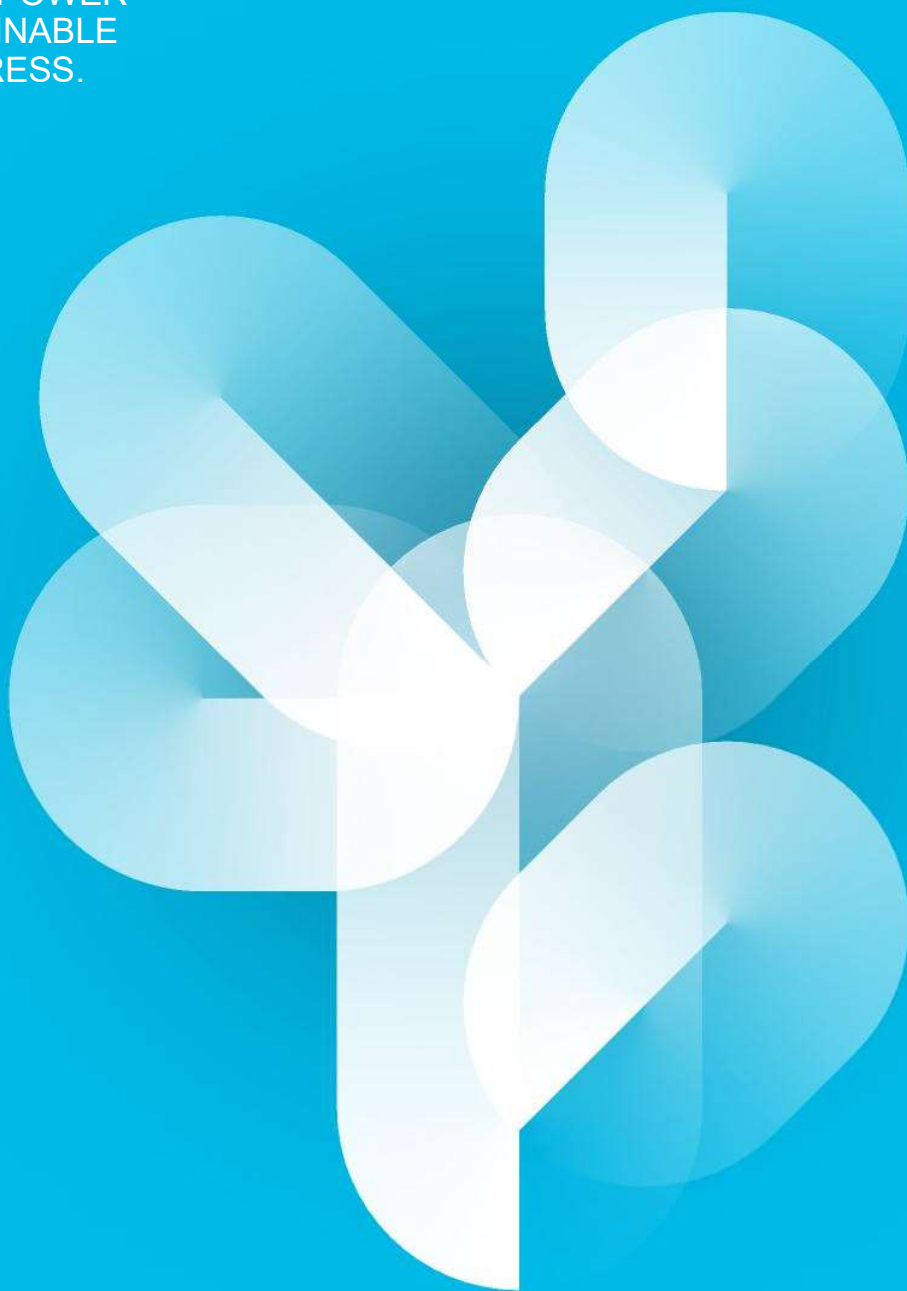


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**Report of the Audit and Compliance
Committee on the related-party
transactions proposed for approval by
the Board of Directors**

endesa



Report by the Audit and Compliance Committee on the related-party transactions proposed for approval by the Board of Directors under item 12 of the agenda.

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.



Report by the Audit and Compliance Committee on the related-party transactions proposed for approval by the Board of Directors under item 12 of the agenda.

In accordance with Article 529 duovicies of the Capital Corporations Law, the Audit and Compliance Committee, without the participation of the Shareholder-Appointed Director representing Enel, hereby informs the General Shareholders' Meeting of Endesa of the following related-party transactions of ENDESA, S.A. (or subsidiaries of its group) with its controlling shareholder ENEL, S.p.A. (or subsidiaries of its group), following a proposal from the Board of Directors of Endesa and with the favorable vote of all of the independent directors:

- 12.1. Execution of financial transactions, in the form of a credit facility and a loan, between Enel Finance International N.V. and Endesa, S.A.
- 12.2. Contracting of corporate services provided by Endesa Group companies to Gridspertise Iberia S.L.
- 12.3. Contracting of technical resources by Enel Green Power España, S.L.U. from Enel Green Power, S.p.A. regarding engineering services for renewable energies project development.
- 12.4. Recharge agreements for personnel secondment between Endesa Group companies and Enel Group companies.
- 12.5. License agreement for the use of platforms and related services as a "Software as a Service" solution, between Enel X, S.R.L. and Endesa X Servicios, S.L.
- 12.6. Contracts for the supply of electric charging solutions and the provision of services between Endesa X Way, S.L. and Endesa X Servicios, S.L., Endesa Energía, S.A.U., Endesa Medios y Sistemas, S.L. and Asociación Nuclear Ascó - Vandellós II. A.I.E.
- 12.7. Contracting of logistics services to be provided by Endesa Generación, S.A.U. to Enel Produzione, S.p.A at the ports of Carboneras and Ferrol.
- 12.8. Purchases of Liquefied Natural Gas (LNG) for 2023, in a maximum volume of 4.5 TWh, between Endesa Energía, S.A. and Enel Global Trading, S.p.A.
- 12.9. Contract for the provision of dielectric fluid analysis services in power transformers by Endesa Ingeniería, S.L. to E-Distribuzione, S.R.L.
- 12.10. Contracting of Gridspertise, S.R.L. by Edistribución Redes Digitales, S.L.U. for the supplying of LVM hubs and other assets.

In accordance with Article 529 duovicies of the Capital Corporations Law, the General Shareholders' Meeting is responsible for approving the related-party transactions when the amount or cumulative value of the transactions carried out with a single counterparty in the preceding 12 months is equal to or greater than 10% of the total of the company's assets according to the most recent balance sheet approved by the Company.

CONCLUSIONS OF THE AUDIT AND COMPLIANCE COMMITTEE REPORTS

The Audit and Compliance Committee has issued a report for each related-party transaction, concluding that the transactions entered into are fair and reasonable from the standpoint of Endesa and of the shareholders other than the related party.

In addition, for all of the related-party transactions a report has been prepared by an independent expert concluding that the transactions entered into between Enel and Endesa are fair and reasonable from the standpoint of Endesa and of the shareholders other than the related party.



REPORT OF THE AUDIT AND COMPLIANCE COMMITTEE ON THE FAIRNESS AND REASONABLENESS OF THE RELATED-PARTY TRANSACTION CONSISTING OF THE EXECUTION OF FINANCIAL TRANSACTIONS, IN THE FORM OF CREDIT FACILITIES AND LOANS, BY ENEL FINANCE INTERNATIONAL N.V. AND ENDESA, S.A.

REPORT OF THE AUDIT AND COMPLIANCE COMMITTEE ON THE FAIRNESS AND REASONABLENESS OF THE RELATED-PARTY TRANSACTION CONSISTING OF THE EXECUTION OF FINANCIAL TRANSACTIONS, IN THE FORM OF CREDIT FACILITIES AND LOANS, BY ENEL FINANCE INTERNATIONAL N.V. AND ENDESA, S.A.

I. INTRODUCTION AND REGULATORY FRAMEWORK

In accordance with the provisions of paragraph 3 of article 529 duovicies of the amended and restated Spanish Capital Corporations Law, as approved by Royal Legislative Decree 1/2010, of 2 July, Endesa's Audit and Compliance Committee hereby issues this Report to assess whether the transaction is fair and reasonable from the standpoint of the company and, where appropriate, shareholders other than the related party, and indicate the assumptions on which the assessment is based and the methods used.

In accordance with Article 529 unvicies, paragraph 3, the Report issued and, as the case may be, published by Endesa's Audit and Compliance Committee, must at least include the following information:

- (a) information on the nature of the transaction and the relationship with the related party;
- (b) the identity of the related party;
- (c) the date and the value or amount of the consideration for the transaction; and
- (d) any other information required to assess whether this is fair and reasonable from the standpoint of the company and of shareholders who are not related parties.

Furthermore, Endesa has developed its own internal regulatory framework in this area, which includes, inter alia, a Related-Party Transaction Regulations approved by the Board of Directors, as well as a Related-Party Transaction Operating Procedure approved by the Audit and Compliance Committee, implementing the guidelines set forth in the Regulations and defining the proceedings, functions and responsibilities relating to the general rules on requests for and the approval, publication and monitoring of related-party transactions. These regulations have been applied in this case.

In addition, on 22 October 2018 Endesa's Board approved an additional procedure for managing related party financial transactions with significant shareholders. In accordance with this procedure, Enel shall provide financing to Endesa under conditions that must be equivalent to those previously established between Endesa and non-related party lenders.

II. OVERVIEW OF THE GENERAL TRANSACTION

a) Background for the transaction

Enel Finance International N.V (hereinafter "EFINV"), as the financial institution in the Enel Group, is responsible for obtaining and channeling financial resources for the Group. EFINV thus receives financing and obtains credit facilities from independent financial institutions and fixed income investors, and in turn provides financing for the rest of the Enel Group.

Under Endesa's financial strategy, it is common practice for part of its financing to be carried out through transactions with Enel Group companies. Hence, Endesa has arranged financial deals with the Enel Group for a total of €10,050 million, justified by the high volume and

immediacy of its availability. Deals with Enel are mostly structural transactions in the form of loans and unconditional long-term credit facilities.

To meet the financing needs stemming from the 2023-2025 business plan, it has been proposed that two financial transactions be arranged between EFINV and Endesa.

In this sense, the total for all the financing transactions requested by Endesa in the first months of 2023 stands at €4,000 million, of which €1,000 million relates to financing to be arranged with independent financial institutions. In addition, in the related party transaction under review, the possibility of requesting an additional €3,000 million, corresponding to financing with the Enel Group, has been proposed.

It is intended that this €3,000 million in intra-group transactions be arranged in an irrevocable, unconditional credit facility between EFINV and Endesa for a maximum amount of €1,125 million maturing in three years, and a long-term loan being granted by EFINV to Endesa for an amount of €1,875 million, to be repaid in five years.

The execution of the proposed transactions will entail canceling the extraordinary short-term credit facility the use of which is restricted to providing the collaterals required by the energy markets in the amount of €3,000 million entered into in November 2022 and maturing in November 2023.

b) Purpose and amount of the transaction.

The purpose of the transaction is the contracting of a credit facility and a long-term loan between Endesa, S.A. and EFINV. The latter will act as the lender, granting the following financing to Endesa:

- a) Execution by Endesa, S.A. of a credit facility transaction with Enel Finance International N.V. for an amount of up to €1,125 M and a term of three years.

The balance drawn down on the credit facility will be remunerated on the basis of an interest rate determined by applying a spread to the Euribor rate. Specifically, the spread applied to the Euribor will be 132 basis points ("bp") per year. In addition, a non-drawdown fee of 23 bp per year will be charged, calculated as the weighted average of the offers received from banks (independent third parties). Moreover, a front-end fee of 30 bp on the facility limit will be recognized, also calculated as the weighted average of the offers received from the banks.

Sustainability-adjustment clause: +/- 2 bp on credit spread based on compliance with the CAPEX KPI aligned with the European Union's taxonomy as of December 2023.

- b) Execution by Endesa, S.A. of a loan with Enel Finance International N.V. for an amount of up to €1,875 M and a term of eight years.

The remuneration will be determined according to a fixed interest rate based on the interest rate published the day preceding the availability date of the loan on Bloomberg screen EURIBOR ICE SWAP RATE 11:00 ("ISDAFIX") at 11:15 a.m. Frankfurt time for 5-year interest-rate swaps plus a credit spread to be calculated as the average of the interest rates applied on similar firm transactions obtained by Endesa from independent financial institutions. Specifically, the spread applied to the ISDAFIX will be 128 basis points per year. Moreover, a front-end fee of 34 bp on the loan limit will be recognized, also calculated as the weighted average of the offers received from the banks.

Sustainability-adjustment clause: + 2 bp on the resulting fixed rate based on compliance with the CAPEX KPI aligned with the European Union's taxonomy as of December 2025.

III. IDENTIFICATION OF THE PARTY RELATED TO ENDESA

The company providing the services: Enel Finance International N.V (a company 75% owned by Enel Holding Finance S.r.l. and 25% by Enel S.p.A.).

The company receiving the services: Endesa S.A.

Enel SpA is the sole shareholder of Enel Iberia S.L, which is in turn a shareholder of Endesa S.A, with a 70.101% stake. Related-party transactions are those entered into by Endesa or its subsidiaries with shareholders of Endesa who hold 10% or more of the voting rights or who are represented on the Board of Directors, as well as with any other persons considered as parties related to Endesa, in accordance with International Accounting Standards. Therefore, all transactions entered into by Endesa or its subsidiaries and Enel or its subsidiaries (excluding the Endesa Group¹) shall be considered related-party transactions.

IV. ANALYSIS OF THE TRANSACTION FROM THE STANDPOINT OF THE INTEREST OF ENDESA AND OF SHAREHOLDERS OTHER THAN RELATED PARTIES

1. Operational, technical and/or commercial rationale

Taking into account Endesa's 2023-2025 business plan and the need to meet investments, dividends, operational gaps and other flows envisaged in the plan, Endesa's currently projects there will be specific needs for finance. In addition, Endesa aims to extend the average life of its debt following the extraordinary transactions conducted in 2022 to meet the needs arising from the increase of European energy prices.

Specifically, Endesa intends to review its annual financing needs within a context of uncertain future events and, therefore, to arrange two types of transactions (€1,500 million in credit facilities and €2,500 million in loans, of which €3,000 million will be granted by EFINV and €1,000 million by independent financial institutions).

The first tranche of transactions, the credit facilities, will place Endesa in a more robust cash position and ensure its capacity to meet all of its financial liabilities and needs for working capital, with sufficient flexibility in the event of possible deviations from its plans. To this end, it intends to have irrevocable, long-term, immediately available facilities with a minimum holding cost (availability fee).

The purpose of the second tranche, the loans, is to secure the financial resources needed for the developments already committed by the businesses and which entail a structural financing need within the debt. Endesa attempts to mitigate its refinancing risk by maintaining a target debt repayment schedule with an average life of about 5 years, which is sufficient to limit this risk. This transaction provides the Company's current repayment schedule greater flexibility.

In any case, Endesa has two credit facilities with EFINV for €1,000 million and €2,000 million which are due to expire in the short term, and will be canceled when the transactions proposed in this report are executed.

In addition, current geopolitical events have underscored the high price volatility of the energy futures markets in which Endesa is an active operator. Financial caution advises maintaining a suitable cash position in order to deal with price scenarios such as those that arose last year. EFINV's granting of the credit facility and the long term loan to Endesa substantially contributes to the maintenance of this cash position.

¹ Endesa Group: for the purposes of internal regulations on related-party transactions, the term "Endesa Group" refers to Endesa, S.A. and its subsidiaries, as defined in Article 42 of the Spanish Commercial Code.

The concentration process in the Spanish financial sector has reduced the number of counterparties large enough to handle the overall volume managed by Endesa, which confers additional value to the inter-company resources. A balanced relationship is thus maintained between resources originating in the banking sector under competitive conditions and those obtained by Endesa from EFINV under equivalent conditions. This diversification and the consequent balance between bank and intra-group financing allow the Company to manage the burden placed on the financial institutions, from which the Company also requests other products such as derivatives, guarantees and working capital transactions.

Consequently, inter-company financing allows Endesa to have agile, simple access to the Group's financial resources in an efficient and simplified manner and thus to lower costs which, if Endesa were to request financing from financial institutions on an isolated basis, would be higher.

2. Economic reasonableness of the transaction. Methods used

In carrying out related party financing transactions with the Enel Group, Endesa normally has a comparable transaction that has been arranged with one or more third parties under similar conditions for an amount of at least 25% of the overall related party transaction.

2.1 Economic reasonableness of executing a three-year credit facility granted by Enel Finance International N.V. to Endesa, S.A. for a maximum amount of €1,125 million.

The remuneration on the transaction analyzed herein has been determined on the basis of comparable transactions between Endesa and independent third parties; consequently, the Comparable Uncontrolled Price (**CUP**) method has been used to assess the extent to which the remuneration applied between EFINV and Endesa is in line with the market.

With regard to the remuneration to be established for the credit facility granted by EFINV to Endesa, the interest rate applicable on the drawdown balance will correspond to that resulting from adding a spread to the Euribor. Therefore, this spread will be equal to the weighted average of the credit spreads demanded by top-level financial institutions for transactions comparable to the credit facility granted by EFINV. Specifically, the spread to be applied on the Euribor baseline is 132 bp per year.

A fee for the facility amount not drawn down by Endesa is recognized, corresponding to the weighted average of the fees proposed by the banks (independent third parties) from which offers have been requested. Specifically, the non-drawdown fee applied by EFINV is 23 bp per year. Moreover, a front-end fee of 30 bp on the facility limit will be recognized, also calculated as the weighted average of the offers received from the banks.

Analysis of the components:

Baseline (Euribor): This is a public index, and consequently, it is considered a market benchmark per se, being customarily used as a reference in financing transactions and as a basis for applying a spread.

Spread applied on the baseline: The 132 bp spread is the average of the spreads applied in similar transactions obtained by Endesa from independent financial institutions.

Front-end fee, equal to the weighted average of the fees that independent financial entities have applied to the credit facilities granted to Endesa, i.e. 30 bp.

Fund non-drawdown fee: Specifically, a fee of 23 bp is established, which is the average of the offers received from the banks (independent third parties).

These levels have been calculated taking into account the main characteristics of the transactions agreed between Endesa and independent third parties in terms of financing rate, granting date, term, total amount of the principal, spreads and fees, which can be considered comparable. This has been verified by E&Y as independent expert.

2.1 Economic reasonableness of execution by Endesa, S.A. of a long-term loan with Enel Finance International N.V. for an amount of up to €1,650 M.

The remuneration on the transaction analyzed herein has been determined on the basis of comparable transactions executed between Endesa and independent third parties; consequently, the Comparable Uncontrolled Price (**CUP**) method has been used to assess the extent to which the remuneration applied between EFINV and Endesa is in line with the market.

With regard to the remuneration to be established for the long-term loan to be granted by EFINV to Endesa, the applicable fixed interest rate will be the sum of:

- The interest rate published the day preceding the availability date of the loan on the Bloomberg, ISDAFIX screen at 11:15 a.m. Frankfurt time for 5-year interest-rate swaps; and
- A credit spread, to be calculated as the average of the interest rates applied in similar transactions obtained by Endesa from independent financial institutions. Specifically, the spread, based on the average for transactions agreed between Endesa and independent financial institutions, is 128 bp per year.
- A front-end fee of 34 bp, equal to the weighted average of the fees for the same item in transactions agreed with independent parties.

Analysis of the components:

Baseline (ISDAFIX): This is recognized as one of the main global benchmarks for swaps and interest rates. In financing transactions between non-financial entities this reference is customarily used as a basis on which to apply a spread.

Spread applied on the baseline: The spread will be the weighted average of the interest rates applied in comparable transactions that Endesa has obtained from independent financial institutions.

- A front-end fee, equal to the weighted average of the fees for the same item in transactions agreed with independent parties.

These levels have been calculated taking into account the main characteristics of the transactions agreed between Endesa and independent third parties in terms of financing rate, granting date, duration, total amount of the principal and front-end fee, which can be considered comparable. This has been verified by E&Y as independent expert.

Consequently, the baseline, the applied spread, the fees and the main characteristics of the proposed transactions analyzed herein are considered consistent with the arm's length principle, and therefore their economic rationale has been evidenced.

V. INDEPENDENT EXPERT REPORTS ISSUED AT THE REQUEST OF THE AUDIT AND COMPLIANCE COMMITTEE

In its analysis of the transaction, the Audit and Compliance Committee took the following reports into account:

- **Report prepared by Ernst & Young Abogados, S.L.P.** on the fairness and reasonability of the agreements under review. Ernst & Young Abogados, S.L.P. (Ernst & Young) issued

a Report in its capacity as independent expert, having checked that at the date of issue of the Report EY Abogados did not maintain any sort of commercial relationship with the Enel Group or with the Endesa Group that could compromise its condition as independent expert for the purposes of issuing this Report or that, in particular, could place it in a situation of conflict of interest to conduct the analysis and draw up the conclusions set out therein. The Report issued for Endesa's Audit and Compliance Committee concluded that both the credit facility from EFINV and the guarantee from Enel provide a number of advantages for Endesa and consequently, to its shareholders:

- The credit facility and long-term loan enable Endesa to meet all its obligations and operational needs in a more agile and efficient way, gaining access to the Group's monetary resources while saving time and resources;
- Furthermore, Endesa's liquidity is strengthened, as well as its ability to meet its short-term obligations and to optimize financial management by regulating flows of working capital and addressing deviations from planned operational flows;
- This diversification makes it possible to reduce the pressure on the financial institutions from which the Company also requests other products such as derivatives, guarantees and working capital transactions; and
- Finally, the remuneration levels established, to the extent they have been based on comparable transactions carried out by independent parties, are consistent with the arm's length principle. The independent expert has calculated this item by taking into account the main characteristics of the transactions agreed between Endesa and independent third parties in terms of financing type, granting date, term, total amount of the principal and applicable fees, and also by analyzing their comparability.

Therefore, it is concluded that Endesa obtains a benefit as a participant in the credit facility and the loan, and that therefore the execution of these transactions (technical and/or commercial rationale of the transaction) is justified, and that the remuneration levels applied are in line with the arm's length principle (economic rationale).

Therefore, according to Ernst & Young, the related-party transactions described in this document are fair and reasonable from the standpoint of Endesa and the shareholders who are not related parties.

VI. CONCLUSION OF THE AUDIT AND COMPLIANCE COMMITTEE

First, it should be noted that the Audit and Compliance Committee is made up of five non-executive members of the Board of Directors, four of whom (80%) are independent. Furthermore, the Committee has a Shareholder-Appointed Director representing the controlling shareholder Enel, who holds 70.10% of the share capital of Endesa.

In accordance with Article 529 duovicies, paragraph 3, of the Capital Corporations Law, the director Alberto de Paoli, who is a shareholder-appointed director and representative of Enel, was not involved in the preparation of this Report.

The rest of the members of the Audit and Compliance Committee took part in the preparation and agreed on the contents of this Report on the execution of financial transactions, in the form of credit facilities and loans, between Enel Finance International N.V. and Endesa, S.A.

Based on the background information discussed above, the Audit and Compliance Committee hereby concludes that:

- This financing allows Endesa to meet its financial liabilities by gaining access to a significant volume of financial resources in an agile and simplified manner, and thus to lower costs, which if Endesa were to request financing from financial institutions on an isolated basis, would be higher.
- The execution of the credit facility and the long-term loan with EFINV, would enable Endesa to meet all its obligations and operational needs in a more agile and efficient way, gaining access to the Group's financial resources while saving time and resources.
- The diversification of financing makes it possible to reduce the burden placed on the financial institutions from which the Company also requests other products such as derivatives, guarantees and working capital transactions. A balanced relationship is thus maintained between resources originating in the banking sector and those from the Group.
- Furthermore, Endesa's liquidity is strengthened, as well as its ability to meet its financial liabilities and to optimize financial management by regulating flows of investment and working capital and comfortably addressing operational flow planning;
- The remuneration levels established for the transactions, to the extent they have been based on comparable transactions carried out by independent parties, are consistent with the arm's length principle.

