

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
ratification and reappointment of
Maria Patrizia Grieco

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 related to the proposal for ratification of the appointment by co-optation and reappointment of Maria Patrizia Grieco as a Shareholder-Appointed Director of the Company

19 March 2018

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 ratification of appointment by co-optation and reappointment, Agenda Item 6, of Maria Patrizia Grieco 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.

If a vacancy arises after the General Meeting has been called but before it is held, the Board may appoint a Director to serve until the next General Meeting is held.

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

On 26 April 2017, Maria Patrizia Grieco was appointed as a Shareholder-Appointed Director by co-optation, at the proposal of the controlling shareholder Enel, S.p.A., and following a report from the Appointments and Compensation Committee, to replace the Shareholder-Appointed Director Livio Gallo, who resigned for personal reasons by virtue of written document sent to the Board of Directors on 21 April 2017.

3. Justification of the Proposal

The Board of Directors hereby submits this proposal for ratification of appointment and 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, ratification of appointment and reappointment of Ms. Grieco 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.
- Endesa understands that diversity in all its facets, at every professional level of the team, is essential to ensuring the Company's competitiveness and also plays a key role in its corporate governance strategy.

The reappointment of Ms. Grieco confirms Endesa's continued commitment to promoting the participation and development of women within the organization, and in

particular in leadership positions, and on the Board of Directors, and to meeting its objective of having female directors account for at least 30% of total Board members by 2020.

- Ms. Grieco is a renowned individual with the relevant professional expertise required to perform her duties on Endesa's Board and has shown significant commitment during her years as a Director, having made several positive contributions to the functioning of the Board. Ms. Grieco meets all applicable requirements under law and as set forth in Endesa's corporate regulations on the reappointment of directors.
- Ms. Grieco's professional profile, which includes extensive professional experience and knowledge obtained throughout her career, fits the needs of the Board. Her knowledge and experience in corporate governance are particularly noteworthy. She is the Chairwoman of the Italian Committee on Corporate Governance (whose mission is to promote best corporate governance practices among listed companies in Italy) and, in the electricity sector, is the Chairwoman of Enel, S.p.A.
- Her academic qualifications include a Bachelor's Degree in Law from the State University of Milan.
- She has also served as the CEO of Siemens Informática, Partner of Value Partners and CEO of Group Value Team (currently NTT Data). She also served as CEO and Chairwoman of Olivetti, and was also a Director of Fiat Industrial.

This information is supplemented by Maria Patrizia Grieco's CV, a copy of which is attached hereto.

4. Conclusion

As a result of the aforementioned, and based on the proposal of the controlling shareholder Enel, S.p.A. and on the prior favorable report issued for such purpose by the Appointments and Compensation Committee, Endesa's Board of Directors unanimously concluded that Maria Patrizia Grieco has the required skills, experience and merits for the purpose of submitting ratification of her appointment and 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

Ratification of the appointment by co-optation and reappointment of María Patrizia Grieco as Shareholder-Appointed Director of the Company.

Ratify the appointment of María Patrizia Grieco as Director appointed by co-optation by resolution of the Board of Directors held on 26 April 2017, and reappoint for the statutory period of four years, following a report from the Appointments and Compensation Committee.

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 Ms. Grieco is available to the shareholders on the Company's website.

MARIA PATRIZIA GRIECO

Born in Milan in 1952. Bachelor's in Law from the State University of Milan.

Career Path

She started her career in 1977 with Italtel, where she became the Manager for Legal and General Affairs in 1994. In 1999, she was appointed General Manager of Italtel with the task of restructuring and repositioning the company, and in 2002 she was appointed as the CEO.

She later went on to other positions including CEO of Siemens Informática, Partner of Value Partners and CEO of the Group Value Team (currently NTT Data). From 2008 to 2013, she served as the CEO of Olivetti, where she also held the position of Chairwoman starting in 2011.

She was also a Director of Fiat Industrial (CNHI).

Current Position(s)

Chairwoman of Enel S.p.A.

Other Boards of Directors

Director of Anima Holding, Ferrari, Amplifon and CIR.

Other Activities

Chairwoman of Enel Cuore Onlus

Member of the Executive Committee of Assonime

Director of the Bocconi University

Director of Fondazione Centro Studi Enel

Chairwoman of the Italian Committee on Corporate Governance (whose mission is to promote best corporate governance practices among listed companies in Italy)