



REPORT ON PROPOSAL FOR THE RE-ELECTION
OF MR FRANCESCO STARACE AS A PROPRIETARY
DIRECTOR OF THE COMPANY

endesa

Report issued by the Board of Directors of Endesa, S.A. for the purposes provided for in article 529 decies of the Corporate Enterprises Act, with regard to the proposal for the re-election of Mr Francesco Starace as a Proprietary Director of the Company.

This English-language version has been translated from the original issued in Spanish by the entity itself and under its sole responsibility, and is not considered official or regulated financial information. In the event of discrepancy, the Spanish-language version prevails

1. Purpose of the Report

In accordance with article 529 decies of the Corporate Enterprises Act, the Board of Directors of Endesa, S.A. ("**Endesa**" or the "**Company**") formulates this Justifying Report, which accompanies the proposal for the re-election of Mr Francisco Starace, as Proprietary Director of the Company, which is submitted for approval by the General Shareholders' Meeting called to be held on 29 April 2022, under item number nine of the agenda.

This Report assesses the skills, experience and merits of the proposed candidate.

Article 529 decies LSC:

The members of the Board of Directors of a listed company should be appointed by the General Shareholders' Meeting or, in the event of an early vacancy, should be co-opted by the Board itself.

The proposal for the appointment or re-election of the members of the Board of Directors corresponds to the Appointments and Remuneration Committee in the case of independent directors, and to the Board itself in other cases.

In any case, the proposal for appointment or re-election should be accompanied by a justifying report by the Board which assesses the competence, experience and merits of the proposed candidate and which will be attached to the minutes of the general meeting or of the board meeting.

The proposal for the appointment or re-election of any non-independent director should also be preceded by a report by the Appointments and Remuneration Committee.

2. Introduction

The term of office of the Proprietary Director Mr Starace, appointed on 16 June 2014, for four years, and re-elected in 2018 for four additional years, expires in 2022. This proposal for re-election as Proprietary Director, representing the controlling shareholder, Enel S.p.A., is in accordance with the Corporate Enterprises Act, which allows directors to be re-elected to the position once or several times, for periods of equal maximum duration, and with Article 11 of Endesa's Board of Directors Regulations, which provides that directors should occupy their position for four years, with the possibility of them being re-elected for periods of equal duration.

The Appointments and Remuneration Committee employed the services of the external consultant EGON ZEHNDER in its role of reporting on the suitability of the re-election of Mr Starace.

3. Justification for the proposal

The Board of Directors is submitting this proposal for re-election to the General Shareholders' Meeting, following a report from the Appointments and Remuneration Committee. The Committee made an analysis of the current composition of the Board and its Committees, of the competence and experience of its current members, as well as of the

Company's needs, with the aim of incorporating different professional and managerial experience and skills, and promoting diversity of knowledge, experience, culture, nationality and gender, taking into account the complex regulatory framework in which Endesa undertakes its activity and the challenges it faces in terms of corporate governance posed by the shareholder structure and corporate organisational chart, all in accordance with Endesa's Corporate Governance Policy and its Policy on the selection of candidates to be Directors of Endesa and the Diversity of its Members.

The Board of Directors specifically endorses the conclusions and arguments in the Report by the Appointments and Remuneration Committee and, in this regard, considers it appropriate to propose the re-election of Mr Starace as a Proprietary Director. The Report included the following:

- Number of Members of the Board: The structure, with regard to the number of directors on Endesa's Board of Directors currently complies with all the recommendations of the code of good governance for listed companies (the "CGG") and with the best international practices.

On the date when this report was issued, Endesa's Board of Directors consisted of 11 members, with women representing 36.36%. However, the aim of Endesa's Board of Directors is to comply with the objective of the Policy for the selection of candidates for Directors of Endesa and the Diversity of its Members, which establishes that the number of female directors should represent at least 40% of the members of the Board of Directors before the end of 2022.

In accordance with the provisions of the previous paragraph, the Board of Directors proposed to the General Shareholders' Meeting to be held on 29 April 2022, under item twelve of the Agenda, to extend to twelve the number of members of the Board, after proposing the re-election of Mr Starace, together with that of Mr Bogas, as well as the appointment of Ms Francesca Gostinelli and Ms Cristina de Parias Halcón.

