

The background of the entire page is a photograph of a horse in a field. The image is overlaid with a pattern of vertical stripes in shades of blue and white, creating a textured, artistic effect. The horse is positioned in the center, and its head and neck are visible. The field is green, and there are trees in the background.

Report on the Proposal for
reappointment of
Francesco Starace

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 Francesco Starace 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 7, of Francesco Starace 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. Starace was initially appointed as a Shareholder-Appointed Director on October 21, 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. Starace 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. Starace 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. Starace meets all applicable requirements under law and as set forth in Endesa's corporate regulations on the reappointment of directors.
- Mr. Starace's professional profile, which includes extensive professional experience and knowledge acquired during his years in the energy sector, currently serving as Chief Executive Officer and Director General of Enel, S.p.A., fits the needs of the Board.
- His academic qualifications include a Bachelor's Degree in Nuclear Engineering from the Polytechnic University of Milan.
- He joined the Enel Group in 2000 and has since held several senior management positions: Head of Business Power, Head of the Market Division and CEO of Enel Green Power.
- He currently serves as the CEO and Director General of Enel, S.p.A., and is the Chairman of Enel Iberia, Srl. He also serves as the Chairman of Eurelectric and is a member of the Board of Directors of the United Nations Global Compact.

This information is supplemented by Francesco Starace'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 Francesco Starace 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 Francesco Starace as Shareholder-Appointed Director of the Company.

Reappoint Francesco Starace as a Director of the Company, following the report of the Appointments and Compensation Committee, for the statutory period of four years.

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

Shareholders may access the report on this proposal as well as a biographical sketch of Mr. Starace through the Company's website.

FRANCESCO STARACE

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

Career Path

He started his career as a security analyst for the Nira Ansaldo electronuclear plant (1981–1982). From 1982 to 1987 he held several executive management positions in Italy, the United States, Saudi Arabia, Egypt and the United Arab Emirates with the company Sae Sadelmi, part of the General Electric Group. From 1987 to 2000, he worked for ABB and Alstom Power Corporation, working as the CEO of ABB Combustion Engineering Italia (1997–1998) and later (1998–2000), as the Senior Vice President of the global and turnkey systems sales for the gas turbine division. He joined the Enel Group in 2000 and has since held several frontline management positions: Head of Business Power (July 2002–October 2005), Head of the Market Division (November 2005–September 2008) and CEO of Enel Green Power (October 2008–May 2014).

Current Position(s)

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

Other Activities

- Chairman of Eurelectric (since June 2017)
- Member of the Board of Directors of the United Nations Global Compact (since May 2015)
- Member on the Advisory Board of the "Sustainable Energy 4 All" initiative of the United Nations (since June 2014)
- Member of the Fulbright Commission (since November 2012)
- Member on the Advisory Board of the Polytechnic University of Milan (since January 2014)
- Vice Chairman of the Fundación Italia-Japón foundation (since February 2011)
- Member on the Advisory Board of the Human Foundation (since June 2014)
- Member of the Corporate Advisory Board of LUISS University (since March 2015)
- Member on the Board of the Fundación Instituto Italiano de Tecnología foundation (since February 2015)
- Member of the Multi-Stakeholder Platform on the Implementation of the Sustainable Development Goals in the EU (since September 2017)
- Co-Chairman of the B20 Climate & Resource Efficiency Task Force (since October 2016)
- Member on the Confindustria Advisory Board (since May 2016) and Member of the General Council (since May 2015)
- Co-Chairman of the World Economic Forum's Energy Utilities and Energy Technologies Community (since January 2016) and Member of the WEF's International Business Council (since February 2016)