The Audit and Compliance Committee concludes that the execution of a credit facility and a long-term loan by Endesa, S.A. y Enel Finance International N.V. is fair and reasonable from the standpoint of Endesa and the shareholders other than the related party.

VII. CONCLUSION OF THE BOARD OF DIRECTORS

The Board of Directors of Endesa, following a favorable report from the Audit and Compliance Committee, unanimously proposes the transaction to the Annual General Shareholders' Meeting for approval.



Report of the Audit and Compliance Committee on the fairness and reasonableness of the provision of services by Endesa Group companies (Endesa Medios y Sistemas, S.L., Endesa, S.A. and Edistribución Redes Digitales, S.L.) to Gridspertise Iberia, S.L.

Report of the Audit and Compliance Committee on the fairness and reasonableness of the provision of services by Endesa Group companies (Endesa Medios y Sistemas, S.L., Endesa, S.A. and Edistribución Redes Digitales, S.L.) to Gridspertise Iberia, S.L.

I. INTRODUCTION AND REGULATORY FRAMEWORK

In accordance with the provisions of paragraph 3 of article 529 duovicies of the amended and restated Spanish Capital Corporations Law, as approved by Royal Legislative Decree 1/2010, of 2 July, Endesa's Audit and Compliance Committee hereby issues this Report to assess whether the transaction is fair and reasonable from the standpoint of the company and, where appropriate, shareholders other than the related party, and indicate the assumptions on which the assessment is based and the methods used.

In accordance with Article 529 unvicies, paragraph 3, the Report issued and, as the case may be, published by Endesa's Audit and Compliance Committee, must at least include the following information:

- (a) information on the nature of the transaction and the relationship with the related party;
- (b) the identity of the related party;
- (c) the date and the value or amount of the consideration for the transaction; and
- (d) any other information required to assess whether this is fair and reasonable from the standpoint of the company and of shareholders who are not related parties.

Furthermore, Endesa has developed its own internal regulatory framework in this area, which includes, inter alia, a Related-Party Transaction Regulations approved by the Board of Directors, as well as a Related-Party Transaction Operating Procedure approved by the Audit and Compliance Committee, implementing the guidelines set forth in the Regulations and defining the proceedings, functions and responsibilities relating to the general rules on requests for and the approval, publication and monitoring of related-party transactions. These regulations have been applied in this case.

II. OVERVIEW OF THE TRANSACTION

a) Background

In September 2022, Gridspertise Iberia, S.L. ("Gridspertise"), a wholly owned subsidiary of the Italian company Gridspertise S.r.L., which is jointly controlled by the Enel Group and the investment fund CVC Capital Partners, was incorporated. Gridspertise Iberia's activity consists of providing technical and commercial services. Gridspertise Iberia is a company incorporated in Spain.

The speed with which Gridspertise Iberia was incorporated and began operations in Spain has made clear that there is a need for the Endesa Group to temporarily provide a minimum level of services (certain contracts for corporate services and space leasing and associated services) in order to ensure suitable quality standards until Gridspertise is able to operate autonomously and independently.

b) Purpose of the transaction.

The purpose of the transaction is the provision of services by Endesa Group companies (Endesa Medios y Sistemas, S.L., Endesa, S.A. and Edistribución Redes Digitales, S.L.) to GridSpertise Iberia S.L.

The subject of the transaction are the following services required by Gridspertise Iberia, S.L.:

- Corporate Services: Services provided by **Endesa, S.A** consisting of support activities relating to administration, accounting, finance, tax compliance, cash management, communications, sustainability and human resources and general real estate services.
- Real Estate Services and ICT Services: The services provided by **Endesa Medios y Sistemas, S.L** relating to space leasing and to maintenance, administration (travel, courier, etc.), cleaning, security, telecommunications and IT. These services are governed by two contracts, one on the leasing of certain spaces as well as the provision of a number of real estate services associated with said leasing, and the other for the provision of ICT services.
- Lease or sublease, including associated services: Services provided by **E-Distribución Redes Digitales** consisting of transferring the use of surplus spaces, as well as providing maintenance, cleaning and security services in those spaces.

If approved, the Contracts will have a maximum term of one year, from 1 May 2023 to 30 April 2024.

c) Transaction amount.

The maximum combined amount of the contracts associated with the provision of the services between Endesa, S.A, Endesa Medios y Sistemas, S.L. and E-Distribución Redes Digitales as service providers and Gridspertise Iberia, S.L. as the recipient of the services, for the period from 1 May 2023 to 30 April 2024, is €2.06 million.

The maximum amount established was calculated using the price estimated at the time the services were defined, on the basis of the costs and allocation keys budgeted, as the point of reference.

The maximum amount per Contract is:

- Corporate Services: Services provided by Endesa, S.A, for a total maximum contract amount of: 1.24 million euros
- Real Estate Services: Services provided by Endesa Medios y Sistemas, S.L for a total maximum contract amount of 0.25 million euros
- ICT Services: Services provided by Endesa Medios y Sistemas, S.L for a total maximum contract amount of 0.26 million euros
- Lease or sublease, including associated services: Services provided by E-Distribución Redes Digitales, for a total maximum contract amount of 0.31 million euros

III. IDENTIFICATION OF THE PARTY RELATED TO ENDESA

The companies providing the services:

- Endesa Medios y Sistemas, S.L. is a company fully owned by Endesa, S.A. and therefore a subsidiary thereof, thus belonging to the Endesa Group ("Endesa Medios y Sistemas").
- E-Distribución Redes Digitales, S.L. is a company fully owned by Endesa, S.A. through its affiliate Endesa Red S.L. and therefore a subsidiary thereof, thus belonging to the Endesa Group ("EDistribución").
- Endesa, S.A. is a Spanish listed public limited company (*sociedad anónima*) ("Endesa").

The company receiving the service: Gridspertise Iberia, S.L. ("Gridspertise Iberia") is a wholly owned subsidiary of Gridspertise S.r.L., which in turn is an associate of the Enel Group, through the holding by Enel Global Infrastructure and Networks (owned by Enel, S.p.A.) of 50% of its share capital.

Enel SpA is the sole shareholder of Enel Iberia S.L, which is in turn a shareholder of Endesa S.A, with a 70.101% stake. Under Article 529 vices of the Capital Corporations Law and section 9(b)(ii) of International Accounting Standard no. 24, Gridspertise Iberia, S.L., as an Enel associate, is a related party of Endesa.

IV. ANALYSIS OF THE TRANSACTION FROM THE STANDPOINT OF THE INTEREST OF ENDESA AND OF SHAREHOLDERS OTHER THAN RELATED PARTIES

1. Operational and strategic reasonableness of the transaction

It is reasonable for Endesa Group companies provide Gridspertise Iberia with the services regulated in the Contracts, as Endesa and Endesa Medios y Sistemas currently provide these services to Enel Group companies in Spain on a regular basis, for which reason they have the resources and assets required to provide such services.

It is reasonable for Endesa Group companies provide Gridspertise Iberia with the services regulated in the Contracts, insofar as these services allow them to move forward more efficiently in the process of resource optimization, without generating additional costs, and thus to obtain a return.

In addition, the conditions under which the services covered by the Contracts will be provided will not entail an additional effort for the Endesa Group. No risks associated with providing the services on the basis of the service providers' past experience have been detected.

Consequently, from an operational and strategic standpoint, by providing these services Endesa Group companies are able to move forward more efficiently in the process of resource optimization, without generating additional costs and thus to obtain a return.

2. Economic reasonableness. Methods used

The Related-Party Transaction includes various types of services. Services on which a 5% mark-up is applied on the costs incurred and other services on which a mark-up is not added, given that they involve the re-invoicing of third party costs that contribute no added value (lease, travel, software licenses), in accordance with the Group's policy on transfer pricing and OECD guidelines. In addition, this avoids inconsistencies that might affect the model for providing services received by Endesa Group companies.

The transfer pricing methods selected for the review of the Related-Party Transaction's compliance with the market value principle are, depending on the services provided:

✓ The Comparable Uncontrolled Price ("CUP") method.

To determine if the Related-Party Transaction complies with the market value principle, it should be first determined whether any comparable transactions have been carried out between independent third parties that can be used as a reference point of market value.

Hence, certain expenses incurred by the service providers are incurred directly with third parties, such as costs for leases, travel, audits, advertising campaigns, etc. According to the information provided, these costs will be re-invoiced without the companies providing the services to Gridspertise Iberia adding a mark-up.

The above is to be interpreted according to paragraph 7.34 of the OECD Guidelines: *"When an associated enterprise is acting only as an agent or intermediary in the provision of services, it is important in applying a cost based method that the return or mark-up is appropriate for the performance of an agency function rather than for the performance of the services themselves. In such a case, it may not be appropriate to determine arm's length pricing as a mark-up on the cost of the services but rather on the costs of the agency function itself."*

In the case at hand, it is understood that Endesa, Endesa Medios y Sistemas and E-Distribución perform an intermediary function with a third party within the framework of the service provision which forms the purpose of the Related-Party Transaction. Inasmuch as it is possible to justify not adding a mark-up based on the OECD Guidelines, there are grounds for selecting the CUP method to determine compliance with the arm's length principle in the subject of this Related-Party Transaction.

✓ The Transactional Net Margin Method ("TNMM") applied to budgeted costs, using the mark-up on the costs budgeted by the service providers as a Profit Level Indicator ("PLI").

The process selected for the application of this method has been examined to verify whether the remaining charges that would be received by Gridspertise Iberia as consideration for the Related-Party Transaction are consistent with the arm's length principle.

Thus, paragraph 7.31 of the OECD Guidelines states that, "Often, the application of these guidelines will lead to the use of the CUP or a cost-based method (cost plus method or cost-based TNMM) for pricing intra-group services."

We must take into account paragraph 2.65 of the OECD Guidelines, which states that "A transactional net margin method is unlikely to be reliable if each party to a transaction makes valuable and unique contributions (see paragraph 2.4). In such a case, a transactional profit split method will generally be the most appropriate method (see paragraph 2.115). However, a one-sided method (traditional transaction method or

transactional net margin method) may be applicable in cases where one of the parties makes all the unique and valuable contributions involved in the controlled transaction, while the other party does not make any unique contribution.”

For these reasons, and based on the information provided, we conclude that the TNMM is a suitable transfer pricing method for determining whether the Related-Party Transaction Complies with the principle of free competition. This is the method most compatible with the business and commercial structure inasmuch as it provides more and higher quality information, and because it offers a suitable degree of comparability between related- and non-related-party transactions, obviating the need for significant adjustments.

According to the OECD Guidelines and as well as Spanish domestic regulations on transfer pricing, intra-group charges must meet certain criteria, as detailed below:

- Analysis of the cost base of the Related-Party Transaction

To determine the total cost base, the providers of the services covered by the Contracts shall pass through the direct and indirect costs incurred in providing the corporate services, IT services, leases and assignment of spaces and associated services: The cost of the personnel assigned to each cost center to which the service providers pass through the cost incurred; The cost of the services directly requested by each cost center in order to provide its services; and other indirect costs incurred by the service providers, such as IT systems, depreciation of property, plant and equipment, support services and leases.

- Cost-allocation method used

As the services are jointly provided to several related parties or persons, and given that these services cannot be individualized, the cost base has been determined in accordance with allocation keys that meet criteria of rationality (e.g., Art. 18.5 Spanish Income Tax Law (LIS) and paragraph 7.23 of the OECD Guidelines).

- Addition of a mark-up

In accordance with the arm's length principle, it is reasonable to add a mark-up on the costs expected to be incurred by the providers of the services that are the subject of the Related-Party Transaction. For the purpose of determining whether the mark-up is aligned with the arm's length principle, it must be considered that the services which are the subject of the Related-Party Transaction may be considered routine, low added-value services, in accordance with Chapter VII D of the OECD Guidelines. In these cases, in accordance with paragraph 7.61 of the OECD Guidelines, addition of a 5% mark-up by the service provider is reasonable.

In addition, this was verified with a benchmarking study to determine the market range of the return obtained by independent third parties carrying out activities comparable to those that make up the Related-Party Transaction. The study concluded that the median of the interquartile range (5.28%) provides the most reliable measure of the market value principle.

Therefore, the foreseen 5% mark-up is consistent with the mark-up that independent entities would be willing to agree on in comparable conditions.

Lastly, the provisions of Law 24/2013, of 26 December, on the Electricity Sector (“LSE”), which regulates the economic activities of electricity distribution carried out by E-Distribución, should be considered. Specifically, Article 12.1 LSE implies that E-

Distribución's sole corporate purpose will be to conduct the economic activities envisioned in this law, and it may not conduct other economic activities.

It is therefore reasonable to conclude that E-Distribución may not obtain an economic benefit for providing the services described above. Consequently, the transfer pricing method agreed in this case is consistent with the method that would have been agreed on by independent parties in comparable conditions.

In conclusion:

- The aforementioned criteria for selecting the transfer pricing method (CUP and TNMM, based on estimated costs) are consistent with the OECD Guidelines, in light of the comparability analysis of the parties taking part in the Related-Party Transaction and the clauses of the contract to be entered into by the parties.
- The methodology for determining the cost base and the allocation criterion defined for determining the amount of the Related-Party Transaction is consistent with the recommendations set forth in the OECD Guidelines and Article 18.5 LIS. Likewise, it is considered that the criterion determined for adding or not adding a mark-up on the costs budgeted by the service providers is reasonable, and that, when this criterion is applied, the 5% mark-up is consistent with the mark-up that independent parties would be willing to agree on under comparable conditions.

Accordingly, it is reasonable to conclude that the transfer pricing methodology defined for this Related-Party Transaction is consistent with the market value principle.

3. Legal and commercial reasonableness of the transaction

The legal and commercial terms of the Contracts included in the Related-Party Transaction have been reasonably articulated around contractual terms and conditions that could have been agreed by independent parties.

Mutual obligations are established in all of the Contracts with regards to confidentiality, force majeure, non-assignment of the Contracts and liability, in terms that can be considered the most common terms and conditions in the market for this type of contract.

In addition, all of the Contracts set out obligations for Gridspertise to avoid situations that might give rise to a conflict of interest regarding the activities or services that are covered by the Contracts. For cases in which a conflict of interest is unavoidable, Endesa or the relevant Endesa Group company will be entitled to terminate the Contract.

Therefore, in light of these legal and commercial terms and conditions, it can be concluded that the Related-Party Transaction has been reasonably articulated around contractual terms and conditions that could have been agreed by independent parties and that, if these were to be agreed between related parties, they would not create unjustified or disproportionate benefits for Gridspertise Iberia to the detriment of Endesa Group companies and Endesa itself.

V. INDEPENDENT EXPERT REPORTS ISSUED AT THE REQUEST OF THE AUDIT AND COMPLIANCE COMMITTEE

After analyzing the transaction, the Audit and Compliance Committee has taken into account the Report of PricewaterhouseCoopers Tax and Legal S.L. and PricewaterhouseCoopers Asesores de Negocios, S.L. (hereinafter, "PwC") on the fairness and reasonableness of the approval of the contract analyzed herein.

PwC issued its Report in its capacity as an independent expert. On the date the report was issued, PwC did not maintain any sort of commercial relationship with the Enel Group or with the Endesa Group that could compromise its capacity as an independent expert for the purposes of issuing its Report or that could give rise to a conflict of interest in conducting the analysis and drawing up the conclusions therein.

In the Report issued to Endesa's Audit and Compliance Committee, it is concluded that the provision of services by Endesa, S.A, Endesa Medios y Sistemas, S.L y E-Distribución Redes Digitales as service providers and Gridspertise Iberia, S.L. as the recipient of the services is fair and reasonable from the standpoint of Endesa and, in particular, its shareholders other than the related party, i.e. other than the Enel Group.

VI. CONCLUSION OF THE AUDIT AND COMPLIANCE COMMITTEE

First, it should be noted that the Audit and Compliance Committee is made up of five non-executive members of the Board of Directors, four of whom (80%) are independent. Furthermore, the Committee has a Shareholder-Appointed Director representing the controlling shareholder Enel, who holds 70.10% of the share capital of Endesa.

In accordance with Article 529 duovicies, paragraph 3, of the Capital Corporations Law, the director Alberto de Paoli, who is a shareholder-appointed director and representative of Enel, was not involved in the preparation of this Report.

The rest of the members of the Audit and Compliance Committee took part in the preparation and agreed on the contents of this Report on the provision of services by Endesa Group companies to Gridspertise Iberia, S.L.

Based on the background information discussed above, the Audit and Compliance Committee hereby concludes that:

- From an operational and strategic standpoint, by providing these services, the Endesa Group companies are able to move forward more efficiently in the process of resource optimization, without generating additional costs and thus to obtain a return.
- The execution of these contracts is a good option since it allows the Endesa Group to offer a return to the Endesa Group companies for providing services that, in principle, entail no opportunity cost, and to obtain income for lending currently unused spaces.
- The conditions under which the services would be provided do not entail an additional effort for the Endesa Group. No risks associated with the provision of the services on the basis of the service providers' past experience have been detected.
- The pricing method applied conforms to Spanish tax legislation on transfer prices and to OECD guidelines, as the prices of this transaction reflect what independent parties would have agreed under similar circumstances.
- The Related-Party Transaction has been reasonably articulated around contractual terms and conditions that could have been agreed by independent parties. In addition, it should

be noted that all of the Contracts set out obligations for Gridspertise to avoid situations that might give rise to a conflict of interest regarding the activities or services that are covered by the Contracts.

The Audit and Compliance Committee concludes that the provision of services by Endesa, S.A, Endesa Medios y Sistemas, S.L y E-Distribución Redes Digitales as service providers and Gridspertise Iberia, S.L. as the recipient of the services is fair and reasonable from the standpoint of Endesa and its shareholders other than the related party.

VII. CONCLUSION OF THE BOARD OF DIRECTORS:

The Board of Directors of Endesa, following a favorable report from the Audit and Compliance Committee, unanimously proposes the transaction to the General Shareholders' Meeting for approval.



**REPORT OF THE AUDIT AND COMPLIANCE COMMITTEE ON THE FAIRNESS AND
REASONABLENESS OF THE RELATED PARTY TRANSACTION CONSISTING OF CONTRACTING
ENEL GREEN POWER S.P.A FOR THE PROVISION OF ENGINEERING SERVICES IN THE
DEVELOPMENT OF ENDESA'S PROJECTS**

REPORT OF THE AUDIT AND COMPLIANCE COMMITTEE ON THE FAIRNESS AND REASONABLENESS OF THE RELATED PARTY TRANSACTION CONSISTING OF CONTRACTING ENEL GREEN POWER S.P.A FOR THE PROVISION OF ENGINEERING SERVICES IN THE DEVELOPMENT OF ENDESA'S PROJECTS

I. INTRODUCTION AND REGULATORY FRAMEWORK

In accordance with the provisions of paragraph 3 of article 529 duovicies of the amended and restated Spanish Capital Corporations Law, as approved by Royal Legislative Decree 1/2010, of 2 July, Endesa's Audit and Compliance Committee hereby issues this Report to assess whether the transaction is fair and reasonable from the standpoint of the company and, where appropriate, shareholders other than the related party, and indicate the assumptions on which the assessment is based and the methods used.

In accordance with Article 529 unvicies, paragraph 3, the Report issued and, as the case may be, published by Endesa's Audit and Compliance Committee, must at least include the following information:

- (a) information on the nature of the transaction and the relationship with the related party;
- (b) the identity of the related party;
- (c) the date and the value or amount of the consideration for the transaction; and
- (d) any other information required to assess whether this is fair and reasonable from the standpoint of the company and of shareholders who are not related parties.

Furthermore, Endesa has developed its own internal regulatory framework in this area, which includes, inter alia, a Related-Party Transaction Regulations approved by the Board of Directors, as well as a Related-Party Transaction Operating Procedure approved by the Audit and Compliance Committee, implementing the guidelines set forth in the Regulations and defining the proceedings, functions and responsibilities relating to the general rules on requests for and the approval, publication and monitoring of related-party transactions. These regulations have been applied in this case.

II. OVERVIEW OF THE GENERAL TRANSACTION:

a) Background for the transaction:

The primary objective of the Endesa Group's 2023-2025 Strategic Plan is to accelerate its energy transition by promoting the growth of renewable energies. The Strategic Plan envisages a 51% increase in renewable installed capacity in Spain from 2022, to 13.9 GW. Endesa thus intends for 91% of its production in the peninsula to be free of CO₂ emissions at year-end 2025. Hence, and in line with the Group's Strategic Plan, EGPE has identified 22 new solar farms with a capacity of 2,027 MW and five new wind farms with a capacity of 66 MW that are expected to come into operation in the 2023-2025 period.

b) PURPOSE OF THE TRANSACTION

The purpose of the transaction is for Enel Green Power España, S.L.U. to contract from Enel Green Power S.p.A. technical resources associated with the engineering service in order to develop 27 new wind- and solar-technology renewables projects.

The scope of the services includes:

- Support in managing and coordinating the engineering project
- Support in engineering activities (blueprints and technical analysis of documents)
- Support for contracting
- Support in contract management with suppliers and contractors
- Support in inspection and streamlining
- Support in project planning and control and risk management
- Support in quality, health and safety management

The term of the contract will run from the signature date through the date of completion of each of the works, as evidenced by the execution of the respective acceptance document.

c) TRANSACTION AMOUNT

The amount relating to the engineering services that will be provided by Enel Green Power S.p.A. to Enel Green Power España, S.L.U. for the new solar and wind parks is €19,864,484 calculated according to (i) estimated number of hours, multiplied by the hourly rates; and (ii) potential external costs incurred. Under no circumstance will the services provided by the Service Provider exceed the price agreed.

A 7.1% markup is added to the direct and indirect costs. Under no circumstances will the markup be levied on the contractor's external costs. This markup was obtained from a benchmarking study by an expert in transfer pricing, on engineering services provided under conditions comparable to those applicable to EGP Spa. This markup is within the market range, and close to the median of the sampling in the study, and has been reviewed by the independent expert who assessed the fairness and reasonableness of the transaction.

Enel Green Power S.p.A. must keep and maintain suitable, complete accounting records and books on all of the activities carried out and provide, at the end of the term of the Contract, a report on the costs incurred and the invoices issued.

In addition to the above, in those cases in which the actual engineering service costs are lower than those initially estimated in the contract, the service provider will only charge for the costs actually incurred thereby.

III. IDENTIFICATION OF THE PARTY RELATED TO ENDESA

Enel Green Power España, S.L.U is a company fully owned by Endesa Generación, S.A., which in turn is wholly owned by Endesa, S.A., and therefore all of them are subsidiaries of Endesa S.A. and form part of the Endesa Group.

Enel Green Power S.p.A. is a company fully owned by Enel S.p.A and therefore a subsidiary thereof, and a member company of the Enel Group.

The Enel Group is a leading multinational group in the global electricity and gas markets. Its operations are mainly focused on Europe and Latin America. Enel Green Power SpA, a member company of Enel Group, is the renewable generation division (hydroelectric, wind, solar and geothermal energy) and is present on five continents.

Enel SpA is the sole shareholder of Enel Iberia S.L, which is in turn a shareholder of Endesa S.A, with a 70.101% stake. Related-party transactions are those entered into by Endesa or its subsidiaries with shareholders of Endesa who hold 10% or more of the voting rights or who are represented on

the Board of Directors, as well as with any other persons considered as parties related to Endesa, in accordance with International Accounting Standards. Therefore, all transactions entered into by Endesa or its subsidiaries and Enel or its subsidiaries (excluding the Endesa Group¹) shall be considered related-party transactions.

IV. ANALYSIS OF THE TRANSACTION FROM THE STANDPOINT OF THE INTEREST OF ENDESA AND OF SHAREHOLDERS OTHER THAN RELATED PARTIES

a. Operational, technical and/or commercial rationale

New investments in renewable generation (solar and wind) are fully in line with Endesa's Strategic Plan. Enel Green Power España's senior management assesses investment decisions according to best market practices, i.e., as internal project milestones are approved, investment allowance percentages decrease given that, as the maturity milestones of the investment project are met, precise information on costs is provided and therefore the percentage deviation allowance is reduced. Accordingly, it is concluded that the investment in the projects will make economic, financial and technical sense for Enel Green Power España.

