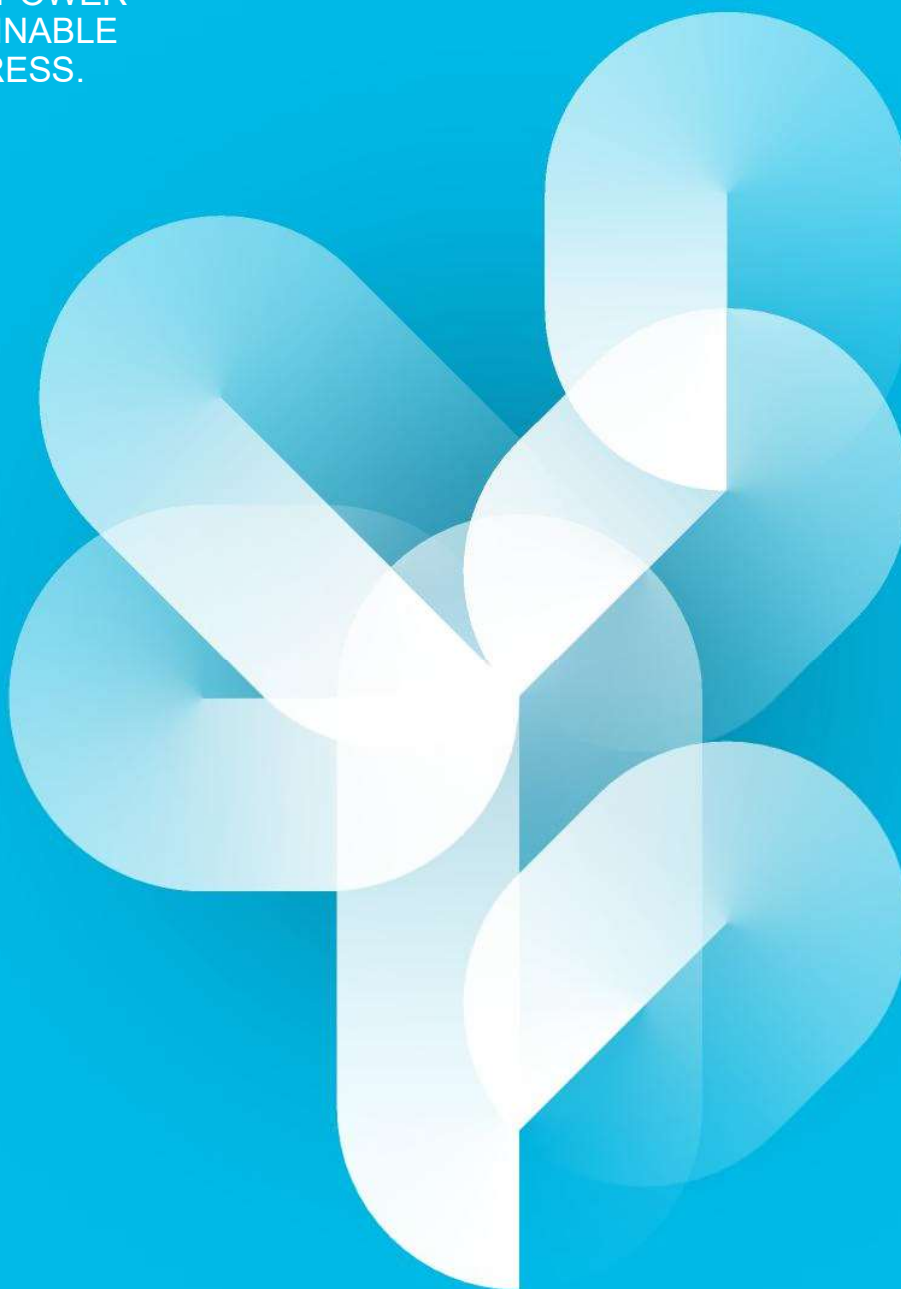


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**Report on proposal for the re-election
of D. Francisco de Lacerda as an
Independent Director of the Company**

endesa

Report drawn up by the Board of Directors of Endesa, S.A. for the purposes set forth in Article 529 (10) of the Capital Corporations Law, as related to the proposal for reappointment of Director Francisco de Lacerda as Independent 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

In accordance with Article 529 (10) of the Capital Corporations Law (*Ley de Sociedades de Capital* - LSC), the Endesa, S.A. Board of Directors ("**Endesa**" or the "**Company**") has drafted this Explanatory Report to be submitted with the proposal for reappointment of Mr. Francisco de Lacerda as Independent Director of the Company to the General Shareholders' Meeting 2023, for approval.

