate energy transition by increasing investments in new renewable energy capacity. This includes managing the decarbonization process, always with the aim of contributing to adequate safety levels and the suitability of electrical systems.
- **Global Infrastructure and Networks:** through the development and management of infrastructures that allow for energy transition, the Group ensures a reliable energy supply and quality service to communities through resilient and flexible networks, committing to efficiency, technology and digital innovation, and ensuring sufficient return on investments and cash generation.
- **Enel X Global Retail:** through sales to end customers, the Group interacts locally with millions of families, industries and companies. Thanks to technological advantages, it has been determined that a platform model drives improvement in customer satisfaction and experience and gradually increases efficiency levels. The business units optimize the energy supply to their customer base and maximize value generated by the portfolio, also managing long-term relationships with customers.
- **Global Energy and Commodity Management:** that operates in the wholesale market for electricity, gas and other commodities.
- **Global e-Mobility:** a new business line created to responder by means of a greater focus of its activities on the global expansion of the electric mobility market, the corresponding re-charging solutions and those relating to the supply of zero-emission vehicles.

V. Relations Between ENDESA and ENEL

- i The ENDESA Group's inclusion in the ENEL Group gives rise to, *inter alia*, the generation of synergies, coordination of best practices and application of economies of scale, which primarily affect:
 - the purchase of goods and services;
 - corporate services;
 - Information Systems and Telecommunications technologies; and
 - electricity generation, distribution and marketing activities, including primarily research, development, engineering and execution activities, commissioning and operation and maintenance of facilities, as well as energy management, and acquisition and sale of commodities in global markets.
- ii The most relevant transactions between ENDESA and its Subsidiaries and ENEL and its Subsidiaries primarily include:
 - **Trading Transactions:**

ENDESA provides integrated management of the marketing and generation businesses, covering long and short positions in electricity and commodity sales, with the dual objective of maximizing margins and managing risks through suitable hedges. In carrying out the first, ENDESA participates in physical and financial wholesale markets to ensure competitive fuel and CO2 costs for operating generation plants in wholesale markets. As regards the second, ENDESA contracts brokerage transactions and hedging instruments with a view to reducing risk arising from price changes of certain critical products for the company's business, including electricity, gas, coal, Brent and carbon dioxide emission allowances.

ENDESA manages a portfolio of framework agreements with different counterparties in order to formalize commodity supply agreements and financial hedging agreements for the price thereof. To optimize this operating system it is now possible for Enel to act in the market by undertaking trading transactions in the name of and on behalf of Endesa, and following their operational instructions, based on a representative mandate, without prejudice to Endesa also being able to purchase the corresponding transactions directly from Enel at market prices.

It has specifically been established that Enel may act in the name of and on behalf of Endesa and its subsidiaries in purchase/sale and trading transactions, both physical and financial, in the electricity, gas and CO2 markets and for any other raw materials, as well as providing services for Endesa and its subsidiaries in trading, financial and energy transactions. The formula for establishing the price (including basic costs, applied margin and distribution key) for the mandate together with the remaining contractual terms and conditions is in accordance with the provisions in the regulations governing transfer prices.

The above is understood not to be in prejudice of the possibility of operating through other suitable mechanisms, such as a mandate without representation or bilateral contracts, always within the applicable limits and with the same controls referred to above.

- **Transactions relating to business support services (provision of various intra-group services):**

The ENEL Group and the ENDESA Group mutually provide technical and corporate services to each other. Through the provision of these services, the Group seeks to optimize resources by centralizing functions, thus attaining a more functional and efficient cost structure. Corporate services include all activities providing centralized support for the management of the different business units and entities of the ENDESA Group.

The different services include those provided by ENEL and some of its Italian Subsidiaries to ENDESA and its Subsidiaries by virtue of technical and management support service agreements, as well as insurance mandates with ENEL so that it can negotiate and contract in its own name and on behalf of ENDESA insurance policies for ENDESA and its subsidiaries.

- **Intra-Group Financing Transactions.**

All activities aimed at structurally financing and making liquidity unconditionally available from the ENEL Group to the different business units and entities of the ENDESA Group are considered intra-group financing transactions and services.