It is worth noting that, at the time of the respective approval, Enel Green Power España's senior management sets a CAPEX allowance and a maximum delay in execution time. If the deviation in the execution time or in the investment amount exceeds the maximum ranges set forth, the projects must be resubmitted to Enel Green Power España's senior management for approval. Consequently, even in the case estimated hours, any significant deviation must be resubmitted to Enel Green Power España's senior management for approval. This limits to a certain extent EGPE's risk of exposure to delays in project execution by third parties.

Endesa's engineering department is capable of providing the requested engineering services, but does not have sufficient resources to carry them out. Even though Endesa Ingeniería, a member company of the Endesa Group, offers facility design, engineering and construction services, these are specialized services for electricity transport and distribution facilities.

Therefore, given Enel's experience in the areas covered by the proposed contracts, it is proposed to entrust Enel's technical resources with the provision of the services covered by the proposed contracts on the basis of the criteria of neutrality, experience and integration.

The advantages of outsourcing the provision of the service to a Group company are summarized below:

- Positioning and strategy. Having a company of the Enel Group provide the engineering services will guarantee that its interests are aligned with those of Endesa.
- Operational capacity. The provision of engineering services by an Enel Group company enables optimal use of resources. It also maximizes value due to the positive synergies between employees of the same group and allows Endesa to benefit from the know-how acquired by the service provider as an expert in carrying out this type of assignments with tight schedules and budgets. In particular, the staffing model used by Enel and Endesa maximizes availability and thus minimizes costs for each of the parties involved.

¹ Endesa Group: for the purposes of internal regulations on related-party transactions, the term "Endesa Group" refers to Endesa, S.A. and its subsidiaries, as defined in Article 42 of the Spanish Commercial Code.

The model proposed by EGPE for the engineering services for the wind and solar farms, based on the Strategic Plan through 2030, provides up to 31% flexibility, understood as the proportion of external to total FTEs. The current staffing model makes it possible to maximize availability, and to maintain the current flexibility, minimizing the Enel Group's cost and Endesa's risk to potential delays in putting projects into service.

- **Risks.** The provision of engineering services by an Enel Group company reduces the risk in the execution of the work while limiting the risks related to data protection and confidentiality of the projects.
- **Costs.** Having a company of the Enel Group or a third party provide the engineering services when the necessary resources are not available is more cost-effective than hiring employees in the short term. This situation is due to the fact that, although the hourly cost of own staff would be lower in the long term, the provision of this engineering service by new contracted staff would require a long training process before they would be able to carry out the work, which would mean a greater number of hours than in the case of the service being provided by an Enel Group company or a third party.
- **Swiftness.** Having a company of the Enel Group provide the engineering services will allow Endesa to cover the need for the service at the time it arises. Having the service delivered by the company's own staff would require training. Thus, the company would not be able to provide a swift response. In this sense, any significant delays due to the lack of experience of the teams could drive up the facility commissioning costs and, therefore, delay the generation of income from the sale of energy in the market.
- **Autonomy.** Having a company of the Enel Group provide the engineering services will ensure a high degree of decision-making independence and reduced exposure to unexpected situations affecting external suppliers.

b. Economic reasonableness of the transaction. Methods used

First, the OECD Guidelines establish that, in order for an intra-group provision of services to comply with the arm's length principle, it is necessary to determine whether the activities carried out by the provider generate a benefit to the recipient (benefit test), so that an independent third party would have been willing to carry out the activities covered by the services or to engage with another entity for such purposes.

In this sense, Endesa Generación does not have sufficient resources to carry out all the activities required to develop the engineering projects described under the necessary conditions, in terms of safety, quality, cost and deadlines. Considering that these are one-off projects and that the incorporation of additional internal resources (goods, equipment and technology, as well as human resources) involves a much longer and less efficient process, due to the need to invest in training and adaptation of staff to how Enel Green Power España projects are implemented, it is common practice in the industry to request external support for the execution of such projects.

Enel has the appropriate material resources and an Engineering and Construction team with extensive experience in the design, execution and coordination of projects of a nature similar to those that Endesa wishes to implement. Accordingly, it is reasonable to conclude that the company will benefit from the engineering services that it would request from Enel and, therefore, that the consideration charged therefor is appropriate.

The Comparable Uncontrolled Price (CUP) method cannot be applied, as comparable transactions conducted by EGPE or EGP with independent third parties cannot be identified, and no information is available on transactions between independent third parties.

The increased cost method or Transactional Net Margin Method (TNMM) was chosen for the set of transactions, with the latter taking into account the operating profit obtained by functionally comparable companies. While the TNMM takes into account both direct and indirect costs, the allocation of costs would not imply any change in the result at the operating margin level.

Likewise, the Profit Level Indicator ("PLI") was chosen to check that the profitability obtained by Enel in the provision of engineering services to Endesa is consistent with the market value principle.

With regards to the cost base determined for the transaction, it is concluded that the costs (labor expenses, indirect costs of Engineering and Construction, overheads and other indirect costs of the department) included to calculate the price of the related-party transaction being analyzed are directly or indirectly related to the provision of the service, in accordance with paragraph 2.92 of the OECD Guidelines.

Finally, regarding the rates applied by Enel, these have been compared with the Compass Group's international benchmark, in relation to engineering services provided in different countries, including Spain. Based on this, we can conclude that the hourly rate is within the market range of the rates compared.

It is therefore reasonable to say that the cost base taken into consideration is consistent with the market value principle.

In relation to the cost-sharing criterion, Enel directly assigns the personnel expenses of its Engineering & Construction area involved in the provision of the service and the travel and accommodation expenses of its staff, etc. (direct costs) directly to the cost base of the related-party transaction. With regards to the costs that cannot be directly allocated to the provision of services to Endesa (indirect costs), Enel would allocate them using the hours incurred by its staff as the distribution key. The use of this distribution key is consistent with the recommendations contained in the OECD Guidelines and Spanish transfer pricing regulations.

Finally, as regards the application of a profit margin, the consideration for the provision of engineering services consists of the refund of all direct and indirect costs described above plus a profit margin based thereon, with the exception of costs incurred with third parties and travel expenses, which are charged without adding such margin. In this context, an independent expert in the field has carried out a benchmarking study to determine the market margin range of the profitability obtained by independent third parties engaged in the provision of engineering services under comparable conditions to those provided by Enel to Endesa in the Related-Party Transaction under review.

Taking into account that the expected profit margin of the transaction being analyzed is 7.10%, which is very close to the median of the inter-quartile range determined in the economic analysis, it can be concluded that this margin is consistent with that obtained by independent third parties in comparable circumstances. Therefore, the margin set forth is reasonable.

All in all, and taking into account the duties and responsibilities of Enel in the context of the transactions under review, it is concluded that both the transfer pricing methodology established for such purposes and the type of costs and the margin to be allocated are consistent with the arm's length principle.

c. Legal and commercial reasonableness of the transaction

The Contract is structured as a provision of engineering services, with the service provider being required to contribute the necessary resources. In this type of legal relations for the provision of services, the provider agrees with a client on matters related to its competence and professional capacity, responsibility, availability of its professionals, dedication and compliance with a work plan, as well as transparency of the work actually carried out, costs and invoicing.

Given the nature of the services provided, the contract sets out the obligations customarily included in contracts of this nature regarding preparing the relevant work documentation and making it available to the Client, as well as the orderly transfer of the services provided to the Client or to a new supplier in the event of the termination of the contract.

Likewise, mutual obligations are established with regards to confidentiality, force majeure, non-assignment of the Contract and liability, in terms that can be considered the most common terms and conditions in the market for this type of contract.

Conflict resolution is also regulated according to customary terms and Spanish legislation, and Spanish courts are considered to have jurisdiction, given the place where the services are provided.

With regards to the performance of the services, their validity and, therefore, termination are subject to the terms of a detailed operational instruction applicable to this type of services, which contains the usual process of acceptance and completion of engineering services.

In conclusion, the Transaction is articulated in a reasonable manner and under contractual terms that could have been agreed by independent parties and, although having been agreed by related parties, do not give rise to unjustified or disproportionate benefits for Enel to the detriment of Endesa's subsidiary.

V. INDEPENDENT EXPERT REPORTS ISSUED AT THE REQUEST OF THE AUDIT AND COMPLIANCE COMMITTEE

In its analysis of the transaction, the Audit and Compliance Committee took the following reports into account:

- The Report prepared by PricewaterhouseCoopers Tax and Legal S.L. and PricewaterhouseCoopers Asesores de Negocios, S.L. (hereinafter "PwC") on the fairness and reasonableness of the provision of engineering services by the Enel Group. PwC issued its Report in its capacity as an independent expert. On the date the report was issued, PwC did not maintain any sort of commercial relationship with the Enel Group or with the Endesa Group that could compromise its capacity as an independent expert for the purposes of issuing its Report or that could give rise to a conflict of interest in conducting the analysis and drawing up the conclusions therein.

According to the Report issued for Endesa's Audit and Compliance Committee, it can be concluded that the engineering services provided by Enel Group companies with the characteristics of Enel Green Power SpA can contribute to optimizing available resources, maximizing value as a result of the positive synergies created between employees of the same group, taking advantage of the know-how acquired by the service provider as an expert in this type of work with tight schedules and budgets, and aligning the interests of both parties (operational and strategic rationale of the related-party transaction). In addition, the pricing strategy, the cost base and the allocation criterion determined in the contract and the cost-based profit margin are consistent with the arm's length principle (economic reasonableness of the related-party transaction). And, finally, the legal and commercial terms are articulated in a reasonable manner and follow contractual terms and conditions that could have been agreed by independent parties.

It is therefore concluded that the contracting decision being the subject of the related-party transaction is fair and reasonable from the standpoint of Endesa and, in particular, its shareholders other than the related party, i.e. other than the Enel Group.

VI. CONCLUSION OF THE AUDIT AND COMPLIANCE COMMITTEE

First, it should be noted that the Audit and Compliance Committee is made up of five non-executive members of the Board of Directors, four of whom (80%) are independent. Furthermore, the Committee has a Shareholder-Appointed Director representing the controlling shareholder Enel, who holds 70.10% of the share capital of Endesa. In accordance with Article 529 duovicies, paragraph 3, of the Capital Corporations Law, the director Alberto de Paoli, who is a shareholder-appointed director and representative of Enel, was not involved in the preparation of this Report.

The rest of the members of the Audit and Compliance Committee took part in the preparation and agreed on the contents of this Report on the provision of engineering services with respect to the process of building solar and wind farms by and between Enel Green Power España, S.L.U. and Enel Green Power SpA.

Based on the background information discussed above, the Audit and Compliance Committee hereby concludes that:

- The nature of the work is in line with the company's strategic plan.
- The provision of external services is required to undertake the engineering work in the absence of internal resources of Endesa. The provision of services by EGP Spais considered appropriate to the interests of Endesa, in terms of neutrality, experience, integration, operational capacity, costs, swiftness and autonomy.
- In relation to economic reasonableness, the cost base and the allocation criterion are reasonable, and reasonably comply with the OECD Guidelines and with the Spanish applicable regulations.
- The TNMM pricing method established for the transaction under review, also using MTC as the PLI, is consistent with the market value principle and complies with the OECD Guidelines.
- According to the results of the analysis conducted by an independent expert, it can be concluded that the cost-based profit margin obtained by EGP SpA in the transaction being analyzed is consistent with the market range determined from the sample of independent comparable entities.
- According to international studies, the hourly cost established for the provision of services by Enel is considered reasonable and is provided under the usual market terms and conditions.
- The transaction's legal and commercial terms are reasonably articulated around contractual terms and conditions that could have been agreed by independent parties.

The Audit and Compliance Committee concludes that the provision of engineering services for the development of the aforementioned projects is fair and reasonable from the standpoint of Endesa and of the shareholders other than the related party.

VII. CONCLUSION OF THE BOARD OF DIRECTORS

The Board of Directors of Endesa, following a favorable report from the Audit and Compliance Committee, unanimously proposes the transaction to the Annual General Shareholders' Meeting for approval.



**REPORT OF THE AUDIT AND COMPLIANCE COMMITTEE ON THE FAIRNESS AND
REASONABLENESS OF THE RELATED-PARTY TRANSACTION CONSISTING OF THE
RECHARGE OF EXPATRIATE PERSONNEL SECONDMENT COSTS BETWEEN ENDESA GROUP
COMPANIES AND ENEL GROUP COMPANIES**

REPORT OF THE AUDIT AND COMPLIANCE COMMITTEE ON THE FAIRNESS AND REASONABLENESS OF THE RELATED-PARTY TRANSACTION CONSISTING OF THE RECHARGE OF EXPATRIATE PERSONNEL SECONDMENT COSTS BETWEEN ENDESA GROUP COMPANIES AND ENEL GROUP COMPANIES

INTRODUCTION AND REGULATORY FRAMEWORK

In accordance with the provisions of paragraph 3 of article 529 duovicies of the amended and restated Spanish Capital Corporations Law, as approved by Royal Legislative Decree 1/2010, of 2 July, Endesa's Audit and Compliance Committee hereby issues this Report to assess whether the transaction is fair and reasonable from the standpoint of the company and, where appropriate, shareholders other than the related party, and indicate the assumptions on which the assessment is based and the methods used.

In accordance with Article 529 unvicies, paragraph 3, the Report issued and, as the case may be, published by Endesa's Audit and Compliance Committee, must at least include the following information:

- (a) information on the nature of the transaction and the relationship with the related party;
- (b) the identity of the related party;
- (c) the date and the value or amount of the consideration for the transaction; and
- (d) any other information required to assess whether this is fair and reasonable from the standpoint of the company and of shareholders who are not related parties.

Furthermore, Endesa has developed its own internal regulatory framework in this area, which includes, inter alia, a Related-Party Transaction Regulations approved by the Board of Directors, as well as a Related-Party Transaction Operating Procedure approved by the Audit and Compliance Committee, implementing the guidelines set forth in the Regulations and defining the proceedings, functions and responsibilities relating to the general rules on requests for and the approval, publication and monitoring of related-party transactions. These regulations have been applied in this case.

I. OVERVIEW OF THE GENERAL TRANSACTION

a) Background for the transaction

It is common practice for personnel secondment to occur between the different entities of the Endesa Group and the Enel Group, in order to promote integration between companies and create synergies as a result of such integration. This means that certain entities of the Endesa Group transfer part of their staff ("expatriates") to entities of the Enel Group and vice versa, with the companies that transfer the staff assuming initially the costs related to the seconded personnel. For this reason, it is considered to be in the mutual interest of both the Endesa Group and the Enel Group to proceed with the temporary secondment of Enel's specialized personnel from different countries to Endesa and vice versa, with these transfers between the companies being formalized by means of the so-called "Recharge Agreements for Personnel Secondment." This type of contract is common practice in multinational groups in which employees are seconded between companies belonging to the same group.

This is a single category of contracts, whose legal elements and purpose are identical:

- These are ordinary contracts, inasmuch as they are necessary in order to properly allocate costs of this type of international exchanges;
- They are entered into according to a standardized model form in all cases, with the exception of contracts in which one of the parties is a Chilean company, in which case they have the legal form of a mandate, in accordance with local legal requirements;
- Criteria relating to (a) selection of personnel to be seconded, and (b) economic considerations, in accordance with general policies common throughout the Endesa Group and the Enel Group, are applied.
- Maximum flexibility is required relative to the moment at which they are entered into, amended or renewed, as well as their duration, in accordance with the needs and specific moments when the personnel transfer is to take place; in addition, the number of employees transferred will vary at any given time; and
- This flexibility and connection with the precise number of employees being assigned from time to time make it difficult to foresee each year the needs and amount of the contracts.

In general terms, these operations do not entail any cost for any of the companies involved, since the company benefiting from the service pays all expenses to the home company. However, notwithstanding this circumstance, this must be considered a related-party transaction and the relevant regulations must be applied.

In accordance with the Spanish Securities Market Commission (CNMV) guidelines "on the reporting regime for related-party transactions governed by Chapter VII bis of Title XIV of the Capital Corporations Law," which provide that multi-year contracts must be valued in current rather than annualized terms, the Recharge Agreements for Personnel Secondment analyzed in this report shall be approved on the basis of an estimate of the total duration of each agreement; that is, current agreements have been valued as per the remaining time until their termination.

b) Purpose and amount of the transaction.

The purpose of the transaction is to re-invoice the expatriate seconded personnel costs originated through new contracts or through the extension of the current contracts (Recharge Agreements for Personnel Secondment), entered into between Endesa, S.A. or its controlled companies and companies of the Enel Group from July 2022 until the end of each of these contracts, which amount to a total of circa €2.63 M, of which €1.97 M relates to employees seconded from Endesa and €0.66 M to employees seconded from Enel. Herein below, these services shall be referred to as "**Secondment Costs.**"

The company hosting the seconded personnel shall be responsible for coordinating, directing and managing these employees, without receiving in any case instructions from the home company, the latter acting as a mere intermediary. Similarly, the company hosting the seconded employees shall be responsible for instructing and providing the necessary assistance to expatriate employees who have been seconded thereto. For their part, the companies hosting seconded employees undertake to pay the costs that their home company would have had to bear with regard to the seconded staff.

Based on this analysis of duties, risks and assets, the home companies may be classified as mere intermediaries in the secondment, and they perform minimum duties and assume limited risks. In general, the Recharge Agreements for Personnel Secondment are classified as pass-through contracts.

Recharge Agreements for Personnel Secondment are framework agreements prepared based on a unified model form that presents substantively common characteristics for all the Agreements, which govern the legal and financial terms for the recovery of the costs incurred by the "Home Company" for the international secondment of its personnel, by invoicing the "Host Company" for all these costs.

Whenever there is a new secondment, a "**Balance Sheet**" is prepared, itemizing the specific estimated annual costs for the seconded employee, and clarifying which costs will be assumed directly by the "Host Company" (i.e., the company that receives the services of the assigned personnel) and which costs will remain at the Home Company (the company that has transferred the specialized personnel) to be subsequently recharged. This document is attached to the Recharge Agreements for Personnel Secondment as a schedule.

II. IDENTIFICATION OF THE PARTY RELATED TO ENDESA

Endesa Group Companies that have entered into agreements with Enel Group Companies:

Endesa, S.A., Endesa Energía, S.A.U, Endesa Generación, S.A., Endesa X Servicios, S.L., Enel Green Power España, S.L. and Edistribución Redes Digitales S.L.

Enel Group Companies that have entered into agreements with Endesa Group Companies:

ENEL S.p.A., Enel Global Infrastructure and Networks Srl, Enel Green Power Chile, SA, Enel Energia SpA, Enel Américas S.A., Enel Investment Holding BV, Enel North America Inc., Enel Green Power India Private Limited, Enel Colombia SA ESP, Enel Global Thermal Generation S.R.L. and Enel Brasil SA.

Enel SpA is the sole shareholder of Enel Iberia S.L, which is in turn a shareholder of Endesa S.A, with a 70.101% stake. Related-party transactions are those entered into by Endesa or its subsidiaries with shareholders of Endesa who hold 10% or more of the voting rights or who are represented on the Board of Directors, as well as with any other persons considered as parties related to Endesa, in accordance with International Accounting Standards. Therefore, all transactions entered into by Endesa or its subsidiaries and Enel or its subsidiaries (excluding the Endesa Group) shall be considered related-party transactions.

Enel and its subsidiaries (excluding the Endesa Group) and Endesa and its subsidiaries are considered "the same counterparty" for the purposes of determining the thresholds for related-party transaction publication. In other words, the same counterparty is considered both the related person, whether natural or legal, as well as any other entity under their control and, in the case of natural persons, their close relatives, as defined in IAS 24.

III. ANALYSIS OF THE TRANSACTION FROM THE STANDPOINT OF THE INTEREST OF ENDESA AND OF SHAREHOLDERS OTHER THAN RELATED PARTIES

1. Operational rationale of the transaction

Paragraph 7.5 of the OECD Guidelines, consistent with Article 18.5 LIS, sets forth as the first requirement of intergroup services that they benefit or may benefit the recipient. In this case, the reasons for and benefits of the transaction are clear:

- **Shared experiences/knowledge:** Both Endesa and its controlled subsidiaries and the Enel Group have historically had an extensive international footprint that determines the need for specialized personnel who can join companies in different countries, contributing to the exchange of experiences and knowledge between them and also favoring the professional growth of their workers and those of the host companies. For this reason, it is considered to be in the mutual interest of both the entities of the Endesa Group and those of the Enel Group to proceed with the secondment of specialized personnel, with such transfers between the companies being executed through the Agreements.
- **Confidentiality:** To the extent that the activities undertaken by the seconded staff may have a strategic component for the Group (especially when sharing expertise in certain areas where specialization is key), they will entail a high degree of confidentiality. Therefore, the provision of such services by a third party would not be feasible, not only because any such third party may lack the required expertise but also because of the sensitivity of the information contained in the shared knowledge.
- **Neutrality:** Account must also be taken on the neutral effect of the monetary amounts involved in the transaction and that will be received (or paid) by the Endesa Group companies. The pricing formula is clearly defined in the Agreements. The price includes all costs, as estimated by the "Home Company", which will be recharged thereby, including any costs necessary to meet its contractual obligations. The price so calculated should not include any mark-up over the total costs calculated, except for Chile. This means that the Agreements, in any case, have no financial effect for the Endesa Group entities, since they simply involve a cost recharging without any mark-up and have no tax effect, with the exception of those Agreements to which Chilean companies are parties.

In the specific case of exchanges of personnel with Enel Group entities located in Chile, local regulations require that, in addition to direct and indirect costs (actual costs incurred by expatriates, for which documentary evidence must exist), an estimated amount be included in the re-invoiced cost base. This so-called "mandate cost" refer to the management and administration expenses related to employees' payroll and other services. This cost is estimated at approximately 3,000-4,000 USD per employee per year and is therefore considered to have an insignificant impact for the purposes of this analysis.

2. Economic reasonableness of the transaction. Methods used

The Recharge Agreements for Personnel Secondment enable the recovery of the costs borne by the "Home Company" by having part of its employees on international assignment, in accordance with internal expatriation policies:

- **Internal direct cost:** Personnel costs, including fixed and variable salary, social security, pension fund contributions, if any, special incentives, supplementary benefits and any other costs directly related to compensation.
- **External direct cost:** Travel and other external direct costs
- **Internal indirect cost:** Digital costs, administrative management etc.

OECD Guidelines establish as a second criterion for determining the deductibility of an intra-group service charge, confirmation of the fact that it represents fair compensation for the provision of such services in accordance with the at arm's length principle. The transfer pricing policy applied in the recharge of Secondment Costs by Endesa Group companies (either as "Home Company" or "Host Company") consists of invoicing all costs associated with the assignment of personnel.

Once it has been concluded that the costs incurred by the entity transferring the expatriate staff should be recharged to the entity receiving said staff, and that the cost base is reasonable, Article 18.5 LIS, aligned with the OECD Guidelines, provides for services rendered jointly in favor of several related persons or entities that (i) whenever possible, a direct or individualized cost allocation criterion should be followed, and (ii) only in those cases where this is not possible, an indirect distribution criterion should be applied.

The costs corresponding to these personnel assignments are invoiced to each beneficiary entity for each of the expatriate employees in the "Host Company", following a direct allocation criterion, since they can be identified precisely.

Finally, consideration should be given to whether the mere re-invoicing of services provided by expatriate staff is consistent with the at arm's length principle, or whether a mark-up should be established.

In this regard, paragraph 7.34 of the OECD Guidelines provides that, when an associated company is acting only as an agent or intermediary in the provision of services, it is not appropriate to determine arm's length pricing applying a mark-up on the cost of the services.

Paragraph 1.174 of the OECD Guidelines recommends that the transfer or secondment of individual employees among members of a multinational corporate group should not be separately compensated, as a general matter. In many instances the transfer of individual employees between associated companies will not give rise to a need for compensation. Where employees are seconded (i.e. they remain on the transferor's payroll but work for the transferee), in many cases the appropriate arm's length compensation for the services of the seconded employees in question will be the only payment required.

Therefore, in view of the above, it is reasonable to pass on the corresponding costs to the entities to which the expatriate staff have been transferred, without the application of a mark-up.

For all these reasons, it is considered that the consideration applied is in line with the at arm's length principle and therefore its economic reasonableness is justified.