This Report will assess the skills, experience and merits of the proposed candidate and will be attached to the minutes for the General Meeting and/or Board Meeting.

Article 529 (10) LSC:

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

The appointments and compensation committee shall be responsible for the proposal for appointment or reappointment of the members of the board of directors, in the case of independent directors, and in all other cases, responsibility shall lie with the Board itself.

The proposal for appointment or reappointment shall in any case be accompanied by a justifying report of the board of directors assessing the skills, experience and merits of the proposed candidate. This report shall be attached to the meeting minutes for the general meeting or for the board itself.

The proposal for appointment or reappointment of any non-independent director shall also be preceded by a report from the appointments and compensation committee.

2. Introduction

Mr. de Lacerda was initially appointed as an Independent Director on 27 April 2015 for a term of four years, and was subsequently reappointed for another term of four years on 12 April 2019, so his mandate is set to expire during the current fiscal year (2023). This proposed reappointment as Independent Director is in compliance with the Spanish Capital Corporations Law, which provides that directors may be considered independent for a continuous period of up to twelve years.

Endesa's Corporate Governance Policy requires the number of Independent Directors to be greater than that of Shareholder-Appointed Directors named at the request of the majority shareholder. In addition, best corporate governance practices suggest that if there are controlling shareholders, at least one third of the members of the Board of Directors must be Independent Directors. The approval of this proposed reappointment, together with the other proposed director reappointments reported on by the Board on this date, which are expected to be submitted to the 2023 General Shareholders' Meeting for approval, would ensure the maintenance of the structure of the Board of Directors with 58.33% of Independent Directors vs. 33.33% of Shareholder-Appointed Directors and 8.33% Executive Directors. Hence, more than half of the directors will continue to be independent, in keeping with the most demanding international good governance standards.

3. Justification of the Proposal

The Board of Directors, at the proposal of the Appointments and Compensation Committee, hereby proposes this reappointment to the General Shareholders' Meeting, in accordance with the provisions of Article 529 decies (4) of the Capital Corporations Law and Article 9 of the Board of Directors Regulations, after having analyzed the current composition and needs of the Board and its Committees and having assessed the conditions and dedication required of directors to properly perform their duties, all in compliance with Endesa's Corporate Governance Policy and Candidate Director Selection and Diversity Policy.

In particular, the Board of Directors has confirmed the conclusions and arguments of the proposal submitted by the Appointments and Compensation Committee and, in such regard, has concluded that reappointment of Mr. de Lacerda as an Independent Director is appropriate, for the following reasons:

- **Board Size:** The current structure of Endesa's Board of Directors, in terms of number of members, complies with all recommendations under the corporate governance code for listed companies (the "CBG") and with best international practices. The Company considers that maintaining the current number of directors would be in its best interests.

Endesa's Board of Directors is comprised of 12 members. This number ensures the efficient and interactive operation thereof and complies with Recommendation 13 of the CBG, which recommends a minimum membership of five and a maximum of fifteen.

It should also be noted that this number falls within the customary practice of Ibex 35 companies, which have an average of 12.4 directors. The most common size is 12 members; each such size is maintained by ten companies.¹

The number of members on Endesa's Board is thus in light of the above considered appropriate at this time.

- **Board Structure:** In accordance with Recommendation 15 of the CBG, shareholder-appointed and independent directors constitute a broad majority of the Board of Directors and the number of executive directors would still be limited to the minimum necessary.

The percentage of shareholder-appointed directors in relation to the total number of non-executive directors, in accordance with Recommendation 16 of the CBG, does not exceed the proportion between the share capital of the Company represented by said directors and the remaining share capital.

The internal corporate governance rules and Corporate Governance Policy of Endesa have been drawn up to, as a whole, balance the interests of the different shareholding groups, paying particular attention to minority shareholders, as well as to ensure the equal treatment of all shareholders in identical circumstances and, for such purpose, the number of Independent Directors is greater than the number of Shareholder-Appointed Directors appointed by the majority shareholder.

¹ Source: Corporate Governance Report of entities issuing securities listed on official secondary markets, published by the Spanish Securities Market Commission in relation to fiscal year 2021.