All these transactions between ENDESA Group and ENEL Group are carried out in accordance with the usual terms and conditions for these types of transactions in the market, generally offering comparable terms to transactions with third parties, and verified by independent experts.

VI. Related-Party Transactions

A) General system applicable to related-party transactions between ENDESA Group and ENEL Group

Related-party transaction are understood to be all those undertaken by companies in the ENEL Group with companies in the Endesa Group, which may generate a conflict of interests, regardless of whether there may be some form of remuneration, always in accordance with current applicable legislation.

- i Approval of related-party transactions with the Enel Group by the Board of Directors or by the General Shareholders' Meeting should be subject to a prior report by the Audit and Compliance Committee which should evaluate whether the transactions are fair and reasonable from the point of view of Endesa and the shareholders other than those of Enel. Proprietary Directors designated by or associated with Enel may not participate in the preparation of the Report.
- ii The approval of related-party transactions with the Enel Group by the Board of Directors of Endesa will be undertaken with the participation in the debate and the vote on the agreement of Proprietary Directors representing Enel.

- iii The approval of related-party transactions with the Enel Group by the General Shareholders' Meeting may be undertaken with the participation in the debate and the voting of Enel shareholders, providing the agreement has been approved by the Board of Directors without the unfavourable vote of the majority of Independent Directors
- iv Endesa should publicly announce, both on the company's website and on the website of the Spanish Securities Market Commission, the related-party transactions undertaken by Endesa or or companies in its Group when the total amount of the transactions is equal to or exceeds 5 per cent of the total asset items or 2.5 per cent of the annual turnover in the last consolidated financial statements approved by Endesa's General Shareholders' Meeting.
- v All related-party transactions between Companies in the ENDESA Group and Companies in the ENEL Group should be contractually formalized in writing and be duly registered in the Company's Registry of Related-Party Transaction created for this purpose.
- vi Any modification to the object or price of a related-party transaction with the ENEL Group previously approved by the Board of Directors or the General Shareholders' Meeting of Endesa, modification of its duration or any of the other essential conditions will require approval again by the Board of Directors or the General Shareholders' Meeting, unless the change in the related-party transaction had already been taken into account at the time of its initial approval.
- vii ENDESA's General Audit Department should verify annually that all related-party transactions with the ENEL Group have had prior authorization by the Board of Directors or the General Shareholders' Meeting of Endesa, and that the authorized transactions have been completed precisely under the authorized terms and conditions.
- viii The Audit and Compliance Committee will prepare and publish an annual report describing the authorized transaction for the purpose of the General Shareholders' Meeting of Endesa.

B) Specific system for Technical Service and Management Support Agreements between ENEL Group and ENDESA

ENEL Group provides technical and corporate services to ENDESA Group to optimize resources by centralizing functions, thus attaining a more functional and efficient cost structure. Likewise, ENDESA Group also provides technical services to ENEL Group, albeit to a lesser extent.

These agreements constitute related-party transactions which, in addition to the above requirements, are subject to specific rules.

- i The Technical Service and Management Support agreements must individually identify each of the services to be provided, their price and the deliverables evidencing the existence of such services.
- ii The pricing methodology established in the agreements must be applied in accordance with the relevant tax regulations.
- iii ENDESA, within its regulatory framework, has developed Operating Instructions that can be used to monitor compliance with the agreements. In this regard, each ENDESA Unit receiving the Services must consider the need for the services offered and carry out an ongoing assessment of the services actually received and their supporting documentation, which must be archived.

- iv The Directorate General of Auditing shall regularly review compliance with the aforementioned Operating Instructions by each of the ENDESA units receiving the services, verifying the following aspects based on the available documentation:
 - That each recipient unit has engaged in an ongoing assessment of the services actually received and that it has been regularly validated by the head of the relevant unit.
 - That sufficient and traceable documentation is available on the actual provision of the services and that it is in line with the deliverables described in the agreements.
- v An independent expert shall assess the potential benefit and/or utility of the proposed services.
- vi Before proceeding to payment of the agreement, which must be approved by ENDESA's Audit and Compliance Committee, an independent expert shall issue an opinion on the following items:
 - The reality of the Services provided, verifying that the documentation made available to ENDESA matches what was agreed in the agreement and sufficiently evidences that the Services have been provided; and
 - Coherency of the price invoiced by ENEL.
- vii Technical service and management support agreements must be expressly renewed on an annual basis and no implied renewal shall be allowed. Each of the services and their prices shall require approval from ENDESA with each renewal.