IV. INDEPENDENT EXPERT REPORTS ISSUED AT THE REQUEST OF THE AUDIT AND COMPLIANCE COMMITTEE

In its analysis of the transaction, the Audit and Compliance Committee took into account Ernst & Young Abogados, S.L.P.'s report on the fairness and reasonability of the agreements under review. Ernst & Young Abogados, S.L.P. issued a Report in its capacity as independent expert, having been ascertained that at the date of issue of the Report EY Abogados did not maintain any sort of commercial relationship with the Enel Group or with the Endesa Group that could compromise its condition as independent expert for the purposes of issuing this Report or that, in particular, could place it in a situation of conflict of interest to conduct the analysis and draw up the conclusions set out therein.

The Report concludes that the re-invoicing of employee assignment costs through the "Recharge Agreements for Personnel Secondment" between Endesa Group companies and Enel Group companies provides advantages to Endesa, so it can be concluded that Endesa obtains a benefit derived from the assignment of employees giving rise to the cost recharge (technical and/or commercial reasonableness of the transaction), and that the consideration applied is in line with the at arm's length principle (economic rationality). Therefore, the re-invoicing of costs between Endesa Group companies and Enel Group companies is fair and reasonable from the standpoint of Endesa and the shareholders who are not related parties.

V. CONCLUSION OF THE AUDIT AND COMPLIANCE COMMITTEE

First, it should be noted that the Audit and Compliance Committee is made up of five non-executive members of the Board of Directors, four of whom (80%) are independent. Furthermore, the Committee has a Shareholder-Appointed Director representing the controlling shareholder Enel, who holds 70.10% of the share capital of Endesa. In accordance with Article 529 duovicies, paragraph 3, of the Capital Corporations Law, the director Alberto de Paoli, who is a shareholder-appointed director and representative of Enel, was not involved in the preparation of this Report.

The rest of the members of the Audit and Compliance Committee took part in the preparation and agreed on the contents of this Report on the "recharge of expatriate personnel secondment costs between Endesa Group companies and Enel Group companies."

In accordance with the information contained herein, the Audit and Compliance Committee concludes that the "Recharge Agreements for Personnel Secondment" between the companies of the Endesa Group and the companies of the Enel Group:

- Promote the professional development of Endesa employees, both expatriates and those who locally share their work with Enel Group expatriates through the exchange of experiences and knowledge.
- Have a neutral effect on the transactions' consideration, which will be received or paid by entities of the Endesa Group, since the "Recharge Agreements for Personnel Secondment" enable the recovery of the total costs borne by the "Home Company" for having some of its employees on international assignment and the "Host Company" will not bear any mark-up charged by the "Home Company".

The Audit and Compliance Committee concludes that the re-invoicing of the secondment costs between Endesa Group companies and Enel Group companies is fair and reasonable from the standpoint of Endesa and its shareholders other than the related party.

VI. CONCLUSION OF THE BOARD OF DIRECTORS

The Board of Directors of Endesa, following a favorable report from the Audit and Compliance Committee, unanimously proposes the transaction to the General Shareholders' Meeting for approval.



REPORT OF THE AUDIT AND COMPLIANCE COMMITTEE ON THE FAIRNESS AND REASONABLENESS OF THE LICENSE AGREEMENT FOR THE USE OF PLATFORMS AND RELATED SERVICES, AS A SOFTWARE AS A SERVICE SOLUTION, BETWEEN ENEL X, S.R.L. AND ENDESA X SERVICIOS, S.L.

REPORT OF THE AUDIT AND COMPLIANCE COMMITTEE ON THE FAIRNESS AND REASONABLENESS OF THE LICENSE AGREEMENT FOR THE USE OF PLATFORMS AND RELATED SERVICES, AS A SOFTWARE AS A SERVICE SOLUTION, BETWEEN ENEL X, S.R.L. AND ENDESA X SERVICIOS, S.L.

I. INTRODUCTION AND REGULATORY FRAMEWORK

In accordance with the provisions of paragraph 3 of article 529 duovicies of the amended and restated Spanish Capital Corporations Law, as approved by Royal Legislative Decree 1/2010, of 2 July, Endesa's Audit and Compliance Committee hereby , issues this Report to assess whether the transaction is fair and reasonable from the standpoint of the company and, where appropriate, shareholders other than the related party, and indicate the assumptions on which the assessment is based and the methods used.

In accordance with Article 529 unvicies, paragraph 3, the Report issued and, as the case may be, published by Endesa's Audit and Compliance Committee, must at least include the following information:

- (a) information on the nature of the transaction and the relationship with the related party;
- (b) the identity of the related party;
- (c) the date and the value or amount of the consideration for the transaction; and
- (d) any other information required to assess whether this is fair and reasonable from the standpoint of the company and of shareholders who are not related parties.

On 21 December 2021, Endesa's Board of Directors approved a new Regulation on related-party transactions, thus repealing the previous one. In addition, on 21 December 2021 Endesa's Audit and Compliance Committee approved a new operational procedure for related-party transactions that develops the guidelines contained in the Regulation, defining the proceedings, functions and responsibilities of the general regime established for the application, approval, publication and supervision of related-party transactions. These regulations have been applied in this case.

II. OVERVIEW OF THE TRANSACTION

a) Background for the transaction:

The energy sector is undergoing a fundamental transformation, driven by increased levels of urbanization, decarbonization, electrification, digitalization and flexibility on the demand side. Amid this new market environment, new business opportunities have arisen in the following areas: (i) supporting customer electrification, (ii) promoting decarbonization and (iii) efficient energy use and value creation by offering new innovative products and services.

The Endesa Group believes that an ecosystem is needed around the needs of customers, based on global digital platforms that enable the management and development of high value-added energy services.

Endesa X Servicios, S.L. (an Endesa Group company) has a broad range of businesses grouped into three distinct business areas: E-Home, focused on the B2C segment; E-Industries, based on industrial and corporate customers; and, last but not least, E-City, devoted to products and services that cover the needs of public administrations and other bodies. It needs to make use of new systems that will enable it to leverage its growth and offer its customers the solutions best suited to their needs in the current changing environment.

Enel X, S.R.L. (Enel Group Company) is strongly committed to developing systems with unique characteristics and tailored to the particular needs of the business models it is developing and from which Endesa X Servicios, S.L. wishes to benefit.

In view of these considerations, ENEL X, S.R.L. and ENDESA X SERVICIOS, S.L. wish to enter into a license agreement for the use of the platforms and related services as a software as a service solution, all under the same ecosystem in order to keep the platform operating while adapting it to the specific needs of Endesa X Servicios, S.L.

It should be noted that this type of platform is not available in the market and must therefore be developed from scratch, from the basic features to the various individual functionalities of each digital business tool to be integrated into the platform.

b) Purpose of the transaction

The purpose of the transaction is the execution of a License Agreement enabling use of the Platforms and services related thereto as a Software as a Service solution, to be entered into between Enel X, S.R.L. (Enel X) and Endesa X Servicios, S.L. (Endesa X), all arranged under the same ecosystem based on software developed by third parties or open software solutions developed by Enel Group, as well as technical support, corrective and preventive maintenance services and development of upgrades adaptations of the Platforms to be performed by Enel X, S.R.L., either directly or indirectly, so as to keep the platform operational and adapted at all times to the needs and specific uses of Endesa X Servicios, S.L., under what is known as a Software as a Service (SaaS) model.

Under the Agreement, Endesa X acquires the rights to use the Platforms, through authentication credentials, for its own benefit while carrying on its business activities. Endesa X will likewise have the right to benefit, at no additional cost, from any updates or generic improvements that Enel X makes to the Platforms.

The license to use the Platforms also includes the following services that Enel X will provide to Endesa X:

- IT and Development Services:
 - Supply of New Solutions: this service includes access to new application or infrastructure solutions based on the Platforms.

- Solution Enhancement: this service includes the management and possible development of upgrades and other enhancements of existing applications.
- Application Support:
 - Corrective Maintenance: services for detecting and managing functional anomalies affecting the Platforms.
 - User Support: a service monitoring the use of the Platforms for user and business support functions.
 - Operational Support: services providing support in relation to operational activities.
- Subscription License and Concession of Use:
 - Subscription-related services allowing access to the vertical and horizontal business Platforms.

Term: The initial term of the agreement will run from 1 May 2023 through 31 December 2025.

c) Transaction amount

The amount of the transaction between ENDESA X and ENEL X, i.e. the consideration payable in exchange for the license to use the Platforms and the provision of technical support, corrective and preventive maintenance services and development of upgrades adaptations of the Platforms, has been estimated based on a series of distribution drivers used among the Enel Group Companies/Countries benefiting from the use of the platform, as applied to the total costs borne by Enel X. For these purposes, Endesa X will be able to benefit from economies of scale, thanks to a global development, which would not be feasible relying solely on its activities in Spain.

Moreover, the amount of the transaction will include an operating margin on total costs, equivalent to a mark-up of 9.93%.

As a result of the foregoing, if the transaction is executed, ENDESA X shall pay Enel X an estimated total maximum amount of €27.07 million for the period from 1 May 2023 to 31 December 2025, based on the term of the Agreement and the allocation calculations made periodically in each quarter. More precisely, the estimated maximum amount will be €6.25 million for the period running from 1 May 2023 to 31 December 2023; €9.45 million for 2024; and €11.37 million for 2025.

III. IDENTIFICATION OF THE PARTY RELATED TO ENDESA:

The company providing the services: Enel X, S.R.L. is a company fully owned by Enel Italia, S.p.A. which in turn is wholly owned by Enel, S.p.A. and therefore is a subsidiary company of Enel, S.p.A. and forms part of the Enel Group ("Enel X").

The companies receiving the services: Endesa X Servicios, S.L. is a company fully owned by Endesa, S.A. and therefore a subsidiary thereof, thus belonging to the Endesa Group ("Endesa X").

Enel SpA is the sole shareholder of Enel Iberia S.L, which is in turn a shareholder of Endesa S.A, with a 70.101% stake. Related-party transactions are those entered into by Endesa or its subsidiaries with shareholders of Endesa who hold 10% or more of the voting rights or who are represented on the Board of Directors, as well as with any other persons considered as parties related to Endesa, in accordance with International Accounting Standards. Therefore, all transactions entered into by Endesa or its subsidiaries and Enel or its subsidiaries (excluding the Endesa Group¹) shall be considered related-party transactions.

Enel and its subsidiaries (excluding the Endesa Group) and Endesa and its subsidiaries are considered "the same counterparty" for the purposes of determining the thresholds for related-party transaction publication. In other words, the same counterparty is considered both the related person, whether natural or legal, as well as any other entity under their control and, in the case of natural persons, their close relatives, as defined in IAS 24.

IV. ANALYSIS OF THE TRANSACTION FROM THE STANDPOINT OF THE INTEREST OF ENDESA AND OF SHAREHOLDERS OTHER THAN RELATED PARTIES

a) Operational and strategic rationale of the transaction.

The digital revolution in recent years has led to the development of platform-based ecosystems that benefit all those who embrace such revolution, but a clear disadvantage for agents focused on systems, either because of the operational constraints of legacy models, or because of their operating inefficiencies.

In order to overcome the challenges facing its business, Endesa X must undergo a technological change to unlock the benefits of new exponential technologies that provide the necessary flexibility and operational efficiencies.

Endesa X having access to the Enel Group's digital platforms will enable it to harness the new digital technologies now available on the market in order to develop a new operating framework with which to address and overcome the challenges of the energy transition with the greatest possible assurance of success, while at the same time improving the financial performance of the business and having the necessary basic components, in terms of technological capabilities, on which the functions will be built to achieve its business objectives. In addition, moving towards a platform-based and integrated data management paradigm will enable Endesa X to focus its efforts on offering customers services tailored to their needs, thanks to solutions that have already been developed and tested.

Benefits of using platforms:

- Application focus: platforms made up of three layers (solution, decoupling and domain) and tailored to needs. Redistribution of processes for service focused on the ecosystem.
- Data democratization: with a design-oriented model based on data that will be accessible to all, seeking decentralization of the ecosystem.
- Increased productivity: by automating activities, focusing on value-added activities and becoming more efficient in the allocation of resources. It will also improve standardization

in complexity management, and provide greater version reliability and service-oriented design.

- Sustainability assurance: the platforms are scalable in size and include a governance model providing remarkable centralized data management. They are also adaptable, consisting of a microservices-oriented architecture.
- Synergies of knowledge: use of the Platforms will bring with it all the advantages of knowledge sharing, including inputs from other geographies and global knowledge communities.
- Growth plan: the platforms are part of a plan that envisions a gradual adoption and promotion of growth among people, processes and systems.

Benefits for Endesa X's operations and organization due to the fact that an Enel Group company is responsible for the main design and development of the Platforms:

- Positioning and strategy. The fact that the license covered by the Agreement is to be granted by an Enel Group company, along with the related services to be provided, ensures that the transaction is aligned with Endesa X's purpose, values and strategic plan. While it may be possible to procure the individual capabilities of each of the items of software included in the Platforms on a separate basis, doing so would be to forgo the benefit of a "global solution" ecosystem, which is ultimately one of the main advantages of integrated development. This is also a strategic project for Endesa X, with a high level of innovation compared to traditional solutions, making it a highly confidential product.
- Operational capacity. Enel X is also specialized, among other pursuits, in the design, development and management of value-added services in the field of energy and digital services. Therefore, the sound implementation of the Platforms and their proper understanding and adoption by Endesa X is all but assured.
- Costs. Were Endesa X to arrange similar products in the market, doing so would entail high development costs that would hardly be justified based on Endesa X's current business alone, meaning it would not be economically viable. Were the same functionalities to be developed in-house by Endesa X for subsequent use, the related cost would inevitably be higher, since Endesa X would have to internally develop the digital development capabilities that it does not currently possess, with all the costs this would entail.
- Swiftiness. Use of the Platforms requires a high degree of specialization and would allow Endesa X to meet its future needs and challenges within a reasonable timeframe. If Endesa X were to develop in-house the set of tools that make up the Platforms, it would first need to acquire the necessary digital competencies, which would inevitably delay the start-up of the Platforms and, therefore, their entry into operation.

The solution proposed responds to one of the main pillars of the Endesa Group's 2023–2025 strategic plan, which is the use of shared management platforms among several users as growth accelerators.

In conclusion, Endesa X access to the Enel Group's digital platforms would allow Endesa X to take full advantage of new digital technologies and to develop a new operating framework, thus enabling it to overcome the challenges of the energy transition with the greatest possible assurance of success, while at the same time increasing the financial performance of the business.

b) Economic rationale. Methods used

Running the business through the Platforms affords Endesa X a number of qualitative advantages, such as the ability to adapt its applications to the specific needs of its business, easier access to the data generated, synergies of knowledge shared by the various users of the Platforms, and so forth. Use of the Platforms should also lead to an increase in the productivity of Endesa X's resources, which in turn will benefit from the scalability of the ecosystem and from any improvements that may be implemented. These advantages will translate into a financial profit for Endesa X as a result of its access to the ecosystem.

The cost basis of the transaction will be determined on the basis of the following:

- Each of the platforms that make up the ecosystem to be used by Endesa X has a useful life of 10 years.
- CAPEX incurred in financial years 2018-2022 will be allocated on a linear basis (10% each year), starting in 2023 and thereafter over the following nine years.
- Further CAPEX investment is foreseen for each of the years between 2023 and 2025, which will again be allocated on a linear basis (10% each year) in the year of the investment and thereafter over the following nine years.
- The operating expenses (OPEX) estimated to be incurred by Enel X each year of the Agreement's term in relation to the Platforms mainly comprise the cost of the Enel X team in charge of the development, upgrade, maintenance and protection of the platforms, along with the cost of the software license and the services provided by independent third parties.
- Estimates indirect costs incurred by Enel X in relation to the areas that lend support to the team entrusted with the overall coordination of the project.

Once the cost base to be considered for the project has been determined, the allocation method is established through a set of drivers or allocation keys that reflect the extent to which each platform is used.

Lastly, a mark-up of 9.93% shall be applied. This mark-up has been obtained from a benchmarking study aimed at determining the market range of return obtained by independent third parties engaged in comparable activities.

The mark-up over the actual costs obtained by Enel X in the Transaction will be reviewed within six months from the end of each fiscal year during the 2023-2025 period.

Methods used: The arm's length price of the Related-Party Transaction has been analyzed as outlined below:

1. The economic reasonableness of the transaction as a whole was considered.
2. The benefit obtained by Endesa X from receiving the service relating to use of the ecosystem was examined.
3. The transfer pricing methodology used to determine the consideration of the Related-Party Transaction was reviewed.

The methods of choice for determining the market value of related-party transactions involving intangibles are the Comparable Uncontrolled Price ("CUP") and the Profit Split Method ("PSM"). However, as it is not foreseen that a license to use the Platforms subject to the Related-Party Transaction will be granted to independent third parties, the option of applying the CUP method through internal comparables is effectively ruled out. Following on from this, the PSM is one of the preferred transfer pricing methods for reviewing compliance with the arm's length principle in transactions involving transfers of rights over intangibles (paragraph 6.145 of the OECD Guidelines). However, it must also be discarded seeing as though the DEMPE functions and related risks are fully identified and concentrated at the same entity.

Having already explained the reasons why the CUP and the SMP methods have been ruled out, the transfer pricing method used to review compliance with the arm's length principle is the Transactional Net Margin Method ("TNMM"), with the Profit Level Indicator ("PLI") taken to be the mark-up on budgeted costs applied by ENEL X in exchange for the service of granting use of the platforms.

According to the OECD Guidelines as well as Spanish domestic regulations on transfer pricing, intra-group charges must meet certain criteria when applying the TNMM:

- Analysis of the cost base of the Related-Party Transaction: The Base Price is determined in accordance with the transfer pricing policy applied between ENEL X and its related entities (including ENDESA X), i.e. invoicing the assignees a portion of ENEL X's estimated costs from developing and maintaining the Platforms. Under the terms of the Agreement, any cost overruns incurred by Enel X will not affect the cost base of the Related Party-Transaction, and will be borne by Enel X alone.
- Cost allocation method used: to define the cost base attributable to the entities benefiting from the assignment of the rights to use the Platforms, including Endesa X, the relevant proportion of the cost base to be allocated to each such entity is determined indirectly through a series of cost distribution drivers, which reasonably reflect the extent to which each entity uses each of the platforms.
- Addition of a mark-up: Lastly, it is important to analyze whether the mark-up applied by Enel X over its budgeted costs complies with the arm's length principle. In this particular case, and given that it is an asset directly related to Endesa X's business operations, the legal and economic ownership of which corresponds mainly to Enel X, it is reasonable to conclude that Enel X is entitled to add a mark-up to the costs expected to be incurred in the Related-Party Transaction.

For these purposes, an independent third-party expert has been commissioned to conduct a benchmarking study in order to determine the market range of profitability obtained by independent third parties who engage in activities comparable to those of Enel X, selecting as the Profit Level Indicator ("PLI") the operating margin over total costs or "FCMU" (Full Cost Mark-Up) obtained by the entities selected for the comparison. After calculating this market range, the median of the interquartile range (9.93%) was selected as the observation that provides the most reliable measure of the market value principle.

Subsequently, independent expert PwC conducted a cross-check benchmarking study in accordance with Spanish regulations and standard practice, reliably showing that the mark-up of 9.93% over costs falls within the range determined on the basis of the results obtained by comparable independent entities.

Lastly, the mark-up over the actual costs obtained by Enel X in the Related-Party Transaction will be reviewed within six months from the end of each fiscal year during the 2023-2025 period. In the event that the mark-up obtained by Enel X is higher, due to the actual costs being lower than estimated, the mark-up may not exceed 14.28%; a percentage determined as the upper quartile of the market range.

3. Legal rationale

The terms and conditions agreed between the parties are similar to those that would have been agreed upon by independent parties in a contract of this nature. Notably, the Agreement explains all the functionalities and features that the Platforms must provide and sets out the penalties that Enel X will incur in the event of any deficiencies in the availability, functionalities or features of the Platforms. Moreover, Endesa X will be able to offer its customers direct access to the Platforms, at no additional cost to Endesa X.

The Agreement foresees annual billing of the license and of the technical support, corrective and preventive maintenance services and development of upgrades adaptations, with such billing to be for services effectively rendered for each of the Platforms over the relevant period. In addition, in December of each year over the term of the Agreement, an estimate of the price will be drawn up and then corrected, if necessary, in March of the following year.

With regards to termination of the Agreement, the following should be noted: (i) Enel X must cooperate with Endesa X and ensure the availability of the Platforms for a period of up to 12 months from the occurrence of any event warranting termination of the Agreement; and (ii) during this 12-month period and in order to ensure continuity in the provision of services to Endesa X's customers, Endesa X must decide whether to keep its customers and migrate them to other platforms or, as the case may be, transfer its customer contracts to Enel X. In the latter case, Enel X will be required to sign new contracts with Endesa X customers.

As for the other terms and conditions of the Agreement, our review and analysis has found that they are reasonable for Endesa X, given the nature of the Agreement and the fact that it qualifies as a transaction between related parties.

Therefore, in light of these legal and commercial terms and conditions, it can be concluded that the Related-Party Transaction has been reasonably articulated around contractual terms and conditions that could have been agreed by independent parties and that, if these were to be agreed between related parties, they would not create unjustified or disproportionate benefits for Enel X to the detriment of Endesa's subsidiary, i.e., Endesa X, and ultimately, Endesa.

V. INDEPENDENT EXPERT REPORTS ISSUED AT THE REQUEST OF THE AUDIT AND COMPLIANCE COMMITTEE

After analyzing the transaction, the Audit and Compliance Committee has taken into account the Report of PricewaterhouseCoopers Tax and Legal S.L. and PricewaterhouseCoopers Asesores de Negocios, S.L. (hereinafter, "PwC") on the fairness and reasonableness of the approval of the agreement analyzed herein.

PwC issued its Report in its capacity as an independent expert. On the date the report was issued, PwC did not maintain any sort of commercial relationship with the Enel Group or with the Endesa Group that could compromise its capacity as an independent expert for the purposes of issuing its Report or that could give rise to a conflict of interest in conducting the analysis and drawing up the conclusions therein.

The Report prepared for Endesa's Audit and Compliance Committee concluded, *inter alia*, that:

- The granting of the license to use the Platforms and the provision of the related services, as described above, by a company of the Enel Group with the characteristics of Enel X is presented as the best available alternative, as it allows Endesa X to: (i) meet its operational and technological needs; (ii) maximize the value of the Platforms by using them for other Endesa Group companies; (iii) align the interests of both parties; and (iv) preserve the confidentiality of the technology used for each of the Platforms vis-à-vis the market and the potential competitors of the parties.
- The risks of the Related-Party Transaction are the same as those that would be identified in the event that the license was granted by a third party external to the Enel Group. Therefore, it is reasonable that the licensing of the use of the Platforms and the provision of the related services, as described above, be carried out by an Enel Group company through a digitalization model based on platformization.
- The Related-Party Transaction is a real activity that will allow Endesa X to obtain a benefit. Likewise, the methodology used to calculate the cost base and the allocation criterion are reasonable from the perspective of the OECD Guidelines and the Spanish applicable regulations. Lastly, the addition of a mark-up by Enel X is also reasonable, and the mark-up of 9.93%, as calculated, is consistent with what would have been agreed upon by independent entities under comparable conditions.
- Lastly, in view of the legal and commercial terms and conditions under which the Related-Party Transaction is expected to be carried out through the execution of the Agreement, it can be concluded that the Related-Party Transaction has been reasonably articulated around contractual terms and conditions similar to those that could have been agreed by independent parties and that, if these were to be agreed between related parties, they would not create unjustified or disproportionate benefits for Enel X to the detriment of Endesa's subsidiary, i.e., Endesa X Servicios, and ultimately, Endesa.

The report issued and delivered to Endesa's Audit and Compliance Committee concludes that the execution of the License Agreement for use of the Platforms and related services as a Software as a Service solution between Enel X, S.R.L. and Endesa X Servicios, S.L., is fair and reasonable from the standpoint of Endesa and those shareholders who are not related parties.