With these proposals the Board will maintain a precise dimension to achieve an effective and participatory operation and in accordance with recommendation 13 of the CGG, which recommends that the boards of directors of listed companies should have between five and fifteen members.

It is also noted that the number of members of the Board will be within the parameters of Ibex 35 companies, which have an average of 12.8 directors¹.

For all these reasons, the Board of Directors feels that it is appropriate to propose to the General Shareholders' Meeting an extension of the number of members of the Board to twelve.

- Structure of the Board: In accordance with recommendation 15 of the CGG, proprietary and independent directors should constitute a majority of the members of the Board of Directors, and the number of executive directors should be the minimum necessary.

The percentage of proprietary directors out of the total number of non-executive directors, in accordance with recommendation 16 of the CGG, should not be greater

¹ In accordance with the document prepared by the CNMV entitled "Corporate governance reports for entities issuing securities admitted to trading on regulated markets" corresponding to the 2020 financial year.

than the ratio between the capital of the Company represented by these directors and the rest of the capital.

In accordance with item twelve of the Agenda for the Ordinary General Meeting of Shareholders to be held on 29 April 2022, which proposes to extend to twelve the number of members of the Board, and the other proposals that are to be submitted for the approval of the General Shareholders' Meeting with regard to the composition of the Board of Directors, the percentage of proprietary Directors will be 33.33% and that of independent directors will increase to 58.33%, so that the weighting for both categories of Directors will be balanced and guarantee appropriate functioning of the management body, as established by recommendation 17 of the CGG and the best international practices with regard to corporate governance and the policies published by proxy advisors, which indicate that when the company has a shareholder who controls more than 30% of the share capital, the number of independent directors should represent at least one third of the total number of directors.

Finally, the number of executive directors should remain as low as possible (a single director).

To summarise, the structure of the Board of Directors taking into account the nomination and re-election proposals that will be submitted to the General Shareholders' Meeting on 29 April 2022, will be as follows:

	Total Directors	2022 Financial Year	
		Number	%
		12	100%
Classification of Directors	Proprietary*	4	33.33%
	Independent	7	58.33%
	Executive	1	8.33%
Distribution by Gender	Women	5	41.67%

*Representatives of Enel, S.p.A.

These five proposals by the Board of Directors of Endesa to the General Shareholders' Meeting on 29 April 2022, included in the items on agenda number eight (re-election of Mr Bogas), nine (re-election of Mr Starace), ten (appointment of Ms Gostinelli), eleven (appointment of Ms de Parias) and twelve (extension of the number of members of the Board to twelve), are in line with the Policy for the selection of candidates to be directors of Endesa and the diversity of its members, are in accordance with the diversity of skills, knowledge, experience, origin, nationality, age and gender required for the best performance of the functions entrusted to it.

Endesa is certain that diversity in all its facets, at all levels of its professional team, is an essential factor to ensure the competitiveness of the Company and a key element in its corporate governance strategy.

For all these reasons, at this time and with this proposal, the structure of Endesa's Board of Directors is considered appropriate.

- Endesa's internal corporate regulations and corporate governance policy as a whole have been configured to ensure the reconciliation of the interests of all shareholders, with special attention to minority shareholders, and to ensure equal treatment of all shareholders who are of an identical condition and this is why the number of independent directors is greater than the number of proprietary directors appointed at the request of the majority shareholder.

- Mr Starace is a person of recognised prestige, who has the experience and professional knowledge suitable for the exercise of the function of Director of Endesa and who has assumed a high commitment of dedication in the years he has been in the position of Director, making a very positive contribution to the working of the Board and especially in his position as vice-chairman. Mr Starace meets all the requirements established by Law and in Endesa's corporate regulations to be re-elected Director.

Mr Starace contributes experience in senior management, business strategy and company management. Necessary qualities consistent with the size of the Company, the complexity of its business, its growth expectations and the needs arising from the implementation of the Strategic Plan.

Mr Starace also contributes knowledge and sectoral experience. The Board of Directors requires specific knowledge with regard to the energy, industrial and engineering sectors, as well as experience in renewable energies. The energy sector is immersed in a process of significant transformation towards a greater presence of clean energies and the growing importance of energy efficiency. The existence of profiles with experience in and knowledge of the energy sector and especially of renewable energies is understood to be a key capacity for the Board of Directors of Endesa.