C) Specific system for Related-Party Financial Transactions with ENEL

ENDESA has developed, within its regulatory framework, a series of additional guarantee provisions for related-party financial transactions:

- Financial transactions will only be carried out with the ENEL Group to the extent that a comparable transaction is in turn formalized with one or more third parties under similar conditions and through a competitive process, and for a relevant amount of the entire transaction.
- Only long-term transactions of a structural nature may be entered into with related parties, whereas short-term financing and financing of working capital must be executed with third parties. In the case of liquidity transactions, sufficient counterparty diversification shall be ensured at all times, in line with industry practice.
- A Financial Management Report is presented to the Audit and Compliance Committee on a semi-annual basis. This Report is required to reflect the status of all financial transactions with ENEL Group.

D) Other Related-Party Transactions between ENDESA Group and ENEL Group

ENEL Group and ENDESA Group occasionally provide each other with services other than the technical and corporate services referred to in sub-section B of this section to optimize resources by centralizing functions, thus achieving a more functional and cost-effective structure.

These services include but are not limited to: services related to expatriate personnel services management; engineering and assembly assistance services; telecommunications and information technology assistance services, joint management of the fleet of ships for transporting methane and LNG contracts, among others. To the extent possible and where applicable, efforts shall be made such that these occasional services are governed by the principles laid out in sub-section B of this section.

All transactions between the ENDESA Group and the ENEL Group are carried out in accordance with the usual terms and conditions for this type of transaction in the market according to criteria verified by experts independent from ENDESA and ENEL.

E) ENDESA's regulatory framework for related-party transactions

ENDESA has a comprehensive regulatory framework which defines the system governing authorization and transparency for related-party transactions:

- REGULATIONS ON RELATED-PARTY TRANSACTIONS:

The Regulation contains the directives designed to guarantee that, with regard to transactions subject to a conflict of interests between ENDESA and its Directors, shareholders holding more than a ten percent share or more of the voting rights (or who are represented on the Board of Directors), and Senior Managers, as well as transactions with other parties related to Endesa, they are undertaken in compliance with the applicable regulations.

- OPERATIONAL PROCEDURES FOR RELATED-PARTY TRANSACTIONS:

This details the directives contained in the Regulations on Related-Party Transactions, regulates the approval, publication and registration of related-party transactions and defines the operation, functions and responsibilities of the system for requesting, approving, publishing and supervising related-party transactions in general.

- OPERATIONAL INSTRUCTIONS FOR TECHNICAL SERVICE AND MANAGEMENT SUPPORT:

Regulates the procedure for internal approval and control of contracts for Technical Service and Management Support provided by the majority shareholder and that enable the assessment of the services received and control of the support documents.

- PROCEDURES FOR RELATED-PARTY TRANSACTIONS

Procedure that regulates the procedure for internal approval and control of contracts for related-party transactions provided by the ENEL Group and that enable the assessment of the services received and control of the support documents.

- GLOBAL CORPORATE GOVERNANCE DIRECTIVES

In accordance with international corporate governance best practices, the ENEL Group, with the participation of Endesa, created a working party consisting of international experts, to establish homogeneous rules and regulations with regard to conflicts of interest and related-party transactions and which concluded with the publishing of a document entitled "Corporate Governance Directives for the ENEL Group".

The Guidelines are based on the following general principles:

- ✓ Adequate protection of the Corporate Interests of each Subsidiary, fair treatment of the Group's public and private Stakeholders and equitable distribution of the benefits and costs derived from membership in the ENEL Group.
- ✓ Commitment to identifying, avoiding and adequately resolving potential Conflicts of Interest that may arise between ENEL Group companies, and between ENEL Group companies and their respective Directors and other related parties.
- ✓ Commitment to establishing an Information Flow system within the ENEL Group in accordance with the restrictions imposed by applicable regulations.
- ✓ Development of systems that enable the governing bodies to monitor risks, specifically those arising from conflicts of interest.