VI. CONCLUSION OF THE AUDIT AND COMPLIANCE COMMITTEE:

First, it should be noted that the Audit and Compliance Committee is made up of five non-executive members of the Board of Directors, four of whom (80%) are independent. Furthermore, the Audit and Compliance Committee has a Shareholder-Appointed Director representing the controlling shareholder Enel, who holds 70.10% of the share capital of Endesa.

In accordance with Article 529 duovicies, paragraph 3, of the Capital Corporations Law, the director Alberto de Paoli, who is a shareholder-appointed director and representative of Enel, was not involved in the preparation of this Report.

The rest of the members of the Audit and Compliance Committee took part in the preparation and agreed on the contents of this Report.

Based on the background information discussed above, the Audit and Compliance Committee hereby concludes, *inter alia*, that:

- It is reasonable for Endesa X to seek to obtain licenses to use all of the technological platforms under one single ecosystem, and this can be achieved by entering into the Agreement. Ultimately, this will allow it to harness new digital technologies on the path to developing a new operating framework and overcoming the challenges of the energy transition with the greatest possible assurance of success, while also improving the financial performance of its business.
- The nature of the Related-Party Transaction responds to one of the main pillars of the Endesa Group's 2023-2025 strategic plan, which is the use of shared management platforms among several users as growth accelerators.
- The transfer pricing methodology defined for the Related-Party Transaction is reasonably consistent with the market value principle.
- The Related-Party Transaction has been reasonably articulated around contractual terms and conditions that could have been agreed by independent parties.

In conclusion, and in light of the ideas set out in the independent expert's report, the Audit and Compliance Committee concludes that the execution of a License Agreement for use of the Platforms and related services as a Software as a Service solution between Enel X, S.R.L. and Endesa X Servicios, S.L., as described herein, is fair and reasonable from the standpoint of Endesa and those shareholders who are not related parties.

VII. CONCLUSION OF THE BOARD OF DIRECTORS

The Board of Directors of Endesa, following a favorable report from the Audit and Compliance Committee, unanimously proposes the transaction to the General Shareholders' Meeting for approval.



REPORT OF THE AUDIT AND COMPLIANCE COMMITTEE ON THE FAIRNESS AND REASONABLENESS OF THE CONTRACTS FOR THE PROVISION OF ELECTRIC CHARGING SOLUTIONS AND THE PROVISION OF SERVICES BETWEEN ENDESA X WAY AND ENDESA X, ENDESA ENERGÍA, ENDESA MEDIOS Y SISTEMAS AND ASOCIACIÓN NUCLEAR ASCÓ Y VANDELLÓS II

REPORT OF THE AUDIT AND COMPLIANCE COMMITTEE ON THE FAIRNESS AND REASONABLENESS OF THE ELECTRIC CHARGING INFRASTRUCTURE CONTRACTS BETWEEN ENDESA X WAY AND ENDESA X, ENDESA ENERGÍA, ENDESA MEDIOS Y SISTEMAS AND ASOCIACIÓN NUCLEAR ASCÓ Y VANDELLÓS II

I. INTRODUCTION AND REGULATORY FRAMEWORK

In accordance with the provisions of paragraph 3 of article 529 duovicies of the amended and restated Spanish Capital Corporations Law, as approved by Royal Legislative Decree 1/2010, of 2 July, Endesa's Audit and Compliance Committee hereby issues this Report to assess whether the transaction is fair and reasonable from the standpoint of the company and, where appropriate, shareholders other than the related party, and indicate the assumptions on which the assessment is based and the methods used.

In accordance with Article 529 unvicies, paragraph 3, the Report issued and, as the case may be, published by Endesa's Audit and Compliance Committee, must at least include the following information:

- (a) information on the nature of the transaction and the relationship with the related party;
- (b) the identity of the related party;
- (c) the date and the value or amount of the consideration for the transaction; and
- (d) any other information required to assess whether this is fair and reasonable from the standpoint of the company and of shareholders who are not related parties.

Furthermore, Endesa has developed its own internal regulatory framework in this area, which includes, inter alia, a Related-Party Transaction Regulations approved by the Board of Directors, as well as a Related-Party Transaction Operating Procedure approved by the Audit and Compliance Committee, implementing the guidelines set forth in the Regulations and defining the proceedings, functions and responsibilities relating to the general rules on requests for and the approval, publication and monitoring of related-party transactions. These regulations have been applied in this case.

II. OVERVIEW OF THE TRANSACTION

a) Background

Within the current energy transition process, we are witnessing a profound transformation with the adoption, not only by the energy sector but also by other sectors such as transport, of cleaner and more sustainable sources of energy.

The replacement of internal combustion vehicles with electric vehicles is being promoted. In this regard:

- The Endesa Group considers it necessary to install charging points at its own offices, as well as to allow electric vehicles to be charged using public charging infrastructure.

Endesa has a plan to electrify its fleet of operations and commercial vehicles and those assigned to its employees.

Endesa Medios y Sistemas, S.L., within the framework of its vehicle fleet electrification plan, wishes to have access to the charging infrastructure services of ENDESA X WAY, S.L., in order to deploy charging infrastructure at Endesa's workplaces, allowing Endesa to electrify its vehicle fleet.

The economic interest grouping Asociación Nuclear Ascó-Vandellós II, A.I.E. ("ANAV"), in light of the need to have 24-hour charging points in its parking areas, in compliance with Royal Decree-Law 29/2021, and to expand the charging infrastructure at its facilities, wishes to enter into a non-exclusive framework agreement with Endesa X Way, S.L., as charging infrastructure service provider, allowing ANAV to comply with the applicable regulations and, as the case may be, to expand its charging infrastructure.

Royal Decree-Law 29/2021, of 21 December, adopting urgent measures in the energy field to foster electromobility, self-consumption and the roll-out of renewable energies. Article 4 of the Royal Decree-Law specifies the "Minimum charging equipment to be installed in parking areas belonging to nonresidential-use buildings or existing parking areas not attached to buildings." The same article generally requires, *inter alia*, that by 1 January 2023, all private nonresidential-use buildings that have a parking area with between 20 and 1,000 parking spaces install one charging station for each 40 spaces or fraction thereof. When private nonresidential-use building has a parking area with more than 1,000 parking spaces, one additional charging station must be installed for each 100 parking spaces or fraction thereof above 1,000 spaces.

- The Endesa Group considers that it needs to offer electromobility solutions allowing it to meet demand and fulfill its customers' needs.

Endesa Energía, S.A.U., in order to meet the needs of those customers, including public administrations, who are demanding comprehensive mobility solutions, from the sale of electricity through the provision of electric charging services (mobility solutions), is interested in contracting, on a non-exclusive basis, Endesa X Way, S.L. as charging infrastructure service provider.

Endesa X Servicios, S.L, to maximize its market presence and enhance the performance of its business relating to collective public road transportation services using electric buses, wishes to enter into a framework agreement with Endesa X Way, S.L. for the turnkey provision of charging infrastructure on a non-exclusive basis.

b) Purpose and amount of the transaction.

The transaction consists of the contracts for the provision of electric charging solutions and the provision of services between Endesa X Way, S.L. (a subsidiary of the group headed by Enel, S.p.A.) and Endesa X Servicios, S.L., Endesa Energía, S.A.U., Endesa Medios y Sistemas, S.L. and Asociación Nuclear Ascó y Vandellós II, A.I.E., for a total amount of €38.95 million:

- a) Execution of a contract between Endesa Medios y Sistemas and Endesa X Way, S.L. for the acquisition, installation and maintenance of 346 electric vehicle charging points at Endesa's workplaces, for a maximum amount of €5.7 million, to be in force from 29 April 2023 until 29 April 2026.
- b) Execution of a contract between Endesa Medios y Sistemas and Endesa X Way, S.L. for the provision of a charging service at the public access points to Endesa electric vehicles, for maximum amount of €850,000, to be in force from 29 April 2023 until 29 April 2026.
- c) Execution of a non-exclusive framework agreement by which Endesa X Way, S.L. will offer to provide, as applicable, Asociación Nuclear Ascó-Vandellós II, A.I.E. with electric vehicle charging solutions, installation, furnishing of equipment, operation and use of the charging infrastructure, for a maximum amount of €1 million. The term of the agreement will run until 31 December 2025 or, as the case may be, until the date on which the amount of €1 million has, in the aggregate, been used.

The economic interest grouping Asociación Nuclear Ascó-Vandellós II, A.I.E. ("ANAV"), in light of the need to have 24-hour charging points in its parking areas, in compliance with Royal Decree-Law 29/2021, and to expand the charging infrastructure at its facilities, wishes to enter into a non-exclusive framework agreement with Endesa X Way, S.L., as charging infrastructure service provider, allowing ANAV to comply with the applicable regulations and, as the case may be, to expand its charging infrastructure.

- d) Execution of a non-exclusive framework agreement by which Endesa X Way, S.L. will offer to provide, as the case may be, Endesa Energy, S.A.U. with electric vehicle charging solutions, installation, furnishing of equipment, operation and maintenance services, for a maximum amount of €1 million. The term of the agreement will run until 30 April 2024 or, as applicable, until the date on which the amount of €1 million has, in the aggregate, been used.
- e) Execution of a non-exclusive framework agreement between Endesa X Way, S.L. and Endesa X Servicios, S.L., which in the context of the open tenders for public services in which Endesa X Servicios, S.L. may take part will regulate the procedure for calling for and submitting offers for providing Endesa X Servicios, S.L. with charging infrastructure for electric buses, installation, entry into operation and provision of maintenance on such charging infrastructure, for a maximum amount of €30.4 million, during the period from 29 April 2023 to 31 December 2025.

Procedure for calling for and submitting proposals:

Once a public tender in which ENDESA X SERVICIOS, S.L. decides to participate is been published, ENDESA X SERVICIOS shall request proposals from at least three suppliers, one of which will be ENDESA X WAY, S.L. All suppliers must meet the technical requirements set forth in the terms and conditions of the relevant tender documents. Suppliers must submit a separate offer for each item of the tender. In order for the offer from ENDESA X WAY, S.L. to be valid, ENDESA X SERVICIOS, S.L. must receive at least one additional offer, in order to compare it with the one received from ENDESA X WAY, S.L.

ENDESA X SERVICIOS, S.L. will provide the same information to all suppliers in order to ensure equal opportunities for all of them, and will apply an objective procedure to verify each bidder's compliance with the technical requirements. ENDESA X SERVICIOS, S.L. will request a quote on the different items included in the scope of the respective tender in order to allow ENDESA X WAY, S.L. and the other two suppliers to submit their itemized offers. They will not be required to submit a tender for each item.

ENDESA X SERVICIOS, S.L. will contract the supplier that submits the most advantageous tender in an item-by-item comparison, provided that it meets all of the technical requirements set out in the tender. In all cases, each award made by ENDESA X SERVICIOS, S.L. to ENDESA X WAY, S.L. will be submitted to an ex-post verification carried out by independent experts appointed by Endesa, and the results will be reported to the Audit and Compliance Committee.

In general, the scope of the services to be provided is: Turnkey solution services for designing and scaling the facilities, provision of charging equipment and other equipment and switchgear needed in to develop the infrastructure, management of project permits and processing of applications, execution of civil engineering work and electric installation and legalization and roll-out of the infrastructure; operation and maintenance service for the charging infrastructure; and provision of infrastructure management solutions.

III. IDENTIFICATION OF THE PARTY RELATED TO ENDESA

The company providing the service: Endesa X Way, S.L. is a company in which Endesa, S.A. holds 49% of the share capital and Enel X Way, S.L. holds 51%, and, therefore, it belongs to the Enel Group.

The companies receiving the service:

- ✓ Endesa Medios y Sistemas, S.L. is a company fully owned by Endesa, S.A. and therefore a subsidiary thereof, thus belonging to the Endesa Group.
- ✓ Endesa Energía, S.A.U. ("Endesa Energía") is a wholly owned subsidiary of Endesa whose corporate purpose is the marketing of all types of energy products. Its product catalog includes the marketing of charging solutions for electric vehicles, as well as the supplying of electricity. The company is part of the Endesa Group.
- ✓ Endesa X Servicios, S.L. ("ENDESA X SERVICIOS, S.L.") is a company fully owned by Endesa, S.A. and therefore a subsidiary thereof, thus belonging to the Endesa Group. Its purpose is to sell products and services relating to the energy transition that help private customers, companies and government agencies decarbonize, electrify and improve energy efficiency.

Enel SpA is the sole shareholder of Enel Iberia S.L, which is in turn a shareholder of Endesa S.A, with a 70.101% stake. Related-party transactions are those entered into by Endesa or its subsidiaries with shareholders of Endesa who hold 10% or more of the voting rights or who are represented on the Board of Directors, as well as with any other persons considered as parties related to Endesa, in accordance with International Accounting Standards. Therefore, all transactions entered into by Endesa or its subsidiaries and Enel or its subsidiaries (excluding the Endesa Group) shall be considered related-party transactions.

Enel and its subsidiaries (excluding the Endesa Group) and Endesa and its subsidiaries are considered "the same counterparty" for the purposes of determining the thresholds for related-party transaction publication. In other words, the same counterparty is considered both the related person, whether natural or legal, as well as any other entity under their control and, in the case of natural persons, their close relatives, as defined in IAS 24.

- ✓ Asociación Nuclear Ascó Vandellós II, A.I.E. ("ANAV") is an economic interest grouping in which Iberdrola Generación Nuclear, S.A.U. holds 14.59% of the share capital and Endesa Generación, S.A.U. holds 85.41%. The two companies jointly control ANAV in accordance with ANAV's articles of incorporation and, therefore, ANAV is a joint venture of Endesa Generación, S.A.U. in accordance with International Accounting Standard 31.

Consequently, in accordance with Article 529 vices of the Capital Corporations Law and section 9(b)(ii) of International Accounting Standard 24 by reference from the former, for Endesa, the execution of the contract is considered a related-party transaction, as it is a transaction between a joint venture of an Endesa subsidiary and a subsidiary of an Endesa shareholder that holds 10% or more of the voting rights or is represented on Endesa's Board of Directors, i.e. it is a transaction between a joint venture of the Endesa Group and a company of the Enel Group.

IV. ANALYSIS OF THE TRANSACTION FROM THE STANDPOINT OF THE INTEREST OF ENDESA AND OF SHAREHOLDERS OTHER THAN RELATED PARTIES

1. Operational, technical and commercial rationale.

A- With respect to the contracts between Endesa Medios y Sistemas and Endesa X Way, S.L.:

In 2020, the Endesa Group launched its Sustainable and Safe Mobility Plan in order to foster rational transportation use by: (i) promoting alternative initiatives to conventional transport, favoring more sustainable and safer transport, and (ii) promoting the use of electric transport by its employees.

The Endesa Group's commitment to sustainable electrification entails, *inter alia*, the need to accelerate electrification of its vehicle fleet. In furtherance of this objective, the Endesa Group needs to install electric charging infrastructure at its workplaces, and to have a charging service at public charging points.

Within the framework of its sustainable mobility strategy, Endesa has adopted a plan to electrify its fleet of operations and commercial vehicles and those assigned to its employees.

Endesa Medios y Sistemas wants to utilize the know-how of ENDESA X WAY, S.L., its market position and its purchasing power to obtain the best charging infrastructure services at the best price: charging equipment (chargers and switchgear), installation, operation and maintenance. In addition, Endesa Medios y Sistemas can leverage the background and experience of ENDESA X WAY, S.L. in all matters relating to the charging infrastructure.

With respect to the charging service at points of public access to Endesa electric vehicles, Endesa Medios y Sistemas would have the competitive advantage of having a complete charging solution throughout Spanish territory. In addition, ENDESA X WAY, S.L. has its own charging technology as well as its own renowned software for managing charging.

B- With respect to the contracts between ANAV and Endesa X Way, S.L.:

To face the various challenges entailed in decarbonizing the economy, and specifically the mobility sector, on 22 December 2021, Royal Decree-Law 29/2021 was approved. Article 4 of the Royal Decree-Law sets forth the "Minimum charging equipment to be installed in parking areas belonging to nonresidential-use buildings or existing parking areas not attached to buildings." The same article generally requires, *inter alia*, that by 1 January 2023, all private nonresidential-use buildings that have a parking area with between 20 and 1,000 parking spaces install one charging station for each 40 spaces or fraction thereof. Private nonresidential-use buildings that have a parking area with more than 1,000 parking spaces must have one charging station for each 100 parking spaces or fraction thereof above 1,000 spaces.

Consequently, ANAV considers it necessary for its parking areas to have 24 charging points, in order to comply with the requirements of Royal Decree-Law 29/2021.

In addition, and in light of the expectation that in the medium term the internal combustion vehicles of ANAV's employees will be replaced with electromobility solutions, ANAV sees a need to enter into a framework agreement setting forth the terms and conditions under which ENDESA X WAY, S. L. will offer to provide charging solutions for electric vehicles, including the entire process of installation, furnishing of equipment, operation and use of charging infrastructure (granting of an infrastructure management software use license and provision of maintenance services) in order to meet ANAV's potential needs.

Hence, this transaction has a twofold purpose: (i) complying with Royal Decree-Law 29/2021, and (ii) meeting the potential needs of ANAV's employees in light of the expected transformation of its vehicle fleets, by having the best services at a market price.

Hence, by entering into the Contract, if applicable, ANAV intends to utilize the know-how of ENDESA X WAY, S.L., its market position and its purchasing power to obtain the best charging infrastructure services at the best price, including charging equipment (chargers and switchgear), installation, operation and maintenance. In addition, ANAV could leverage the background and experience of ENDESA X WAY, S.L. in all matters relating to the charging infrastructure.

The Contract would give ANAV the advantage and the added value of having a supplier able to comprehensively meet all of its needs, i.e., from installation to operation and maintenance of the infrastructure, including the granting of an infrastructure management software use license. ANAV thus ensures that its needs are met with a single supplier.

C- With respect to the contracts between Endesa Energía and Endesa X Way, S.L.:

Within the general context of the energy transition, Endesa Energía expects to expand its commercial offering by increasing the number of its charging points and its electricity customers — both private customers and public administrations — in order to electrify its customer base.

To offer its customers charging solutions for electric vehicles, Endesa Energía takes part, as applicable, in the respective public or private tenders, and thus acquires the necessary products and services from different suppliers in order to resell them to its customers.

Given the current transformation of the energy sector, especially the transport sector, with the adoption of cleaner and more sustainable energy sources, Endesa Energía is transitioning toward a business model characterized by packetizing charging infrastructure (including the provision of the infrastructure maintenance service) along with the electric power for charging

its customers' electric vehicles. In this context, and to meet customer demand, it is considered necessary that Endesa Energía have a one-stop provider of charging points.

The Contract would give Endesa Energía the advantage and the added value of having a supplier able to comprehensively meet potential demand from its customers, complying, as applicable, with the requirements set forth in the respective tender documents, i.e., from the turnkey installation of the charging infrastructure to operation and maintenance of that infrastructure, including the granting of an infrastructure management software use license. Endesa Energía thus ensures that its needs are met with a single supplier.

ENDESA X WAY, S.L. has strong know-how, a good market position and strong purchasing power, allowing it to offer a complete service in line with the needs of Endesa Energía and its customers, at a price — for the charging equipment, installation and operation and maintenance — that could prove more competitive than that offered by other suppliers outside of the Enel Group. Nonetheless, it is important to take into account that the Contract will be signed, as the case may be, on a non-exclusive basis; consequently, Endesa Energía may request offers from other suppliers and select the proposal it deems most competitive.

D- With respect to the contracts between Endesa X Servicios and Endesa X Way, S.L.:

Within the overall context of the energy transition and especially that of the electromobility business for the public sector, ENDESA X SERVICIOS, S.L. has set an objective of installing a large number of chargers for this sector by 2025.

The services offered by Endesa X Servicios relating to collective public road transportation using electric buses are normally provided for public sector customers or customers with public sector concessions, and are therefore awarded through public tenders, which are normally governed by the General Law on Public Contracting.

Participants in these tenders are required to meet all of the technical specifications set out in the tender documents, as well as the conditions and guarantees required therein, and the final price for the services is normally the determining factor for the award. Endesa X Servicios is thus considering entering into an agreement with Endesa X Way for the provision of the services required in the tender, in order for it to benefit from Endesa Energía Way's expertise, although on a non-exclusive basis.

The specific conditions of each project (technical and economic scope, offer, deadlines, obligations of the parties, etc.) will be agreed for each specific project based on the requirements of the end customer (public transport operator) in the tender documents.

The Contract aims to utilize the know-how of ENDESA X WAY, S.L., its market position and its purchasing power to obtain the best charging infrastructure services at the best price: charging equipment (chargers and switchgear), installation, operation and maintenance. ENDESA X SERVICIOS, S.L. can also leverage ENDESA X WAY, S.L.'s background and experience in all matters relating to the charging infrastructure that it has been developing for electromobility. The Contract would give ENDESA X SERVICIOS, S.L. the competitive advantage of having a one-stop supplier, with a presence throughout Spanish territory, capable of offering a complete charging solution. In addition, ENDESA X WAY, S.L. has its own charging technology as well as its own renowned software for managing charging.

ENDESA X WAY, S.L. has strong know-how, a good market position and strong purchasing power, allowing it to offer comprehensive coverage in line with the needs of ENDESA X

SERVICIOS, S. L. at a price — for the charging equipment, installation and operation and maintenance — that could prove more competitive than that offered by other suppliers outside of the Enel Group. ENDESA X WAY, S.L.'s capacity to offer comprehensive coverage provides a number of important options allowing ENDESA X SERVICIOS, S.L. to accept, item by item, the options offering the best value for money.

ENDESA X SERVICIOS, S.L. has sufficient experience in public tenders, and the Related-Party Transaction gives it access to ENDESA X SERVICIOS WAY, S.L.'s experience in order to offer a service that will meet the technical requirements of and guarantees required by ENDESA X SERVICIOS, S.L.'s customers.

In general, and with respect to positioning and strategy: Entering into these contracts for the provision of this type of services with an Enel Group company such as ENDESA WAY, S.L. gives the Endesa Group companies a competitive offering in terms of technical specifications, conditions, guarantees and price for the services in line with their technical needs.

2. Economic reasonableness. Methods used

Economic rationale

- In general, for all the transactions, ENDESA X WAY, S.L. has strong know-how, a good market position and strong purchasing power, allowing it to offer a complete service in line with the needs of the companies of the Endesa Group covered by this Report, at a price — for the charging equipment, installation, operation and maintenance, and electricity supply — that could prove more competitive than that offered by other suppliers outside of the Enel Group.

ENDESA X WAY, S.L. has provided a list of unit prices for the entire catalog of the turnkey charging-infrastructure and power-supply products and services that offer better value for money than those proposed by third parties.

- Specifically, in its contract with ENDESA X WAY, S.L., ENDESA X SERVICIOS, S.L. would not only ensure but also enhance its level of market competitiveness by reserving the right to choose between items offered by ENDESA X WAY, S. L. and those offered by other suppliers in the various tenders. This means that in the tenders it will always be able to offer the most economic prices available to it (whether those offered by third parties or those offered by ENDESA X WAY, S.L.).

Methods used

The application of the at arm's length principle is generally based on the comparison of the terms and conditions for a related-party transaction with the terms and conditions for transactions between independent companies. For these comparisons to be useful, the relevant economic characteristics of the situations being compared should be sufficiently comparable.

Paragraph 1.33 of the OECD Guidelines states that "Application of the arm's length principle is based on a comparison of the conditions in a controlled transaction with the conditions that would have been made had the parties been independent and undertaking a comparable transaction under comparable circumstances. There are two key aspects in such an analysis:

the first aspect is to identify the commercial or financial relations between the associated enterprises and the conditions and economically relevant circumstances attaching to those relations in order that the controlled transaction is accurately delineated; the second aspect is to compare the conditions and the economically relevant circumstances of the controlled transaction as accurately delineated with the conditions and the economically relevant circumstances of comparable transactions between independent enterprises.”

First, the OECD Guidelines establish that, in order for an intra-group provision of services to comply with the arm's length principle, it is necessary to determine whether the activities carried out by the provider generate a benefit to the recipient (benefit test), so that an independent third party would have been willing to carry out the activities covered by the services or to engage with another entity for such purposes.

