

The background of the entire page is a photograph of a horse's head, viewed through a series of vertical wooden slats. The slats are light-colored and spaced evenly, creating a grid-like pattern that filters the light and obscures some details of the horse's face. The horse's coat is a mix of brown and tan. At the top, there is a semi-transparent blue rectangular box with a white section on the left side. Inside this box, the title 'Report on the Proposal for reappointment of Enrico Viale' is written in white, sans-serif font. At the bottom right, the 'endesa' logo is displayed in a white, lowercase, sans-serif font.

Report on the Proposal for
reappointment of Enrico Viale

endesa

Report drawn up by the Endesa, S.A. Board of Directors for the purposes set forth in Article 529 (10) of the Capital Corporations Law, as relates to the proposal for reappointment of Director Enrico Viale as a Shareholder-Appointed Director of the Company

1. Purpose

In accordance with Article 529 (10) of the Capital Corporations Law (*Ley de Sociedades de Capital* - LSC), the Endesa, S.A. Board of Directors ("**Endesa**" or the "**Company**") has drafted this Explanatory Report to be submitted with the proposal for reappointment, Agenda Item 8, of Enrico Viale as a Shareholder-Appointed Director of the Company.

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

Article 529 (10) LSC:

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

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

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

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

2. Introduction

Mr. Viale was initially appointed as a Shareholder-Appointed Director on 21 October 2014 for a term of four years. His mandate is set to expire in the current fiscal year (2018). This proposal for reappointment as a Shareholder-Appointed Director is made in accordance with the Capital Corporations Law, which provides that directors may be reappointed to office one or more times for terms of equal or less duration, and with Article 11 of Endesa's Board of Directors Regulations, which provides that directors shall hold office for a term of four years, after which time they may be reappointed for terms of equal duration.

3. Justification of the Proposal

The Board of Directors hereby submits this proposal for reappointment to the General Shareholders' Meeting, at the proposal of the controlling shareholder Enel, S.p.A., following a report from the Appointments and Compensation Committee, having analyzed the current composition and needs of the Board and having assessed the conditions and dedication required of directors to properly perform their duties, all in compliance with Endesa's Corporate Governance Policy and Director Selection Policy.

In particular, the Board of Directors has confirmed the conclusions and arguments of the Report submitted by the Appointments and Compensation Committee and, in such regard, has concluded that in light of said Report, reappointment of Mr. Viale as a Shareholder-Appointed Director is appropriate:

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

Endesa's Board of Directors is comprised of 11 members. This number ensures the efficient and interactive operation thereof and complies with Recommendation 13 of the CBG, which recommends a minimum membership of five and a maximum of fifteen.

It should also be noted that this number falls within the customary practice of Ibex 35 companies, which have an average of 13.1 directors. The most common size is 11, 13 or 15 members; each such size is maintained by six companies.

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

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

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

Approval of the proposed reappointment would result in a continued representation of 36% by Shareholder-Appointed Directors and 45% by Independent Directors; this would result in similar weight being given to both categories of Directors, thus ensuring proper functioning of the governing body, as provided in Recommendation 17 of the CBG, and in accordance with international practices and proxy advisors recommendations, which specify that when the company has a shareholder that controls more than 30% of the share capital, the number of independent directors should represent at least a third of total directors.

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

- The internal corporate governance rules and Corporate Governance Policy of Endesa have been drawn up to, as a whole, balance the interests of the different shareholding groups, paying particular attention to minority shareholders, as well as to ensure the equal treatment of all shareholders in identical circumstances and, for such purpose, the number of Independent Directors is greater than the number of Shareholder-Appointed Directors appointed by the majority shareholder.
- Mr. Viale is a renowned individual with the relevant professional expertise required to perform his duties on Endesa's Board and has shown significant commitment during his years as a Director, having made several positive contributions to the functioning of the Board. Mr. Viale meets all applicable requirements under law and as set forth in Endesa's corporate regulations on the reappointment of directors.
- Mr. Viale's professional profile fits the needs of the Board, taking into account his extensive professional experience and background in the electricity sector, as well as over fifteen years in positions involving high responsibility, complexity and skill levels in the area of corporate strategy.

- His academic qualifications include a Bachelor's degree in Civil Engineering, with a specialization in hydraulics, from the Polytechnic University of Turin, and graduation from the Graduate School of Business at the University of Santa Clara (USA).
- He has held several positions with the Enel Group, including Country Manager for Southeast Europe, General Manager of Enel Maritza East 3, Chief Operating Officer for Russia, General Manager of Enel OGK-5 and Country Manager for Russia and the Commonwealth of Independent States.
- His current positions include Head of Global Thermal Generation of Enel, S.p.A.; Chairman of Enel Global Thermal Generation, Srl; and member of the Boards of Directors of CESI, EPRI, Enel Américas, SPH and Fondazione Centro Studi Enel, among others.

This information is supplemented by Enrico Viale's CV, a copy of which is attached hereto.

4. Conclusion

As a result of the aforementioned and based on the prior favorable report issued for such purpose by the Appointments and Compensation Committee, Endesa's Board of Directors unanimously concluded that Enrico Viale has the required skills, experience and merits for the purpose of submitting his reappointment as a Shareholder-Appointed Director to the Company's Annual General Shareholders' Meeting, for the statutory period of four years.

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

Reappointment of Enrico Viale as Shareholder-Appointed Director of the Company.

Reappoint Enrico Viale as Director of the Company, following a report from the Appointments and Compensation Committee, for the statutory term of four years.

In accordance with Article 529 (12) of the Capital Corporations Law, the Director is considered a Shareholder-Appointed Director.

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

ENRICO VIALE

Born in Mondovi (Italy) in 1957.

Education

- 1984–1986 **UNIVERSITY OF SANTA CLARA** - Graduate School of Business, Santa Clara, USA.
Master of Business Administration (M.B.A.)
- 1976–1982 **POLITECNICO DI TORINO** - Facolta di Ingegneria, Turin, Italy
Bachelor's in Civil Engineering, Specialization: Hydraulics

Career Path

- 2008–2014 Enel - Moscow** , Russia
2013–2014 Country Manager, Russia and the Commonwealth of Independent States; General Manager of Enel OGK-5
2010–2013 Chief Operating Officer, Russia; General Manager of Enel OGK-5
2008–2010 Chief Operating Officer, Russia
- 2003–2008 Enel - Sofia** , Bulgaria
Country Manager for Southeast Europe and General Manager of Enel Maritza East 3
- 1998–2003 ABB Structured Finance - Zurich** , Switzerland
Senior Vice President
- 1995–1998 ABB Structured Finance - Milan** , Italy
Managing Director, ABB Structured Finance - Italy
- 1995 MediocreditoCentrale - Rome** , Italy
Export Finance Manager
- 1989–1995 Ansaldo Energia - Milan** , Italy
1994–1995 Chief Financial Officer
1989–1994 Head of Project Finance
- 1986–1989 GIE - Milan** , Italy (acquired by Ansaldo)
1988–1989 Loans Administration Manager
1986–1988 Assistant to the Export Finance Manager

Current Position(s)

2014 - Head of Global Thermal Generation Enel

Other Boards of Directors

Chairman of Enel Global Thermal Generation Srl
Director of CESI (Italy)
Director of EPRI (Electric Power Research Institute)
Director of Enel Américas, S.A.
Director of SPH (Slovak Power Holding)