The Corporate Governance Manual, which recognizes the advantages generated by ENEL's coordination of the strategies and plans of the ENEL Group, ensures the required respect for the legal independence of ENEL's Subsidiaries, within a framework designed to adequately protect the Corporate Interests of each of the Subsidiaries. The foregoing is with special regard to Related-Party Transactions and Conflicts of Interest.

VII. Conflicts of interest between ENDESA Group and ENEL Group

As relates to the activities carried out by ENDESA Group and ENEL Group, in general, the possibility of a conflict of interest is practically non-existent, as the ENDESA Group companies primarily carry out their activities and operations in the Iberian Peninsula, and it is precisely through ENDESA and its Subsidiaries that ENEL Group operates in this geographical area.

As regards related-party transactions, in addition to strict compliance with the formal and material guarantees under Spanish law, ENDESA believes that it has suitable internal regulations, as referenced herein, to protect ENDESA's corporate interests.

VIII. Information Reporting

ENDESA Group and ENEL Group exchange information both to fulfill their legal obligations as well as to ensure the mutual sharing of benefits and synergies, provided such communication is not contrary to applicable regulations, in particular those relating to corporate law, stock market regulations and regulations on market abuse.

In particular, and with a view to facilitating ENEL's compliance with its legal obligations as well as coordination of the strategies and plans across the Group, ENDESA provides ENEL with information that enables ENEL to plan, coordinate and monitor activities at the Group level; to audit and monitor risks faced by the ENEL Group; and to consolidate its financial statements, in addition to fulfilling its obligations as head of the tax group, among others.

Additionally, beyond the scope of the relationship between ENEL and ENDESA, i.e. within a relationship of ENDESA with ENEL not as a shareholder of the company but as a third party providing certain services thereto, ENDESA Group may communicate insider information to ENEL Group by virtue of certain agreements provided that (i) it is necessary for execution of the relevant agreement and (ii) the confidentiality commitments contained in the agreement are fulfilled.

In particular, these agreements shall establish a duty of confidentiality with respect to the information provided, with the same scope and same measures with which the party receiving it protects its own confidential information. For these purposes, a provision shall be established stating that the parties may not disclose information received to third parties, other than to entities within their Group, without the prior written consent of the other party.

The Shareholder-Appointed Directors of ENDESA appointed at the request of ENEL, just like any other Board members, have a duty to request, and the right to gather, all information from the Company which may be appropriate or necessary in order to perform their duties and properly prepare the meetings of the Board and of any corporate body of which they are a member.

In accordance with the Board of Directors Regulation and legal provisions in force, each Director shall act as a loyal representative in performing their duties, acting in good faith and in the best interests of the Company, interpreted with full independence, and shall ensure at all the times that the interests of the shareholders as a whole are best defended and protected.

IX. Statutory Auditor

In order to strengthen the statutory auditor's independence and to avoid conflicts of interest, ENDESA has established specific procedures in relation to selection of the statutory auditor and to the provision of non-audit services.

Regarding the selection of ENDESA's statutory auditor, the regulations governing the statutory auditor selection process for public interest companies do not contain any specific provisions applicable to groups comprised of several public interest companies located in different Member States.

In this regard, ENDESA and ENEL shall implement their auditor selection processes separately and independently. In the case of ENDESA, the Audit and Compliance Committee, with decision-making autonomy and independence, is solely responsible for the ENDESA's Statutory Auditor selection process. This responsibility may not be delegated to any ENEL body. Once the auditor selection process has been completed, ENDESA's Audit and Compliance Committee will issue a reasoned recommendation to ENDESA's Board of Directors.

The amount or structure of the fees received from the audited company may threaten the independence of the statutory auditor or audit firm. The provision of non-audit services is governed by Article 5 of Regulation (EU) No. 537/2014, of the European Parliament and of the Council of 16 April 2014, on specific requirements regarding statutory audit of public-interest entities. In addition, Law 22/2015, of 20 July, on Statutory Auditing, provides that the duties attributed to the Audit Committee in this regard are established as a kind of preventive safeguard that does not exempt the statutory auditor from complying with the duty of independence, nor does it condition or exclude the supervisory powers attributed to the Spanish Institute of Accounting and Auditing in this regard. As such, the statutory auditor shall establish the necessary procedures to detect, identify and assess threats to its independence and, if significant, shall apply adequate and sufficient safeguards to eliminate or reduce such threats to an acceptably low level that does not compromise its independence.