In all of the proposed related-party transactions the companies receiving the service (Endesa Medios y Sistemas, ANAV, Endesa Energía and ENDESA X SERVICIOS, S.L.) are provided a return. Therefore, this is consistent with the OECD Guidelines and the requirements of Article 18.5 of the Spanish Corporate Income Tax (“LIS”) for the deductibility of expenses on intra-group services.

To verify that the Related-Party Transaction is in line with the principle of free competition, firstly, the possibility of applying the Comparable Uncontrolled Price (“CUP”) method was considered. In accordance with paragraph 2.14 *et seq.* of the OECD Guidelines, “the CUP method compares the price charged for property or services transferred in a controlled transaction to the price charged for property or services transferred in a comparable uncontrolled transaction in comparable circumstances.” Likewise, paragraph 2.15 provides that, where it is possible to locate comparable uncontrolled transactions, the CUP method is preferable. In accordance with the above, the CUP is accepted as the most appropriate method to analyze the transfer pricing policy applied in the related-party transactions herein.

In this case, given that there is information available on the price agreed between independent third parties, it is possible to conclude that the assumptions needed to apply the CUP method in order to determine the market value of the related party transactions are met:

1. Endesa Medios y Sistemas – Endesa X Way agreement, “turnkey” contract between Endesa Medios y Sistemas and Endesa X Way, for the acquisition, installation and maintenance of 346 charging points and a charging service at the public access points:
 - 1.1. For the “turnkey” contract between Endesa Medios y Sistemas and Endesa X Way, the price offered by ENDESA X WAY, S.L. is not higher than that offered by independent entities under comparable conditions, and the price offered for the provision of charging infrastructure operation and maintenance services is the same as that offered to other customers outside of the Enel Group.
 - 1.2. The price offered by ENDESA'S WAY, S.L. for the provision of electric vehicle charging services at public access points is within the range of prices offered by independent entities under comparable conditions. Therefore, it is concluded that the price is reasonable from the standpoint of the arm's length principle.
2. Asociación Nuclear Ascó-Vandellòs II, A.I.E. – Endesa X Way agreement, “turnkey” contract between Asociación Nuclear Ascó-Vandellòs II, A.I.E. (ANAV) and Endesa X Way, for the acquisition, installation and maintenance of 24 charging points:

The price offered by ENDESA X WAY, S.L. for the provision of “turnkey solution” services is not higher than that offered by independent entities under comparable conditions, and for the provision of charging infrastructure operation and maintenance services to ANAV, it is the same price as that offered to other customers outside of the Enel Group.

3. Endesa Energía – Endesa X Way framework agreement for the acquisition, installation and maintenance of electric vehicle charging solutions:

The price offered by ENDESA X WAY, S.L. for the provision of “turnkey solution” services is not higher than that offered by independent entities under comparable conditions, and the price offered by ENDESA X WAY, S.L. for the provision of charging infrastructure operation and maintenance services to Endesa Energía is the same as that offered to other customers outside of the Enel Group.

4. Endesa X Servicios – Endesa X Way framework agreement establishing the conditions for charging solutions for electric buses:

For this related party transaction, there are certain requirements for applying the CUP method given that, at the date of this report, it has not been possible to identify comparable uncontrolled transactions (“CUTs”) between independent third parties because there are currently no open tenders in which ENDESA X SERVICIOS, S.L. might participate:

- ✓ The price established in the Related-Party Transaction is agreed on in accordance with a specific procedure, in which offers are requested both from ENDESA X WAY, S.L. and from at least two independent suppliers, in compliance with the technical requirements set out in the tender documents or the specifications of the respective tenders. Subsequently, once it has been determined which suppliers meet the technical requirements, these suppliers must specify the price at which they offer each item. ENDESA X SERVICIOS, S.L.'s internal procedure will be to select, assuming equal or similar technical solutions, the provider that offers the lowest cost for each specific item.
- ✓ Therefore, an ex-post validation exercise will be carried out to confirm that the procedure specified for contracting with ENDESA X WAY, S.L. has been fulfilled. This ex-post validation exercise is carried out in order to validate the terms ultimately applied to the transactions and confirm that the pricing methodology was properly followed. This ex-post review mechanism is set out in paragraph 3.71 of the OECD Guidelines and is, therefore, consistent with what independent third parties would have agreed under free competition.

3. Legal rationale

In view of these legal and commercial terms and conditions, it can be concluded that the Related-Party Transaction has been reasonably articulated around contractual terms and conditions that could have been agreed by independent parties and that, if these were to be agreed between related parties, they would not create unjustified or disproportionate benefits for ENDESA X WAY, S.L. to the detriment of Endesa Medios y Sistemas, ANAV, Endesa Energía and Endesa X Soluciones and ultimately, Endesa.

V. INDEPENDENT EXPERT REPORTS ISSUED AT THE REQUEST OF THE AUDIT AND COMPLIANCE COMMITTEE

In its analysis of the transaction, the Audit and Compliance Committee took the following reports into account:

- The Report prepared by PricewaterhouseCoopers Tax and Legal S.L. and PricewaterhouseCoopers Asesores de Negocios, S.L. (hereinafter "PwC") on the fairness and reasonableness of the related-party transactions described herein. PwC issued its Report in its capacity as an independent expert. On the date the report was issued, PwC did not maintain any sort of commercial relationship with the Enel Group or with the Endesa Group that could compromise its capacity as an independent expert for the purposes of issuing its Report or that could give rise to a conflict of interest in conducting the analysis and drawing up the conclusions therein.

As a result of the review of this Related-Party Transaction, PwC, among others, concludes that:

- Under the Contracts, the Endesa Group companies referred to in this Report will have, as the case may be, the competitive advantage of having a complete vehicle charging solution throughout Spanish territory.
- The provision of this service by an Enel Group company such as ENDESA X WAY, S.L. allows the Endesa companies to (i) have a competitive offering, (ii) meet the needs of Endesa Medios y Sistemas and ANAV for the required charging points in their parking areas, (iii) meet Endesa Energía's requirement for services fully adapted to its needs and, therefore, to those of its potential customers, (iv) ensure the availability of an offering by a given deadline and of a given scope, (v) increase its likelihood of success in the tenders in which ENDESA X SERVICIOS, S.L. participates.
- The risks identified as arising from the fact that the services which are the subject of the Related-Party Transaction are provided by an Enel Group company are the same as those that would be identified in the event that the service provider was a third party external to the Enel Group.
- According to the requirements set forth in the OECD Guidelines and Article 18.5 LIS, the proposed services provide the Endesa Group companies covered by this Report with a return or profit.

- Lastly, in view of the legal and commercial terms and conditions under which the Related-Party Transaction is expected to be executed, it can be concluded that the Related-Party Transaction has been reasonably articulated around contractual terms and conditions that could have been agreed by independent parties and that, if these were to be agreed between related parties, they would not create unjustified or disproportionate benefits for ENDESA X WAY, S.L. to the detriment of the Endesa subsidiary company Endesa Medios y Sistemas and ultimately, Endesa.

It is therefore concluded that the contracting decision being the subject of the related-party transaction is fair and reasonable from the standpoint of Endesa and, in particular, its shareholders other than the related party, i.e. other than the Enel Group.

VI. CONCLUSION OF THE AUDIT AND COMPLIANCE COMMITTEE

First, it should be noted that the Audit and Compliance Committee is made up of five non-executive members of the Board of Directors, four of whom (80%) are independent. Furthermore, the Committee has a Shareholder-Appointed Director representing the controlling shareholder Enel, who holds 70.10% of the share capital of Endesa.

In accordance with Article 529 duovicies, paragraph 3, of the Capital Corporations Law, the director Alberto de Paoli, who is a shareholder-appointed director and representative of Enel, was not involved in the preparation of this Report.

The rest of the members of the Audit and Compliance Committee took part in the preparation and agreed on the contents of this Report.

Based on the background information discussed above, the Audit and Compliance Committee hereby concludes that:

- In general, and with respect to positioning and strategy: Entering into these contracts for the provision of this type of services with an Enel Group company such as ENDESA WAY, S.L. gives the Endesa Group companies a competitive offering in terms of technical specifications, conditions, guarantees and price for the services in line with their technical needs.
- ENDESA X WAY, S.L. has strong know-how, a good market position and strong purchasing power, allowing it to offer a complete service in line with the needs of the Endesa Group companies, at a price — for the charging equipment installation, operation and maintenance, and electricity supply — that could prove more competitive than that offered by other suppliers outside of the Enel Group.
- In all of the proposed related-party transactions, the companies receiving the service (Endesa Medios y Sistemas, ANAV, Endesa Energía and ENDESA X SERVICIOS, S.L.) are provided a return. Therefore, this is consistent with the OECD Guidelines and the requirements of Article 18.5 LIS for the deductibility of expenses on intra-group services.
- The transactions' legal and commercial terms are reasonably articulated around contractual terms and conditions that could have been agreed by independent parties.

The Audit and Compliance Committee concludes that the related-party transactions analyzed in this Report are fair and reasonable from the standpoint of Endesa and of the shareholders other than the related party.

VII. CONCLUSION OF THE BOARD OF DIRECTORS

The Board of Directors of Endesa, following a favorable report from the Audit and Compliance Committee, unanimously proposes the transaction to the General Shareholders' Meeting for approval.



REPORT OF THE AUDIT AND COMPLIANCE COMMITTEE ON THE FAIRNESS AND REASONABLENESS OF THE EXTENSION OF THE LOGISTICS SERVICES PROVIDED BY ENDESA GENERACIÓN, S.A.U. TO ENEL PRODUZIONE, S.P.A IN THE PORTS OF CARBONERAS AND FERROL

REPORT OF THE AUDIT AND COMPLIANCE COMMITTEE ON THE FAIRNESS AND REASONABLENESS OF THE EXTENSION OF THE LOGISTICS SERVICES PROVIDED BY ENDESA GENERACIÓN, S.A.U. TO ENEL PRODUZIONE, S.P.A IN THE PORTS OF CARBONERAS AND FERROL

I. INTRODUCTION AND REGULATORY FRAMEWORK

In accordance with the provisions of paragraph 3 of article 529 duovicies of the amended and restated Spanish Capital Corporations Law, as approved by Royal Legislative Decree 1/2010, of 2 July, Endesa's Audit and Compliance Committee hereby issues this Report to assess whether the transaction is fair and reasonable from the standpoint of the company and, where appropriate, shareholders other than the related party, and indicate the assumptions on which the assessment is based and the methods used.

In accordance with Article 529 unvicies, paragraph 3, the Report issued and, as the case may be, published by Endesa's Audit and Compliance Committee, must at least include the following information:

- (a) information on the nature of the transaction and the relationship with the related party;
- (b) the identity of the related party;
- (c) the date and the value or amount of the consideration for the transaction; and
- (d) any other information required to assess whether this is fair and reasonable from the standpoint of the company and of shareholders who are not related parties.

Furthermore, Endesa has developed its own internal regulatory framework in this area, which includes, inter alia, a Related-Party Transaction Regulations approved by the Board of Directors, as well as a Related-Party Transaction Operating Procedure approved by the Audit and Compliance Committee, implementing the guidelines set forth in the Regulations and defining the proceedings, functions and responsibilities relating to the general rules on requests for and the approval, publication and monitoring of related-party transactions. These regulations have been applied in this case.

II. OVERVIEW OF THE GENERAL TRANSACTION

a) Background for the transaction

Endesa holds the concession for the port terminals of Ferrol and Carboneras until 2035 and 2037, respectively. To date, these terminals were mainly used to serve Endesa's coal-fired power plants located in mainland Spain. Because of the closure of Endesa's mainland coal plants, new traffic is being sought for these terminals, which will enable them to remain economically viable.

On 22 June 2022, the Board of Directors authorized the execution of the contract for logistics services to be provided by Endesa Generación to Enel Produzione at the ports of Ferrol and Carboneras, entered into by the parties on 1 July 2022, the term of which will end on 30 June 2023 (the "Contract"), the extension of which for an additional period of one year (from 1 July 2023 to 30 June 2024) is the subject matter of this report.

In light of the situation relating to the international conflict in Ukraine, and specifically the energy markets, Enel Produzione, S.p.A. is increasing its output of electricity from coal-fired plants in Italy.

Consequently, it is interested in extending the term of the contract by one year, which is also in line with Endesa's interest.

b) Purpose of the transaction

The purpose of the transaction is for Endesa Generación, S.A.U. to continue providing logistics services to Enel Produzione, S.p.A., at the Carboneras and Ferrol terminals, from 1 July 2023 to 30 June 2024.

This contract renewal will involve Endesa Generación undertaking the following activities:

- Unloading solid fuels, with cranes and own or third-party conveyor systems and/or trucks, to the storage area, including the cleaning of holds;
- Handling the storage of discharged solid fuels, including ancillary services necessary to maintain solid fuels in the storage area;
- Loading solid fuels onto ships, using a conveyor belt system, loader or own or third-party cranes, including ancillary services for transferring coal from the storage area to the loading area;
- Shipping agency services, if requested by Enel Produzione, S.p.A.;
- Customs clearance service by a duly authorized customs agency, if requested by Enel Produzione, S.p.A.;
- Inspection services, if requested by Enel Produzione, S.p.A.;
- Suitable measures against environmental pollution in accordance with current legislation.

The Contract calls for loading and unloading a maximum of 150,000 tons at the two terminals, distributed over time during the term of the contract.

c) Transaction amount

The contract extension subject to this report has an estimated maximum value of €3.52 million.

In the contract extension agreement, Endesa Generación and EP have agreed on the maximum coal storage volumes for the operations to be undertaken, and these volumes may be increased at the request of PE and with approval by Endesa Generación at its sole discretion. The maximum value for the contract includes the provision of customs clearance and inspection services.

In the contract extension agreement, unit rates originally agreed by Endesa Generación and EP for the provision of the services described below, based on a number of categories, would be adjusted in accordance with the CPI:

- Fees for unloading a coal cargo from the ship to the storage area, including ancillary services necessary to complete the unloading service, i.e. cleaning of holds.
- Fees for the storage and handling of coal in the storage area, including ancillary services necessary to keep the coal in good condition. These fees includes 30 days of storage at no additional cost.
- Fees for re-loading a coal cargo from the storage area to the ship, including ancillary services necessary to complete the loading service, i.e. the means for moving the coal from the storage area to the loading position, etc.

Endesa Generación will also re-invoice the costs of agency services, customs clearance, inspections, etc. provided by third parties if such services were requested by EP.

Each party shall be responsible for the fees and taxes legally applicable thereto and will be liable for any damages, expenses or indemnities incurred by the other party or third parties due to breach of contract or negligence.

III. IDENTIFICATION OF THE PARTY RELATED TO ENDESA

One party is **Endesa Generation, S.A.U. ("Endesa Generation")**, a company fully owned by Endesa, S.A., and therefore a subsidiary thereof.

The other party is **Enel Produzione S.p.A. ("EP")**, a company fully owned by Enel Italia S.p.A., which in turn is wholly owned by Enel, S.p.A. and therefore a subsidiary thereof.

Enel SpA is the sole shareholder of Enel Iberia S.L, which is in turn a shareholder of Endesa S.A, with a 70.101% stake. Related-party transactions are those entered into by Endesa or its subsidiaries with shareholders of Endesa who hold 10% or more of the voting rights or who are represented on the Board of Directors, as well as with any other persons considered as parties related to Endesa, in accordance with International Accounting Standards. Therefore, all transactions entered into by Endesa or its subsidiaries and Enel or its subsidiaries (excluding the Endesa Group) shall be considered related-party transactions.

Enel and its subsidiaries (excluding the Endesa Group) and Endesa and its subsidiaries are considered "the same counterparty" for the purposes of determining the thresholds for related-party transaction publication. In other words, the same counterparty is considered both the related person, whether natural or legal, as well as any other entity under their control and, in the case of natural persons, their close relatives, as defined in IAS 24.

IV. ANALYSIS OF THE TRANSACTION FROM THE STANDPOINT OF THE INTEREST OF ENDESA AND OF SHAREHOLDERS OTHER THAN RELATED PARTIES

1. Strategic, technical and commercial rationale of the transaction

Endesa has established specific targets for reducing greenhouse gas emissions within the general context of energy transition. In this regard, its latest Strategic Plan (2023-2025) includes a plan with more ambitious objectives to achieve carbon neutrality by 2040. This involves accelerating the closure and decommissioning of the Company's thermal generation facilities. Specifically, the termination of all coal-based production by 2027 has been set as an intermediate milestone. To support this process and undertake it as efficiently as possible, Endesa Generación is taking a number of initiatives to highlight the importance of and give a second life to the significant residual infrastructures associated with this type of facilities, among them the port terminals of Ferrol and Carboneras. These infrastructures have historically provided logistics services associated with the handling of the coal required to fuel the company's thermal plants in mainland Spain. These infrastructures can be used to load, unload and store coal that is transported on ships.

In line with the above-mentioned strategy, Endesa Generación is in the process of undertaking a physical and administrative transformation of both terminals in order to adapt to new traffic and different types of bulk cargo once the activity at the coal-fired power plants has been terminated. Endesa Generación is currently developing an active commercial activity to pursue the execution of contracts for the provision of this type of service. The contract extension under analysis falls within this transition process.

The Related-Party Transaction is consistent with potential operations with third parties and the TP in Alcudia (if coming into operation is needed), since there is sufficient excess capacity to meet other possible demands. Other types of operations may also be compatible.

Furthermore, the facilities, capacity and experience of both terminals enable Endesa Generación to offer this service without making any further investments and with costs adjusted to market rates, and the execution of the Contract will enable Endesa Generación to recover part of the fixed costs for the terminal.

Based on the above, it is reasonable for Endesa Generación to make the logistics services offered at its terminals in Ferrol and Carboneras available to third parties, as it will enable more efficient progress to be made in the process of converting these infrastructures by covering all or part of the associated costs.

2. Legal reasonableness of the transaction

The contract extension analyzed herein maintains the same obligations for both parties as the Contract. An independent expert's assessment of the transaction determined that terms and conditions of the extension were precise, clear and reasonable, given that the extension establishes a detailed distribution of risks between the parties with regard to the nature of the services to be provided, the product to be handled (coal) and the means of transport to be used (bulk carriers), and the extension is comprehensive and in accordance with the usual practice for the provision of services of this nature between independent parties. The contract extension also maintains the clauses governing general aspects such as force majeure, expenses and taxes, damages, applicable law and jurisdiction drafted on an arm's length basis, in accordance with the purpose of the Contract. In this regard, the clause governing conflict of interest deserves special mention as it enables Endesa Generación to terminate the Contract if certain particularly noteworthy situations of conflict of interest were to arise.

The only change set out in the contract extension relates to the change in rates, which, as noted in section II. C), have increased in line with the change in the CPI.

For all this, given the legal and commercial terms and conditions under which the Related-Party Transaction is expected to be executed, it can be concluded that it has been reasonably articulated around contractual terms and conditions that could have been agreed by independent parties.

3. Economic reasonableness of the transaction

The application of the at arm's length principle is generally based on the comparison of the terms and conditions for a related-party transaction with the terms and conditions for transactions between independent companies. For these comparisons to be useful, the relevant economic characteristics of the situations being compared should be sufficiently comparable.

Paragraph 1.33 of the OECD Guidelines states that "Application of the arm's length principle is based on a comparison of the conditions in a controlled transaction with the conditions that would have been made had the parties been independent and undertaking a comparable transaction under comparable circumstances. There are two key aspects in such an analysis: the first aspect is to identify the commercial or financial relations between the associated enterprises and the conditions and economically relevant circumstances attaching to those relations in order that the controlled transaction is accurately delineated; the second aspect is to compare the conditions and the economically relevant circumstances of the controlled transaction as accurately delineated with the conditions and the economically relevant circumstances of comparable transactions between independent enterprises"

To verify that the Related-Party Transaction is in line with the principle of free competition, firstly, the possibility of applying the Comparable Uncontrolled Price ("CUP") method was considered. In accordance with paragraph 2.14 *et seq.* of the OECD Guidelines, "the CUP method compares the

price charged for property or services transferred in a controlled transaction to the price charged for property or services transferred in a comparable uncontrolled transaction in comparable circumstances." Likewise, paragraph 2.15 provides that, where it is possible to locate comparable uncontrolled transactions, the CUP method is preferable. In accordance with the above, the CUP is accepted as the most appropriate method to analyze the transfer pricing policy applied in the related-party transactions herein.

In this case, given that there is information available on the price agreed between independent third parties, it is possible to conclude that the assumptions needed to apply the CUP method in order to determine the market value of the related party transactions are met.

In addition, to determine the rates, Endesa Generación takes into account all direct and direct costs incurred in providing logistic and storage services, including any ancillary services required.

A comparison of price proposed by Endesa Generación with several similar bids on the market shows that the rates offered by Endesa Generación to EP are market rates.

Should EP so request, Endesa Generación will carry out agency services, customs clearance services or inspections through one or more authorized companies selected by Endesa Generación. In this case, Endesa Generación will re-invoice these costs to EP without a markup, with Endesa Generación acting as an intermediary, for which reason the re-invoiced amount will be considered market value.

In any case, the agreed rates mean that Endesa is able to forecast a positive operating margin of more than half a million euros.

As a result of the above, this pricing method conforms to Spanish tax legislation on transfer prices and to OECD guidelines, as the prices of this transaction reflect what independent parties would have agreed under similar circumstances.

V. INDEPENDENT EXPERT REPORTS ISSUED AT THE REQUEST OF THE AUDIT AND COMPLIANCE COMMITTEE

After analyzing the transaction, the Audit and Compliance Committee has taken into account the Report of PricewaterhouseCoopers Tax and Legal S.L. and PricewaterhouseCoopers Asesores de Negocios, S.L. (hereinafter, "PwC") on the fairness and reasonableness of the approval of the contract analyzed herein.

PwC issued its Report in its capacity as an independent expert. On the date the report was issued, PwC did not maintain any sort of commercial relationship with the Enel Group or with the Endesa Group that could compromise its capacity as an independent expert for the purposes of issuing its Report or that could give rise to a conflict of interest in conducting the analysis and drawing up the conclusions therein.

In the Report issued to Endesa's Audit and Compliance Committee, it can be concluded that the approval of the extension of the provision of logistics services at the Carboneras and Ferrol terminals between Endesa Generación and Enel Produzione described in this document is fair and reasonable from the standpoint of Endesa and shareholders who are not related parties.

VI. CONCLUSION OF THE AUDIT AND COMPLIANCE COMMITTEE

First, it should be noted that the Audit and Compliance Committee is made up of five non-executive members of the Board of Directors, four of whom (80%) are independent. Furthermore, the Committee has a Shareholder-Appointed Director representing the controlling shareholder Enel, who holds 70.10% of the share capital of Endesa. In accordance with Article 529 duovicies, paragraph 3, of the Capital Corporations Law, the director Alberto de Paoli, who is a shareholder-appointed director and representative of Enel, was not involved in the preparation of this Report.

The rest of the members of the Audit and Compliance Committee took part in the preparation and agreed on the contents of this Report.

Based on the background information discussed above, the Audit and Compliance Committee hereby concludes that:

- It is reasonable for Endesa Generación to make the logistics services offered at its terminals in Ferrol and Carboneras available to third parties, as it will enable more efficient progress to be made in the process of converting these infrastructures by covering all or part of the associated costs.
- The conditions under which service provision to Enel would be extended are reasonable and are reasonably priced, so this will enable progress to be made in the transformation towards new traffic while leaving sufficient surplus capacity to meet possible new demands from Endesa Generación itself or third parties, so the associated opportunity cost is not significant.
- The agreed price was compared with offers from qualified operators for comparable transactions. The pricing method applied conforms to Spanish tax legislation on transfer prices and to OECD guidelines, as the prices of these transactions reflect what independent parties would have agreed under similar circumstances.
- The terms and conditions of the contract are the usual terms in transactions of this type between completely independent parties.

The Audit and Compliance Committee concludes that the approval of the contract for the logistics services provided by Endesa Generación, S.A.U. to Enel Produzione, S.p.A. in the ports of Carboneras and Ferrol is fair and reasonable from the point of view of Endesa and shareholders other than the related party.