In addition, with this proposed reappointment and the others submitted to the General Shareholders' Meeting, the percentage of Shareholder-Appointed Directors will continue to be 33.33% and that of Independent Directors 58.33%, with the latter constituting more than half of the members of the Board of Directors, thus ensuring the independence of the highest governing body, in keeping with the most demanding international good governance practices. The weighting of both categories of Directors ensures the proper functioning of the governing body, conforms in all cases to the best international corporate governance practices and enables the implementation of a model of Board structure that especially protects minority shareholders.

Consequently, at this time, with this and the other proposals submitted to the General Shareholders' Meeting, the structure of Endesa's Board is considered appropriate.

- Mr. de Lacerda is a renowned individual with the relevant professional expertise required to perform his duties on Endesa's Board and has shown significant commitment during his years as a Director and Chairman of the Audit and Compliance Committee, having made several positive contributions to the functioning of the Board and the Committee. Mr. de Lacerda meets all applicable requirements under law and as set forth in Endesa's corporate regulations on the reappointment of Independent Directors.
- Mr. de Lacerda's professional profile fits the needs of the Board, taking into account his extensive professional experience in the financial and services sectors, having held positions involving high responsibility, complexity and skill levels in the area of corporate strategy.
- Academically, he holds a Bachelors Degree in Business Administration from the Catholic University of Portugal, International Directors Program Certified and other various degrees from INSEAD.
- Nowadays, he is a member of the Portuguese Group of the Trilateral Commission, member of the Maturity Committee of Pharol SGPS and member of the Management Team of Cotec Portugal.

It should be noted in this regard that these positions have not given rise to any conflict of interest with Endesa or its Group companies. In accordance with Article 529 duodecies LSC, the Director has not maintained during his six years' term of office any significant business relationship with the Company or with any company of its Group, either in his own name or as a significant shareholder, director or senior executive of any entity that has or has had such a relationship; in addition, Mr. de Lacerda has not received from Endesa, or from the companies of its Group, any material amounts or benefit different from those linked to his capacity as Director that might undermine his status as Independent Director of Endesa.

- Lastly, the positive evaluation of Mr. de Lacerda's performance stands out in the Board's 2022 assessment, as well as in the assessment carried out for the Board's committees and for the chairpersons of those committees, with the support of an external advisor. There is widespread consensus on his excellent performance as Chairman of the Audit and Compliance Committee.

In order to supplement the above information, a copy of Mr. Francisco de Lacerda's CV is attached to this report.

4. Conclusion

As a result of the aforementioned and based on the proposal of the Appointments and Compensation Committee, the Board of Directors of Endesa unanimously concluded that Francisco de Lacerda has the required skills, experience and merits for the purpose of submitting his reappointment to the Annual General Shareholders' Meeting for the statutory period of four years as an Independent Director of the Company.

5. Proposed resolution for submission to the General Shareholders' Meeting

Reappointment of Mr. Francisco de Lacerda as Independent Director of the Company.

Reappoint Francisco de Lacerda as Director of the Company, following a proposal from the Appointments and Compensation Committee, for the statutory term of four years.

The Director is considered an independent director in accordance with Article 529 duodecies of the Spanish Capital Corporations Law.

The report on this proposal together with a biographical sketch on Mr. de Lacerda are available to the shareholders on the Company's website.

FRANCISCO DE LACERDA

Born in Lisbon (Portugal) in 1960. Holds a Bachelor's Degree in Business Administration and Management from the Catholic University of Portugal (1982). International Directors Program Certified (2019/2020) and other various degrees from INSEAD.

Career Path

CEO of CTT (Portuguese Mail Services) (2012-2019); Chairman of Banco CTT (2015-2019); CEO of Cimpor - Cementos de Portugal (2010-2012), Independent Director of EDP Renováveis (2008-2012); Executive Director of Millennium BCP (2000-2008); Deputy CEO of Bank Millennium, Poland (2001-2003); Head of several banks in Central and Eastern Europe (2001-2007) and of the Investment Bank in Portugal (2006-2007); CEO of Banco Mello (1993-2000).

Other Activities

- Member of the Portuguese Group of the Trilateral Commission
- Member of the Maturity Committee of Pharol SGPS
- Member of the Management Team of Cotec Portugal from 2015 to 2022 (Chairman from 2015 to 2018)