For all these reasons, the professional profile of Mr Starace, with extensive professional experience and a long career in the Enel Group, as well as his broad experience, commitment to and involvement in the performance of tasks and the exercise of his functions, occupying positions of high responsibility, complexity and knowledge, is perfectly adapted to the needs of the Board.

At an academic level, he has a degree in Nuclear Engineering from the Polytechnic University of Milan.

He joined the Enel Group in 2000, where he has held a number of first line management positions: Director of the business power area, Director of the market division and Chief Executive Officer of Enel Green Power.

He is currently Chief Executive Officer and Managing Director of Enel, S.p.A., Vice-Chairman of Enel Iberia, Srl. and Vice-Chairman of the Board of Directors of Endesa.

In this regard, it should be noted that, should his re-election proposal merit the approval of the General Shareholders' Meeting, Endesa's Board of Directors would continue to have members with extensive experience in management and strategic definition and especially with broad experience in the energy and engineering sectors, notably with the presence of Mr Bogas and Mr Starace, as well as the proprietary directors who have worked in the sector.

As supplementary information, you will find the curriculum vitae of Mr Francesco Starace attached to this report.

4. Conclusion

As a result of the above and in response to a previous favourable report issued for this purpose by the Appointments and Remuneration Committee, Endesa's Board of Directors unanimously concluded that Mr Francesco Starace has the skills, experience and merits required to justify the proposal to the General Shareholders' Meeting of the Company for his re-election as Proprietary Director for the statutory period of four years.

5. Proposed agreement to be submitted to the General Shareholders' Meeting

Re-election of Francesco Starace as Proprietary Director of the Company.

Re-election of Mr Francesco Starace as Director of the Company, on the recommendation of the Appointments and Remuneration Committee, for the statutory period of four years.

In accordance with Article 529 duodecies of the Corporate Enterprises Act, the director is considered a proprietary director.

The report on this motion and the biographical summary of Mr Starace are available to shareholders on the Company's website.

FRANCESCO STARACE

Born in Rome (Italy), in 1955. Degree in Nuclear Engineering from the Polytechnic University of Milan.

Professional career

He began his career as a security analyst at the Nira Ansaldo electronuclear plant (1981-1982), from 1982 to 1987 he held different executive management positions in Sae Sadelmi, part of the General Electric Group, in countries such as Italy, the United States, Saudi Arabia, Egypt and the United Arab Emirates. From 1987 to 2000 he worked for ABB and the Alstom Power Corporation, where he served as Chief Executive Officer of ABB Combustion Engineering Italia (1997-1998) and then (1998-2000) he held the position of Senior Vice Chairman of the "Global and Turnkey Systems Sales for the Gas Turbine" Division. He joined the Enel Group in 2000 and he has held a number of first line management positions: Director of the Business Power area (July 2002 - October 2005), Director of the Market Division (November 2005 - September 2008) and Chief Executive Officer of Enel Green Power (October 2008 - May 2014)

Current positions

- Chief Executive Officer and General Manager of Enel S.p.A.
- Chairman of Enel Iberia, S.R.L.
- Vice-Chairman of Endesa, S.A.

Other Activities

- Member of the Fulbright Board of Directors (since November 2012)
- Member of the Advisory Board of the Polytechnic University of Milan (since January 2014)
- Member of the Confindustria Advisory Board (since May 2016) and member of the General Council (since May 2015)
- Member of the International Business Council of the WEF (since February 2016)
- Member of the Global Commission to End Energy Poverty, at the invitation of the Rockefeller Foundation (since September 2019)
- Member of the "GLOBAL INVESTORS FOR SUSTAINABLE DEVELOPMENT" ALLIANCE – GISD (since 16/10/2019)
- Chairman of SEforALL, "Sustainable Energy 4 All (since October 2020)
- Member of the "Multi-Stakeholder Platform on the Implementation of the Sustainable Development Goals in the EU" (since September 2017)
- Co-Chairman of the WEF "Net Zero Carbon Cities – Systemic Efficiency Initiative" (since January 2020)
- Co-Chairman of the European Clean Hydrogen Alliance Roundtable on "Renewable and Low-Carbon Hydrogen Production" (from January 2021)
- Member of the WEF Alliance of CEO climate leaders (since November 2021)