VII. CONCLUSION OF THE BOARD OF DIRECTORS

The Board of Directors of Endesa, following a favorable report from the Audit and Compliance Committee, unanimously proposes the transaction to the Annual General Shareholders' Meeting for approval.



**REPORT OF THE AUDIT AND COMPLIANCE COMMITTEE ON THE FAIRNESS AND
REASONABLENESS OF THE RELATED-PARTY TRANSACTION CONSISTING OF THE
PURCHASE OF LIQUEFIED NATURAL GAS (LNG) BETWEEN ENDESA ENERGÍA, S.A.U.
AND ENEL GLOBAL TRADING S.P.A.**

REPORT OF THE AUDIT AND COMPLIANCE COMMITTEE ON THE FAIRNESS AND REASONABLENESS OF THE RELATED-PARTY TRANSACTION CONSISTING OF THE PURCHASE OF LIQUEFIED NATURAL GAS (LNG) BETWEEN ENDESA ENERGÍA, S.A.U. AND ENEL GLOBAL TRADING S.P.A.

I. INTRODUCTION AND REGULATORY FRAMEWORK

In accordance with the provisions of paragraph 3 of article 529 duovicies of the amended and restated Spanish Capital Corporations Law, as approved by Royal Legislative Decree 1/2010, of 2 July, Endesa's Audit and Compliance Committee hereby , issues this Report to assess whether the transaction is fair and reasonable from the standpoint of the company and, where appropriate, shareholders other than the related party, and indicate the assumptions on which the assessment is based and the methods used.

In accordance with Article 529 unvicies, paragraph 3, the Report issued and, as the case may be, published by Endesa's Audit and Compliance Committee, must at least include the following information:

- (a) information on the nature of the transaction and the relationship with the related party;
- (b) the identity of the related party;
- (c) the date and the value or amount of the consideration for the transaction; and
- (d) any other information required to assess whether this is fair and reasonable from the standpoint of the company and of shareholders who are not related parties.

Furthermore, Endesa has developed its own internal regulatory framework in this area, which includes, inter alia, a Related-Party Transaction Regulations approved by the Board of Directors, as well as a Related-Party Transaction Operating Procedure approved by the Audit and Compliance Committee, implementing the guidelines set forth in the Regulations and defining the proceedings, functions and responsibilities relating to the general rules on requests for and the approval, publication and monitoring of related-party transactions. These regulations have been applied in this case.

II. OVERVIEW OF THE GENERAL TRANSACTION

a) Background

On 1 August 2018, Enel Global Trading, S.p.A. and Endesa Energía, S.A.U. entered into an LNG Spot Sale and Purchase Framework Agreement, which remains in effect as of the date of this Report and sets out the terms and conditions whereby both companies may buy and sell LNG from each other (the "Framework Agreement"). Under the Framework Agreement, Endesa Energía, S.A.U. and Enel Global Trading, S.p.A. may arrange to purchase and sell LNG (on DES, FOB or DAP terms) by entering into a "Confirmation" under the terms of the Framework Agreement.

A further agreement (the "Joint Management Agreement") also remains in effect as of the date of this Report, entered into by Enel Global Trading, S.p.A. and Endesa Energía, S.A.U. (as approved by the Board of Directors of Endesa, S.A. at its meeting held on 23 July 2018 for the period running from 1 January 2019 to 1 July 2020, which may be extended for successive annual terms; and with a fourth extension having likewise been approved by the Board of Directors of Endesa, S.A., running for a further year from 1 January 2023 to 31 December 2023). This further agreement governs the joint management of chartering and supply contracts for LNG sourced from the United States and all related maritime transportation, and

contains a model regulating the operation and allocation of carriers and LNG contracts for those companies, as well as objective rules and procedures that may be subsequently verified by independent experts.

The gas market in Spain is heavily reliant on foreign markets and virtually all gas demand must be imported, due to the scarce local availability of natural gas. Given the exceptional situation and prevailing volatility in the gas market due, among other factors, to the Russia-Ukraine conflict, the Endesa Group has considered it desirable to make Endesa Energía, S.A.U. more flexible in this regard and to unlock further operational synergies between Endesa Energía, S.A.U. and Enel Global Trading S.p.A., without being subject to the operational restraints and conditions imposed by the Joint Management Agreement (including the requirement that the LNG be sourced from the United States). To this end, it is proposed to engage in the purchase and sale of LNG, regardless of the origin of such gas, where such transactions are of economic interest to Endesa Energía, S.A.U., thus giving Endesa Energía, S.A.U. more flexibility in securing the supply of gas. This arrangement is subject to a maximum volume of 4.5 TWh/year throughout 2023, on top of any gas arranged under the Joint Management Agreement entered into between Endesa Energía, S.A.U. and Enel Global Trading, S.p.A.

Specifically, the option of conducting intra-group transactions avoids having to go to the market, with the resulting cost savings and reduction of counterparty risk, increasing security of supply in times of need and improving margins.

b) Purpose of the transaction

In view of the foregoing, this analysis covers all purchases or sales of LNG, regardless of its origin, as arranged between Endesa Energía and Enel Global Trading S.p.A. over the course of 2023, for a maximum additional volume of 4.5 TWh.

The Framework Agreement establishes the terms whereby the purchase and sale of LNG may be arranged between Endesa Energía and EGT.

The purpose of arranging purchases and sales of LNG that reflect the economic interests of Endesa Energía is to respond to specific incidents such as the need to swiftly and efficiently increase, reduce or modify the volume of LNG available, while unlocking operational opportunities and synergies by engaging in joint arrangements for the purchase and sale of LNG. Specifically, the option of conducting intra-group transactions avoids having to go to the market, with the resulting cost savings and reduction of counterparty risk, increasing security of supply in times of need and improving margins.

c) Transaction amount

As regards the economic value of the Related-Party Transaction, the estimated value of the sales and purchases capped at 4.5 TWh of LNG in 2023 between Endesa Energía and Enel Global Trading S.p.A. may not exceed €302.7 million, which has been calculated based on an estimated price of €67.3/MWh.

This amount may vary, depending on market prices, as per the relevant market indexes applicable to each carrier. The Audit and Compliance Committee shall be informed of the final amount of the transactions, which will be subject to the maximum authorized amount.

LNG purchase and sale transactions between Endesa Energía and EGT are priced in accordance with the following process:

- First, two reliable binding offers from alternative independent third parties must be obtained. The offer made by EGT must be the most favorable to Endesa Energía's interests.

- If it is impossible to obtain offers from alternative independent third parties, the transaction must be submitted for approval to Endesa's General Manager of Energy Management or the CEO, and the transaction must meet three guarantees, as follows:
 1. Endesa Energía must use an indicator of the estimated price for the requested transaction (applicable market benchmarks) complemented by internal price estimation methods.
 2. The offers made by Enel Global Trading must be comparable with the price estimate defined in the previous section, such that it is the most favorable to Endesa Energía's interests.
 3. Documentary records must be kept of unanswered requests for quotations and estimates.

Subsequently, an ex post validation exercise (outcome testing) will be carried out in order to validate the terms ultimately applied to the transactions and confirm that the pricing methodology was properly followed.

This ex-post review shall be conducted by independent experts appointed by Endesa.

III. IDENTIFICATION OF THE PARTY RELATED TO ENDESA

One party is **Endesa Energía, S.A.U.** ("Endesa Energía"), a company fully owned by Endesa, S.A., and therefore a subsidiary thereof, and a member company of the Endesa Group.

The other party is **Enel Global Trading S.p.A.** ("EGT") a company fully owned by Enel S.p.A and therefore a subsidiary thereof, and a member company of the Enel Group.

Enel SpA is the sole shareholder of Enel Iberia S.L, which is in turn a shareholder of Endesa S.A, with a 70.101% stake. Related-party transactions are those entered into by Endesa or its subsidiaries with shareholders of Endesa who hold 10% or more of the voting rights or who are represented on the Board of Directors, as well as with any other persons considered as parties related to Endesa, in accordance with International Accounting Standards. Therefore, all transactions entered into by Endesa or its subsidiaries and Enel or its subsidiaries (excluding the Endesa Group¹) shall be considered related-party transactions.

IV. ANALYSIS OF THE TRANSACTION FROM THE STANDPOINT OF THE INTEREST OF ENDESA AND OF SHAREHOLDERS OTHER THAN RELATED PARTIES

1. Operational and strategic rationale of the transaction

Given the need for greater flexibility in response to the prevailing energy landscape and high market volatility, Endesa Energía has seen fit to carry out intra-group LNG sales and purchases, regardless of the origin of such gas, throughout 2023, subject to a maximum volume of 4.5 TWh and without being subject to the LNG Joint Management Agreement (limited to contracts for LNG sourced from the United States). The option of being able to arrange intra-group transactions presents the following benefits, among others: (i) better response to specific incidents; (ii) ability to swiftly and efficiently modify the quantity of LNG available; and (iii) ability to unlock operational synergies between the parties.

The Framework Agreement provides for the possibility of carrying out intra-group sale and purchase transactions that are in line with the economic and operational interests of Endesa Energía and Enel Global Trading, without Endesa Energía or Enel being obliged to exchange the LNG, leaving it up to the parties to decide.

¹ Endesa Group: for the purposes of internal regulations on related-party transactions, the term "Endesa Group" refers to Endesa, S.A. and its subsidiaries, as defined in Article 42 of the Spanish Commercial Code.

Setting an upper limit of 6.5 TWh on the LNG that may be arranged intra-group in 2023 (4.5 TWh proposed under this transaction, plus a further 2 TWh/year under the Joint Management Agreement, as approved in November 2022) does not lead to any distortion within the market or in Endesa Energía's operations, as it represents a non-significant proportion of the total gas transactions carried out by the companies concerned.

Based on the above, it is clear that **the nature of the transactions is in line with the company's strategy and the needs of Endesa Energía.**

The following is a detailed assessment of the impact of the transactions on operations and the operational organization:

- **Positioning and strategy.** The ability to deal intra-group allows for a maximization of synergies while minimizing the risks associated with the activity. In addition, it allows a response to be given to specific incidents that may alter the amount of LNG available in an agile manner and to complete sale and purchase transactions that respond to the financial interests of both Endesa Energía and EGT.
- **Operational capacity.** The ability to trade intra-group avoids having to rely on the market. Moreover, the use of opportunities and flexibility are expanded, leveraging on intra-group operational synergies and contributing to better risk management.
- **Risks.** The economic risks inherent in the activity are reduced through the option of operating on an intra-group basis, which goes some way to mitigating such risks. In addition, intra-group transactions allow for better management of supply risk by offering the possibility of sourcing outside the market, which is particularly relevant amid the prevailing uncertainty and volatility, as it makes Endesa better able to manage its physical balances of gas.
- **Costs.** In this context, intra-group transactions enhance these synergies by enabling improvements in operating margin under certain conditions.

2. Economic reasonableness of the transaction. Methods used

The capacity to perform intra-group LNG transactions means it is not necessary to go to the market, saving the associated costs, reducing counterparty risks, increasing the security of supply and improving margins. It also means that Endesa will be better able to manage its inventory balance in the event of possible incidents (delays, unexpected operations, etc.).

Intra-group transactions enhance these synergies by enabling improvements in operating margin under certain conditions.

The expectation of mutual and proportional benefit is essential for independent companies when agreeing to share the risks and rewards of pooling resources and skills. As this system allows for better management of supply risk, adding the option of off-market supply provides a reasonable expected benefit under the agreement, as opposed to what would occur were the company's supply needs are covered exclusively within the market.

Specifically, the possibility of selling and purchasing LNG between Endesa Energía and EGT for up to four carriers in 2023 is the most beneficial option available to Endesa in view of the exceptional market situation to have arisen from the ongoing Russia-Ukraine conflict, the complexity of managing LNG storage, the current uncertainty and the current volatility of the global gas market.

Therefore, it is reasonable to conclude that the sale and purchase transaction described herein would provide a benefit for both entities (Endesa Energía and EGT), thus making it the most beneficial option available.

Methods used:

- The sale and purchase of LNG provides a benefit to the entities involved. Under the OECD Guidelines, independent third parties would be willing to work with other entities

to reduce costs or maximize profits. It is reasonable to conclude that the CUP method is the most appropriate to justify that the price set for the related-party LNG purchase and sale transactions between Endesa Energía and EGT conforms to the principle of free competition.

- Under paragraph 2.14 of the OECD Guidelines and Article 18.4 of the Corporate Income Tax Law, the Comparable Uncontrolled Price ("CUP") method is the most reliable way of determining prices for the transaction that is the subject of this report.
- The price offered by Enel shall be compared to prices offered by independent third parties, so quotations are submitted for application of the CUP method
- If binding offers from independent third-parties could not be obtained, Endesa shall use as external benchmark an external indicator of the estimated price for the requested transaction (applicable market benchmarks) complemented by internal price estimation methods.
- The ex-post review mechanisms used in the methodology are set out in section 3.71 of the OECD Guidelines and are, therefore, consistent with what third parties would have agreed under free competition.
- This review is carried out by independent experts appointed by Endesa and as regularly as deemed necessary by Endesa's Audit and Compliance Committee.

Accordingly, we can conclude that the methodology is consistent with Spanish tax regulations and OECD Guidelines and that the prices of the transaction would reflect what independent parties would agree in similar circumstances.

3. Legal and commercial reasonableness of the transaction

The related-party transaction is legally executed by signing a document setting out the specific terms of the sales and purchases, which, once signed by both parties, is known as a "Confirmation." This document shall be drafted in accordance with the form attached as an annex to the Framework Agreement and shall regulate, among other aspects, the quantity of LNG to be purchased, the price, the delivery windows and the port of loading and unloading.

The relevant Confirmations shall be executed in accordance with the terms and conditions of the Framework Agreement, as well as on terms that are both reasonable and customary for contracts of this type.

As for the other terms and conditions applicable to specific sales and purchases of LNG carried out within the framework of the Related-Party Transaction that will not be included in the Confirmation — as they are defined in the Master Agreement—, it can be concluded that they have been arranged by the parties on terms customary for international contracts of this type. In particular, the parties of the Framework Agreement have determined a reasonable distribution of the risks associated with the sale and supply of gas, they have established an invoicing, payment and regulation system that can also be considered appropriate according to the nature of the purchase of LNG, as well as mechanisms for the management of cases of force majeure in generally-accepted terms, early termination events and appropriate liability schemes.

In light of the above, it can be concluded that the related-party transaction would be implemented, as appropriate, in a reasonable manner and under contractual terms that could have been agreed by independent parties and that, if these were to be agreed between related parties, they would not create unjustified or disproportionate benefits for EGT to the detriment of Endesa's subsidiary, i.e. Endesa Energía and, ultimately, Endesa.

V. INDEPENDENT EXPERT REPORTS ISSUED AT THE REQUEST OF THE AUDIT AND COMPLIANCE COMMITTEE

After analyzing the transaction, the Audit and Compliance Committee has taken into account the Report of PricewaterhouseCoopers Tax and Legal S.L. and PricewaterhouseCoopers Asesores de Negocios, S.L. (hereinafter, "PwC") on the fairness and reasonableness of the intra-group LNG trades with Enel Global Trading SpA. PwC issued its Report in its capacity as an independent expert. On the date the report was issued, PwC did not have any sort of commercial relationship with the Enel Group or with the Endesa Group that could compromise its capacity as an independent expert for the purposes of issuing its Report or that could give rise to a conflict of interest in conducting the analysis and drawing up the conclusions therein.

In its Report, PwC notes:

- The option to carry out intra-group operations, regardless of their origin, up to a total of 4.5 TWh in 2023 allows the Company to maximize synergies while minimizing the risks associated with the activity. In addition, it allows a swift response to be given to specific incidents that may alter the amount of LNG available, always in line with the financial interests of Endesa Energía.
- Looking at the Related-Party Transaction in economic terms, the option to buy and sell LNG between the parties provides a mutual benefit to both of them. Likewise, in accordance with OECD Guidelines, independent third parties would be willing to work with other entities to jointly conduct certain activities in order to reduce costs or maximize profits. Therefore, it is fair to conclude that the LNG sale and purchase agreement entered into between Endesa Energía and EGT is in line with the principle of free competition.
- The price set for the sale and purchase of up to four carriers will be calculated according to the terms of delivery for the purchase and sale (FOB, DES, etc.) and according to prevailing market prices as per the relevant market indexes applicable.
- The final terms and conditions applied to the transactions will be verified ex post by an independent expert, as often as deemed necessary by Endesa's Audit and Compliance Committee.
- The methodology used to determine the price for the related-party transactions between Endesa Energía and EGT conforms to Spanish tax legislation on transfer prices and to OECD Guidelines, as the prices of these transactions reflect what independent parties would have agreed under similar circumstances.

The independent expert concludes that the intra-group trade of LNG between Endesa Energía, S.A. and Enel Global Trading SpA is fair and reasonable from the standpoint of Endesa and, in particular, its shareholders other than the related party, i.e. other than the Enel Group.

VI. CONCLUSION OF THE AUDIT AND COMPLIANCE COMMITTEE

First, it should be noted that the Audit and Compliance Committee is made up of five non-executive members of the Board of Directors, four of whom (80%) are independent. Furthermore, the Committee has a Shareholder-Appointed Director representing the controlling shareholder Enel, who holds 70.10% of the share capital of Endesa. In accordance with Article 529 duovicies, paragraph 3, of the Capital Corporations Law, the director Alberto de Paoli, who is a shareholder-appointed director and representative of Enel, was not involved in the preparation of this Report.

The rest of the members of the Audit and Compliance Committee took part in the preparation and agreed on the contents of this Report on the intra-group trade of LNG between Enel Global Trading SpA and Endesa Energía, S.A.

Based on the background information discussed above, the Audit and Compliance Committee hereby concludes that:

1. In the current backdrop of energy and geopolitical crisis, and in light of the framework characteristics envisioned for conducting this type of transactions, intra-group sales and purchases of LNG are an advantageous tool for Endesa Energía that boost synergies between the parties and are aligned with its strategy and needs.
2. Under the ex ante control approach, the price offered by EGT must be compared with two binding offers received from independent third parties, such that the offer made by Enel Global Trading is the most favorable to Endesa Energía's interests.
3. If these two alternative offers cannot be obtained, an indication of the estimated price for the requested transaction will be used instead (applicable market indexes), complemented with other internal price estimation methods, showing again that EGT's offer is the most favorable to Endesa Energía's interests.
4. The methodology used to determine the price for the related-party transactions between Endesa Energía and EGT conforms to Spanish tax legislation on transfer prices and to OECD Guidelines, as the prices of these transactions reflect what independent parties would have agreed under similar circumstances.
5. Lastly, in view of the legal and commercial terms and conditions of the Framework Agreement, it can be concluded that the related-party transaction would be implemented in a reasonable manner and under contractual terms that could have been agreed by independent parties and that, if these were to be agreed between related parties, they would not create unjustified or disproportionate benefits for EGT to the detriment of Endesa's subsidiary, i.e. Endesa Energía and, ultimately, Endesa.

The Audit and Compliance Committee concludes that intra-group LNG trades between Endesa Energía SA and Enel Global Trading SpA are fair and reasonable from the standpoint of Endesa and of the shareholders other than the related party.

VII. CONCLUSION OF THE BOARD OF DIRECTORS:

The Board of Directors of Endesa, following a favorable report from the Audit and Compliance Committee, unanimously proposes the transaction to the General Shareholders' Meeting for approval.



**REPORT OF THE AUDIT AND COMPLIANCE COMMITTEE ON THE FAIRNESS AND
REASONABLENESS OF THE CONTRACT BETWEEN ENDESA INGENIERÍA AND E-
DISTRIBUZIONE FOR THE PROVISION OF DIELECTRIC FLUID ANALYSIS SERVICES
IN POWER TRANSFORMERS**

REPORT OF THE AUDIT AND COMPLIANCE COMMITTEE ON THE FAIRNESS AND REASONABLENESS OF THE CONTRACT BETWEEN ENDESA INGENIERÍA AND E-DISTRIBUZIONE FOR THE PROVISION OF DIELECTRIC FLUID ANALYSIS SERVICES IN POWER TRANSFORMERS

I. INTRODUCTION AND REGULATORY FRAMEWORK

In accordance with the provisions of paragraph 3 of article 529 duovicies of the amended and restated Spanish Capital Corporations Law, as approved by Royal Legislative Decree 1/2010, of 2 July, Endesa's Audit and Compliance Committee hereby issues this Report to assess whether the transaction is fair and reasonable from the standpoint of the company and, where appropriate, shareholders other than the related party, and indicate the assumptions on which the assessment is based and the methods used.

In accordance with Article 529 unvicies, paragraph 3, the Report issued and, as the case may be, published by Endesa's Audit and Compliance Committee, must at least include the following information:

- (a) information on the nature of the transaction and the relationship with the related party;
- (b) the identity of the related party;
- (c) the date and the value or amount of the consideration for the transaction; and
- (d) any other information required to assess whether this is fair and reasonable from the standpoint of the company and of shareholders who are not related parties.

Furthermore, Endesa has developed its own internal regulatory framework in this area, which includes, inter alia, a Related-Party Transaction Regulations approved by the Board of Directors, as well as a Related-Party Transaction Operating Procedure approved by the Audit and Compliance Committee, implementing the guidelines set forth in the Regulations and defining the proceedings, functions and responsibilities relating to the general rules on requests for and the approval, publication and monitoring of related-party transactions. These regulations have been applied in this case.

II. OVERVIEW OF THE TRANSACTION

a) Background

E-Distribuzione and Endesa Ingeniería participated in a Best Practice Sharing Distribution project in order to share oil-analysis experiences, and it was decided to concentrate the analytical services in a single laboratory. Endesa Ingeniería priced in its high degree of specialization in this field in order to define itself as a benchmark laboratory for Italy and Spain, replacing the various existing suppliers and unifying analysis quality and costs. Endesa Ingeniería is thus positioning itself at a high level of quality of analyses of and studies on dielectric oils.

Since 2012, Endesa Ingeniería has been providing laboratory services to the benefit of its related party E-Distribuzione. Endesa Ingeniería also provides these services to Endesa Group companies and non-related third parties.

The parties intend to sign a new, one-year contract, at the expiration of the existing one, on 31 May 2023, in order to continue improving the transformers' operation and useful life.

b) Purpose and amount of the transaction.

The purpose of the transaction is the provision of dielectric fluid analysis services in power transformers by Endesa Ingeniería, S.L. to E-Distribuzione, S.p.A. for the period running from 1 June 2023 to 31 May 2024, totaling €181 thousand.

These services consist primarily of analyzing the dielectric oils of the HV/MV transformers and of the gas present in the Buchholz relays of the transformers installed in the primary cabinets (PCs) that E-Distribuzione has in its facilities, including all manner of actions to lengthen the useful life of the power transformers, such as implementing diagnostic techniques, defining the refrigeration and insulation requirements and developing corrective measures for the dielectric fluids.

Specifically, Endesa Ingeniería shall perform the following activities:

- Analysis of the dielectric oils of the transformers and load tap changers that E-Distribuzione has in its facilities, according to the terms of the contract.
- Technical support in the actions required to lengthen the useful life of the power transformers, such as implementing diagnostic techniques, defining the refrigeration and insulation and protection requirements and recommending and controlling corrective measures for the dielectric fluids.
- Providing advice on technical specifications relative to power transformers, dielectric fluids or processes in which these elements are involved and which E-Distribuzione must establish vis-à-vis third parties or for internal use within the Group.
- Specific training for employees to be designated by E-Distribuzione.

This assessment of the fluids makes it possible to issue predictive and preventive maintenance recommendations intended to reduce incidents and lengthen the useful life of those transformers.

III. IDENTIFICATION OF THE PARTY RELATED TO ENDESA

The company providing the service: Endesa Ingeniería, S.L. is wholly-owned by Endesa Red, a subsidiary company of Endesa, S.A.

The company receiving the service: E-Distribuzione S.p.A. is a company wholly controlled by Enel S.p.A.

Enel SpA is the sole shareholder of Enel Iberia S.L, which is in turn a shareholder of Endesa S.A, with a 70.101% stake. Related-party transactions are those entered into by Endesa or its subsidiaries with shareholders of Endesa who hold 10% or more of the voting rights or who are represented on the Board of Directors, as well as with any other persons considered as parties related to Endesa, in accordance with International Accounting Standards. Therefore, all transactions entered into by Endesa or its subsidiaries and Enel or its subsidiaries (excluding the Endesa Group) shall be considered related-party transactions.