ENDESA's Audit and Compliance Committee, on 23 July 2018, approved a "Policy for the Provision of Non-Audit Services and Relations with the Statutory Auditor," which establishes the procedures for authorization by the Audit and Compliance Committee of the provision of non-audit services by the statutory auditor, and which governs the relations of the Audit and Compliance Committee with the statutory auditor to receive information on any matter or question that may pose a threat to the auditor's independence. This Policy applies to ENDESA and the companies of the ENDESA Group.

On 20 November 2017, ENEL's *Collegio Sindacale* (Audit Committee) approved a Procedure for authorizing non-audit services within ENEL Group. The procedure provides that, in the case of listed Subsidiaries of the ENEL Group, other than ENEL, the Audit Committee of each listed Company shall be responsible for authorizing the provision of non-audit services to itself and its subsidiaries. Additionally, each of the listed companies of the ENEL Group shall report any authorized non-audit services to ENEL's *Collegio Sindacale* on a semi-annual basis, for the purposes of global oversight at the ENEL Group level, and to ensure the auditor's independence.

The doctrine of the Spanish Institute of Accounting and Statutory Auditing (ICAC), developed through the resolution of inquiries, provides that, to ensure the auditor's independence, the Audit Committee of the audited company must authorize the non-audit services provided by the auditor to the parent company of the audited company. In other words, according to the responses provided to these inquiries, any additional services to be provided by the auditor to the parent company ENEL will require authorization from ENDESA's Audit and Compliance Committee.

In light of the foregoing, in accordance with the Spanish Capital Corporations Law, which establishes the Audit Committee duty to receive and review information from the external auditor on matters that could pose a threat to its independence; in accordance with the Spanish Statutory Auditing Law, which provides that the statutory auditor shall establish the necessary procedures to detect, identify and assess threats to their independence; in accordance with Italian law, which grants to the *Collegio Sindacale*, an autonomous and independent body, powers similar to those of the audit committee under Spanish law; considering that the statutory auditors of ENDESA and ENEL are members of the same network; and for the purpose of ensuring that ENDESA's Audit and Compliance Committee is aware of any non-audit services provided by its statutory auditor or by members of its network to the parent company ENEL such that it can confirm the independence of its statutory auditor, ENDESA's Audit and Compliance Committee, as relates to the services

provided by ENDESA's statutory auditor or by any company from within the ENEL network, shall annually request the following from the auditor, prior to preparation of the annual financial statements:

- A statement declaring that neither the statutory auditor nor any members of its network have provided to ENEL during the audited year any of the services prohibited by applicable regulations.
- A statement in which non-audit services of any kind provided to ENEL during the audited year and the corresponding fees paid thereby to the External Auditor or to persons or entities related thereto are individually outlined in accordance with the provisions of the regulations governing statutory auditing activities, expressly confirming the percentage of fees for non-audit services as compared to audit services.
- Confirmation that the auditor has issued an individual certificate of independence for each of the non-audit services other than the audit services provided to ENEL by the auditor or by any organization within the auditor's network.
- A statement verifying that it has internal Policies and Procedures in place to ensure that the Audit Firm and its staff (including staff within its Network) maintain independence as required by applicable regulations and to ensure that the procedures include measures aimed at identifying and assessing any threats to independence, as well as the results of application of these Policies and Procedures during the audited year.
- A statement confirming that each of the non-audit services performed for ENEL have been authorized by ENEL's *Collegio Sindacale*, either directly or through a pre-approval process.

ENDESA's Audit and Compliance Committee, respecting the autonomy of ENEL's *Collegio Sindacale* to analyze and authorize non-audit services provided by the statutory auditor to ENEL, shall determine, taking into account the information provided by the auditor, whether, in its opinion, the aforementioned services affect the auditor's independence in analyzing ENDESA's financial statements.

X. Protocol Term

This protocol shall remain in force as long as ENDESA is a Listed Company and ENEL maintains its controlling interest in ENDESA, directly or indirectly, in accordance with Article 42 of the Spanish Commercial Code.