Enel and its subsidiaries (excluding the Endesa Group) and Endesa and its subsidiaries are considered "the same counterparty" for the purposes of determining the thresholds for related-

party transaction publication. In other words, the same counterparty is considered both the related person, whether natural or legal, as well as any other entity under their control and, in the case of natural persons, their close relatives, as defined in IAS 24.

IV. ANALYSIS OF THE TRANSACTION FROM THE STANDPOINT OF THE INTEREST OF ENDESA AND OF SHAREHOLDERS OTHER THAN RELATED PARTIES

1. Operational, technical and commercial rationale.

By providing these services to E-Distribuzione, Endesa Ingeniería can expand its database of transformer dielectric oil analysis in order to continually improve predictive studies and incident analysis. These improvements give rise to the possibility of expanding the client portfolio and improving the service provided to current clients, including Endesa Group companies.

Endesa Ingeniería's most relevant client is Endesa Distribución Redes Digitales. Consequently, this service optimization directly benefits Endesa, as it improves predictive and preventive maintenance and lengthens the useful life of the power transformers.

In addition, these are services in which costs are significantly improved and processes are optimized through economies of scale. This contract therefore helps Endesa Ingeniería obtain suitable market prices, guaranteeing margins and improving its competitiveness.

The E-Distribuzione contract gives Endesa Ingeniería new business opportunities as a result of the improved algorithm by having a broader sampling, both in the field of analysis and in expert reports, and allows it to be qualified as a service provider outside of Spain.

2. Economic reasonableness. Methods used

To verify that the Related-Party Transaction is in line with the principle of free competition, firstly, the possibility of applying the Comparable Uncontrolled Price ("CUP") method was considered.

The CUP method compares the price charged for property or services transferred in a controlled transaction to the price charged for property or services transferred in a comparable uncontrolled transaction in comparable circumstances. Furthermore, paragraph 2.15 of the OECD Guidelines provides that a transaction may be considered comparable to another if "reasonably accurate adjustments can be made to eliminate the material effects of such differences."

Likewise, paragraph 2.15 provides that, where it is possible to locate comparable uncontrolled transactions, the CUP method is preferable.

It is worth noting that Endesa Ingeniería provides laboratory services not only to its related party E-Distribuzione, but also to independent third parties. Transactions with these independent third parties can be considered internal comparable transactions valid for the purpose of determining the market nature of the related party transaction under review.

Consequently, the unit rates agreed for the provision of services by Endesa Ingeniería to E-Distribuzione conform to the requirements for applying the CUP method, insofar as the determination of these rates has taken into account internal comparable free market transactions that have been secured with independent third parties.

Based on a review and analysis of the conditions associated with these transactions, it has been concluded that the prices applied to E-Distribuzione reasonably meet the market value principle.

In addition, provision by Endesa Ingeniería of fluid-analysis services to E-Distribuzione generates an economic gain for Endesa Ingeniería. Specifically, with the transaction quoted, it is estimated that an operating profit of over 7% is obtained.

V. INDEPENDENT EXPERT REPORTS ISSUED AT THE REQUEST OF THE AUDIT AND COMPLIANCE COMMITTEE

In its analysis of the transaction, the Audit and Compliance Committee took into account Ernst & Young Abogados, S.L.P.'s report on the fairness and reasonability of the agreements under review. Ernst & Young Abogados, S.L.P. issued a Report in its capacity as independent expert, having been ascertained that at the date of issue of the Report E&Y Abogados did not maintain any sort of commercial relationship with the Enel Group or with the Endesa Group that could compromise its condition as independent expert for the purposes of issuing this Report or that, in particular, could place it in a situation of conflict of interest to conduct the analysis and draw up the conclusions set out therein.

In the Report it is concluded that the provision of dielectric fluid analysis services in power transformers by Endesa Ingeniería, S.L. to E-Distribuzione, S.p.A. provides advantages to Endesa, so it can be concluded that the transaction is fair and reasonable from the standpoint of Endesa and shareholders who are not related parties.

VI. CONCLUSION OF THE AUDIT AND COMPLIANCE COMMITTEE

First, it should be noted that the Audit and Compliance Committee is made up of five non-executive members of the Board of Directors, four of whom (80%) are independent. Furthermore, the Committee has a Shareholder-Appointed Director representing the controlling shareholder Enel, who holds 70.10% of the share capital of Endesa.

In accordance with Article 529 duovicies, paragraph 3, of the Capital Corporations Law, the director Alberto de Paoli, who is a shareholder-appointed director and representative of Enel, was not involved in the preparation of this Report.

The rest of the members of the Audit and Compliance Committee took part in the preparation and agreed on the contents of this Report on the provision of dielectric fluid analysis services in power transformers by Endesa Ingeniería, S.L. to E-Distribuzione, S.p.A.

In accordance with the information contained herein, the Audit and Compliance Committee concludes that the provision of the services described herein may provide a number of advantages for Endesa and consequently, to its shareholders, namely:

- An economic gain for Endesa Ingeniería, covering the costs foreseen by it plus a profit margin, generating estimated maximum revenue of circa €181 thousand during the term of the Contract, based on the prices that had been agreed on with independent third parties;

- Development of know-how that increases the effectiveness and efficiency of the analysis performed and that in turn generates savings, as well as economies of scale owing to the high volume of analyses carried out; and
- New business opportunities for Endesa Ingeniería as a result of the improved algorithm because of the use of a broader sampling, both in the field of analysis and in the expert reports.

Therefore, it is concluded that Endesa Ingeniería obtains a gain as the service provider, and that the consideration applied is in line with the arm's length principle.

The Audit and Compliance Committee concludes that the provision of dielectric fluid analysis services in power transformers by Endesa Ingeniería to E-Distribuzione is fair and reasonable from the standpoint of Endesa and of the shareholders other than the related party.

VII. CONCLUSION OF THE BOARD OF DIRECTORS

The Board of Directors of Endesa, following a favorable report from the Audit and Compliance Committee, unanimously proposes the transaction to the Annual General Shareholders' Meeting for approval.



REPORT OF THE AUDIT AND COMPLIANCE COMMITTEE ON THE FAIRNESS AND REASONABLENESS OF THE CONTRACTING OF THE SUPPLY OF LVM HUBS, BIRD 3.0 PROBES 3.0 AND ACCESSORIES TO GRIDSPERTISE S.R.L. BY EDISTRIBUCIÓN REDES DIGITALES, S.L.U.

REPORT OF THE AUDIT AND COMPLIANCE COMMITTEE ON THE FAIRNESS AND REASONABLENESS OF THE CONTRACTING OF THE SUPPLY OF LVM HUBS, BIRD 3.0 PROBES 3.0 AND ACCESSORIES TO GRIDSPERTISE S.R.L. BY EDISTRIBUCIÓN REDES DIGITALES, S.L.U.

I. INTRODUCTION AND REGULATORY FRAMEWORK

In accordance with the provisions of paragraph 3 of article 529 duovicies of the amended and restated Spanish Capital Corporations Law, as approved by Royal Legislative Decree 1/2010, of 2 July, Endesa's Audit and Compliance Committee hereby issues this Report to assess whether the transaction is fair and reasonable from the standpoint of the company and, where appropriate, shareholders other than the related party, and indicate the assumptions on which the assessment is based and the methods used.

In accordance with Article 529 unvicies, paragraph 3, the Report issued and, as the case may be, published by Endesa's Audit and Compliance Committee, must at least include the following information:

- a) information on the nature of the transaction and the relationship with the related party;
- b) the identity of the related party;
- c) the date and the value or amount of the consideration for the transaction; and
- d) any other information required to assess whether this is fair and reasonable from the standpoint of the company and of shareholders who are not related parties.

Furthermore, Endesa has developed its own internal regulatory framework which includes, inter alia, a Related-Party Transaction Regulations approved by the Board of Directors, as well as a Related-Party Transaction Operating Procedure approved by the Audit and Compliance Committee, implementing the guidelines set forth in the Regulations and defining the proceedings, functions and responsibilities relating to the general rules on requests for and approval, publication and monitoring of related-party transactions. These regulations have been applied in this case.

II. OVERVIEW OF THE GENERAL TRANSACTION

a) Background for the transaction

A significant feature of electricity distribution in Spain is that it is a regulated and asset-intensive activity. The main functions that distributors typically undertake include the following: (i) building, maintaining and operating installations; (ii) meeting new demands for electricity supply; (iii) ensuring supply and maintaining quality of service; and (iv) addressing access and connection requests.

In terms of footprint, E-Distribución Redes Digitales, S.L. is the largest electricity distributor in Spain. It forms part of the Endesa Group and is responsible for distributing energy from generation units to supply points located mainly in Andalusia, Aragón, the Canary Islands, Castile-León, Catalonia, Extremadura and the Balearic Islands.

In fiscal year 2019, E-Distribución Redes Digitales, S.L. and Enel Global Infrastructure and Networks, S.r.l. executed a contract for the supplying of LVM hubs and Bird 3.0 probes. In June 2021, Gridspertise, S.l.r. was subrogated to the position of Enel Global Infrastructure and

Networks, S.r.l. Subsequently, in August 2022, E-Distribución Redes Digitales, S.L. and Gridspertise, S.l.r. signed a new framework agreement giving continuity to the supply to E-Distribución Redes Digitales S.L. of hubs and various accessories of the remote management system in addition to allowing E-Distribución Redes Digitales S.L. to secure new equipment for pilot projects of the distribution network.

In December 2022, Enel, S.p.A.'s sale of 50% of the share capital of Gridspertise to the fund CVC Capital Partners was finalized, with Gridspertise therefore becoming, as of the closing of this transaction, an associate of Enel, S.p.A. Currently, through this transaction and as a continuation of the contracts referred to in the preceding paragraphs, a new framework agreement (the "Agreement") between E-Distribución Redes Digitales S.L. and Gridspertise is expected to be entered into, with a term through 31 December 2024, extendable through 31 December 2025, giving continuity to the supply of hubs, Bird 3.0 probes and various accessories of the remote management system to E-Distribución Redes Digitales S.L.

b) Purpose of the transaction

The purpose of the transaction is the entering into of a Framework Agreement between E-Distribución Redes Digitales S.L.U. and Gridspertise S.R.L. with a term through 31 December 2024, extendable through 31 December 2025, giving continuity to the supply of hubs, Bird 3.0 probes and various accessories of the remote management system to E-Distribución Redes Digitales S.L.

The subject matter of the Framework Agreement is E-Distribución's purchase of the following assets, equipment and materials from Gridspertise:

- 51,200 model LVM hubs without telecommunications equipment, of which 15,725 would be delivered in 2024 and, if the Agreement is extended at E-Distribución's request, 35,475 would be delivered in 2025. The measurement hubs, for installation in newly built transformer centers or for replacement of existing ones, are intended to ensure communication with remote management meters, by capturing measurement information, the parameterization of equipment, and device status, etc. and linking with E-Distribución's systems. This communication also allows for various commercial transactions (new account connections, cancellations, suspensions, reconnections, changes in capacity or rate, etc.) to be carried out remotely.
- 1,000 Bird 3.0 probes, of which 500 would be delivered in 2024 and, if the Agreement is extended at E-Distribución's request, 500 would be delivered in 2025. Wireless probes are accessories that enable smartphones and tablets to communicate locally with remote management meters for programming, as an alternative to remote management. The implementation of the new Forcebeat (fieldwork manager) mobility system makes it necessary to have wireless probes in order to program the meters. Currently the only Forcebeat-compatible probes are those of "BIRD," which implement the communications protocol used by the remote management system of E-Distribución Redes Digitales.
- 4,000 radio frequency modules, of which 2,000 would be delivered in 2023-2024 and, if the Agreement is extended at E-Distribución's request, 2,000 would be delivered in 2025; and 4,000 antennas for the radio frequency modules, including 2,000 in 2023-2024, and in the event of an extension of the Agreement at E-Distribución's request, 2,000 would be delivered in 2025. The radio frequency modules, with their respective antennas, are accessories that can be installed on LVM hubs, allowing remote communication with the meters, which are in turn equipped with radio frequency, as an alternative to the PLC. This makes it possible to provide communication when there are difficulties in geographically remote areas.

The delivery plan foreseen for 2025 is optional, and will be executed, in whole or in part, at the E-Distribución's request. In any event, the proposed Agreement extends to the transaction for 2023, 2024 and 2025.

c) Transaction amount

As consideration for the supply of the Products, E-Distribución shall pay Gridspertise a maximum amount of 13,717,904 euros, which is the sum of the maximum base amount of 4,284,342 euros for 2023 and 2024 plus the maximum optional amount of 9,433,562 euros for 2025, irrespective of the number of LVM units, BIRD probes, modules and antennas acquired, which may vary because of the possible price variations set out below.

Unit prices will remain fixed throughout the term of the Agreement for the defined scope, without being subject to review or variation, unless expressly agreed between Gridspertise and E-Distribución. Nevertheless, the potential variations (upwards or downwards) in the costs of any component of the assets covered by this Framework Agreement may give rise to cost deviations. In all cases, this will require documentation justifying the cost variations and a formal detailed statement explaining the reasons and the alternatives explored by Gridspertise. In the event of a price variation of $\pm 5\%$ or more, the justification shall include an independent expert report evidencing the variation in the costs of the components of the equipment to be supplied. Gridspertise and E-Distribución must give prior written acceptance of the variation. For changes within the 5% range, the price will not be revised.

III. IDENTIFICATION OF THE PARTY RELATED TO ENDESA

The company receiving the products: **E-Distribución Redes Digitales S.L. (hereinafter "E-Distribución")** is a company fully owned by Endesa, S.A., and therefore a subsidiary thereof.

The company providing the service: **Gridspertise, S.R.L.** ("Gridspertise") is an associate of the Enel Group, through the holding by Enel Global Infrastructure and Networks (which owns Enel, S.p.A.) of 50% of the share capital.

The purpose of Gridspertise, S.R.L. is to develop:

- reliable, advanced, interactive metering technologies designed to meet the DSOs' present and future needs with its smart meters as the first step to digitalizing the power grids. Gridspertise has installed and managed more than 44 million meters;
- Systems for remote control and automation, protection and restoration, handling of blackouts and advanced sensors in order to digitize the DSO grids and position them at the center of the energy transition; and
- Artificial intelligence solutions and machine learning technologies for digital image knowledge.

Enel SpA is the sole shareholder of Enel Iberia S.L, which is in turn a shareholder of Endesa S.A, with a 70.101% stake. Under Article 529 vices of the Capital Corporations Law and section 9(b)(ii) of International Accounting Standard no. 24, Gridspertise, as an Enel associate, is a related party of Endesa.

IV. ANALYSIS OF THE TRANSACTION FROM THE STANDPOINT OF THE INTEREST OF ENDESA AND OF SHAREHOLDERS OTHER THAN RELATED PARTIES

1. Operational and strategic rationale of the transaction

The regulations for the electricity sector (Royal Decree 1955/2000, of 1 December, which regulates the activities of transport, distribution, marketing, supply and authorization procedures for electricity facilities, and Royal Decree 1110/2007, of 24 August, approving the unified Regulation for measurement points in the electricity system) requires that all meters for electricity supplies with a contracted power of up to 15 kW (type 5 measuring equipment) should enable time discrimination and remote management (it will be understood that the equipment is effectively integrated into the remote management system when it has the capacity to read the hourly records for active energy remotely).

In this regard, "E-Distribución" will ensure compliance with its legal obligations arising from its status as reading manager, by making measurement hub equipment available (necessary to be able to remotely manage the new low voltage supplies feed from the new transformation centers) and "BIRD" wireless probes, compatible with the Remote Management system.

Endesa uses the Meters&More Communication Protocol. This Protocol establishes the rules to be followed for the transfer of information between the smart meters located at the points of consumption, the measurement hubs, which are in our transformation centers, and the systems of E-Distribución. There is no alternative hub on the market which could be provided by other suppliers, compatible or developed in the Meters&More protocol used by Endesa, and compatible with the smart meters installed by Endesa.

It should therefore be noted with regard to the purchase of LVM hubs, Bird 3.0 probes and other accessories designed by Gridspertise that: (i) they ensure compatibility with E-Distribución's remote management system in accordance with the Meters&More protocol; (ii) they implement the communications protocol; (iii) they allow for better communication, through the radio frequency modules, as an alternative to the PLC, covering cases in which there are communication difficulties; and (iv) they are compatible with the new ForceBeat mobility system, which is currently the only compatible alternative on the market for this equipment.

The installation of the units relates to (i) the increase in new low-voltage customers, (ii) the replacement of pre-existing units because of failures, and (iii) the renewal of pre-existing units in 2025, in accordance with the replacement plan of those units, having reached their 15-year useful life. In all cases, the purchase of the hubs for 2024 is intended to meet the needs estimated by E-Distribución in accordance with the hubs installed during the three previous fiscal years plus a 3.5-month security inventory, in light of the current international situation.

Still, the transaction is expected to have a positive impact on E-Distribución's operations and organization based on the following elements:

- Positioning and strategy: Purchasing the products from an Enel Group associate makes it possible to align interests.
- Proven operational capacity: The fact that Gridspertise supplies products to distributors throughout the Group means that these items have been tested by a large number of agents.
- Swiftiness and cost-efficiency: developing products by aggregating the needs of all the Group's distributors allows risks to be minimized and synergies optimized.

In short, in no event are the existing risks in the transaction greater than those that would exist if it were carried out with a third party.

2. Economic reasonableness of the transaction. Methods used

To verify that the Related-Party Transaction is in line with the principle of free competition, firstly, the possibility of applying the Comparable Uncontrolled Price ("CUP") method was considered.

The CUP method compares the price charged for property or services transferred in a controlled transaction to the price charged for property or services transferred in a comparable uncontrolled transaction in comparable circumstances. Furthermore, paragraph 2.15 of the OECD Guidelines provides that a transaction may be considered comparable to another if "reasonably accurate adjustments can be made to eliminate the material effects of such differences."

Likewise, paragraph 2.15 provides that, where it is possible to locate comparable uncontrolled transactions, the CUP method is preferable.

Both Enel Global Infrastructure and Networks, S.r.l. ("E-GI&N", former distributor of E-Distribución Redes Digitales, S.L.) and Gridspertise have prepared offers to independent third parties for the supply of remote management LVM hubs, Bird 3.0 probes and accessories (radio frequency modules and antennas) under terms and conditions comparable to those foreseen in the Related-Party Transaction.

For this, the CUP method was selected to analyze the transfer pricing policy applied in the related-party transactions for the purchase of remote management LVM hubs, Bird 3.0 probes and accessories (radio frequency modules and antennas).

Hence, it has been verified that the terms and conditions included in the offers made to third parties for the purchase of LVM hubs, Bird 3.0 probes, radio frequency modules and antennas are comparable with those foreseen for the Related Party Transaction.

It has also been verified that the price of the LVM hubs has been revised 4.3% upwards with respect to previous years. This increase is due to the current market context, with higher commodity prices and a shortage of electronic components, among other factors. The situation also reflects the most recent offer made to an independent third party, in which the prices of LVM hubs have increased by 4.3%; therefore, the price increase applied to the Related Party Transaction is consistent with the market situation.

The terms and conditions applicable to the Related-Party Transaction are consistent with the conditions applied to independent third parties in comparable offers, so it may be concluded that the agreed price for the purchase of remote management LVM hubs, Bird 3.0 probes, radio frequency modules and antennas provided for in the Related-Party Transaction is reasonable from a transfer pricing point of view.

3. Legal and commercial reasonableness of the transaction

The terms and conditions agreed between the parties are similar to those agreed by independent parties in a contract for the supply of goods and equipment and, in any case, enable a suitable balance with the distribution of risks in the Agreement to be obtained by objectively allowing E-Distribución to enforce Gridspertise's obligations, obtain compensation in case of non-compliance with the purposes of the Agreement or, ultimately, trigger termination thereof.

All industrial and intellectual property rights and risk of loss and/or damage relating to the products being contracted pertain exclusively to Gridspertise, which will manage the warranties of the products it supplies and will notify E-Distribución of any changes, upgrades or technological innovations to the Products, along with any new products that Gridspertise may manufacture and/or distribute. Gridspertise will offer the possibility of incorporating them into the Agreement.

If either Gridspertise or E-Distribución ceases to belong to the Enel Group, the Agreement may be terminated by the other Party, and Gridspertise undertakes to ensure the continuation of the supply and of the additional services, under the same terms and conditions set out in the Agreement, for the time reasonably necessary for E-Distribución to select an alternative supply solution and, in all events, for a maximum term of 24 months following the termination of the Agreement.

Therefore, in light of these legal and commercial terms and conditions, it can be concluded that the Related-Party Transaction has been reasonably articulated around contractual terms and conditions that could have been agreed by independent parties.

V. INDEPENDENT EXPERT REPORTS ISSUED AT THE REQUEST OF THE AUDIT AND COMPLIANCE COMMITTEE

After analyzing the transaction, the Audit and Compliance Committee has taken into account the Report of PricewaterhouseCoopers Tax and Legal S.L. and PricewaterhouseCoopers Asesores de Negocios, S.L. (hereinafter, "PwC") on the fairness and reasonableness of the approval of the contract analyzed herein.

PwC issued its Report in its capacity as an independent expert. On the date the report was issued, PwC did not maintain any sort of commercial relationship with the Enel Group or with the Endesa Group that could compromise its capacity as an independent expert for the purposes of issuing its Report or that could give rise to a conflict of interest in conducting the analysis and drawing up the conclusions therein.

The report by Endesa's Audit and Compliance Committee concludes that the execution of a Framework Agreement between E-Distribución Redes Digitales S.L.U. and Gridspertise S.R.L. regarding hubs, Bird 3.0 probes and various accessories of the remote management system, for a total amount of €13.7 million, as described herein, is fair and reasonable from the standpoint of Endesa and the shareholders who are not related parties.

VI. CONCLUSION OF THE AUDIT AND COMPLIANCE COMMITTEE

First, it should be noted that the Audit and Compliance Committee is made up of five non-executive members of the Board of Directors, four of whom (80%) are independent. Furthermore, the Committee has a Shareholder-Appointed Director representing the controlling shareholder Enel, who holds 70.10% of the share capital of Endesa. In accordance with Article 529 duovicies, paragraph 3, of the Capital Corporations Law, the director Alberto de Paoli, who is a shareholder-appointed director and representative of Enel, was not involved in the preparation of this Report.

The rest of the members of the Audit and Compliance Committee took part in the preparation and agreed on the contents of this Report.

Based on the background information discussed above, the Audit and Compliance Committee hereby concludes that:

- Taking into account the obligations of the distributor with regard to the reading of the measurements and given the need for meters in electricity supplies with a contracted power of up to 15 kW (type 5) to enable time discrimination and remote management, it is reasonable to require the installation of LVM hubs, Bird 3.0 probes and other accessories, as aforesaid. It should also be noted that the nature of the Related-Party Transaction is in line with the purpose, values and strategic plan of E-Distribución.
- The purchase of this equipment makes it possible to comply with and meet the operating needs of E-Distribución and ensure compatibility with its current systems.
- The risks arising from the purchase of the Products from a company associated to the Enel Group are the same as those that would be identified in the event that the supplier of the Products were a third party external to the Enel Group.
- The terms and conditions applicable to the purchase of LVN hubs, Bird 3.0 probes, radio frequency modules and antennas are consistent with those applied to independent third parties in comparable offers.
- The Related-Party Transaction has been reasonably articulated around contractual terms and conditions that could have been agreed by independent parties.

The Audit and Compliance Committee concludes that the execution of a Framework Agreement between E-Distribución Redes Digitales S.L.U. and Gridspertise S.R.L. regarding hubs, Bird 3.0 probes and various accessories of the remote management system, for a total amount of €13.7 million, as described herein, is fair and reasonable from the standpoint of Endesa and the shareholders who are not related parties.

VII. CONCLUSION OF THE BOARD OF DIRECTORS

The Board of Directors of Endesa, following a favorable report from the Audit and Compliance Committee, unanimously proposes the transaction to the Annual General Shareholders' Meeting for approval.