BOARD COMMITTEE INTEGRATED
REPORT FOR FISCAL YEAR 2017
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1. REGULATORY FRAMEWORK

Endesa’s Audit and Compliance Committee was voluntarily formed by the Board of Directors in 1998 in compliance with the Olivencia (Corporate Governance) Code.

In 2002, Law 44/2002, on reform measures to the financial system, added the requirement to Law 24/1988, on the Securities Market, that all companies issuing securities, whose shares or stocks have been admitted to trade on official secondary securities markets, must have an Audit Committee.

Since 2010, the legal regime governing Audit Committees has been reinforced through implementation of the Spanish Capital Corporations Law, which gradually adopted additional good governance practices and principles. Finally, in 2015, monitoring of performance by Audit Committees of their duties was entrusted to the Spanish Securities Market Commission (Comisión Nacional del Mercado de Valores - CNMV) by virtue of the Statutory Auditing Law.

In June 2017, the CNMV approved Technical Guidelines 3/2017 on Audit Committees of Public Interest Companies (Guía técnica 3/2017 sobre Comisiones de Auditoría de entidades de interés público), in accordance with, inter alia, the Statutory Auditing Law by virtue of which the monitoring of duties attributed to Audit Committees is entrusted to the CNMV.

Finally, it should be noted that the duties, organization and proceedings of Endesa's Audit and Compliance Committee are governed by its own regulations in accordance with law, the Bylaws, the Board of Directors Regulations and the CNMV Technical Guidelines.

2. COMPOSITION

The current composition of the Audit and Compliance Committee is:

<table>
<thead>
<tr>
<th>Position</th>
<th>Members</th>
<th>Appointment Date</th>
<th>Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chairman</td>
<td>Ignacio Garralda Ruíz de Velasco</td>
<td>07/05/2015 19/09/2016 *</td>
<td>External/Independent</td>
</tr>
<tr>
<td>Director</td>
<td>Alejandro Echevarría Busquet</td>
<td>20/07/2009</td>
<td>External/Independent</td>
</tr>
<tr>
<td>Director</td>
<td>Alberto de Paoli</td>
<td>04/11/2014</td>
<td>External/Shareholder-Appointed (1)</td>
</tr>
<tr>
<td>Director</td>
<td>Helena Revoredo Delvecchio</td>
<td>04/11/2014</td>
<td>External/Independent</td>
</tr>
<tr>
<td>Director</td>
<td>Francisco de Lacerda</td>
<td>07/05/2015</td>
<td>External/Independent</td>
</tr>
<tr>
<td>Director</td>
<td>Miquel Roca Junyent</td>
<td>30/06/2009</td>
<td>External/Independent</td>
</tr>
<tr>
<td>Secretary</td>
<td>Borja Acha Besga</td>
<td>01/08/2015</td>
<td></td>
</tr>
</tbody>
</table>

(1) Represents Enel

*Date of appointment as Chairman of the Audit and Compliance Committee

The Audit and Compliance Committee is comprised of six non-executive members from the Board of Directors, five of which are independent (83%). The Committee also has a Shareholder-Appointed Director representing the controlling shareholder Enel, who holds 70.10% of the share capital of Endesa.

The Director Selection Policy ensures that all proposals for appointment of directors are based on a prior analysis of various factors including but not limited to the needs of the Audit and Compliance Committee, also ensuring that such proposals are made in furtherance of the diversity of knowledge, experience and gender, thereby explicitly declaring Endesa's commitment to the diverse composition of its governing bodies.
In particular, this Policy aims to incorporate professional experiences and skills and different management skills (including those specific to the business carried out by the Company, as well as economic/financial, accounting and auditing, internal control and business risk management, and legal skills), as well as to promote, to the extent possible, gender and age diversity.

- Gender: women represented 16.65% of the Committee in 2017.
- Age: the average age on the Committee is 66, with ages ranging from 52 to 77.
- Seniority: average seniority of the Committee members for 2017 is 4.3 years.
- The directors on the Committee come from diverse professional backgrounds, with a focus on finance and risk, in specific areas including economic/financial, accounting and auditing, internal control and business risk management, and legal. The Directors as a whole bring together sufficient technical knowledge and experience to be able to properly perform their duties.
- 50% of the Committee members are not Spanish nationals.

Endesa understands that diversity in all its forms, at every level of its professional team, is a key component to ensuring the Company's competitiveness and also plays a key role in its corporate governance strategy that ensures a critical attitude, as well as the expression of different points of view and positions and the analysis of its strong and weak points.

*A detailed profile for each Audit and Compliance Committee member is provided on the Company’s website.*

<table>
<thead>
<tr>
<th>DIRECTORS</th>
<th>SKILLS AND COMPETENCIES</th>
<th>DIVERSITY</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Finance &amp; Risk</td>
<td>Engineering</td>
</tr>
<tr>
<td>Ignacio Garralda Ruiz de Velasco</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Alejandro Echevarría Busquet</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Alberto De Paoli</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Helena Revoredo Delvecchio</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Francisco de Lacerda</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Miquel Roca Junyent</td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>
3. COMMITTEE COMPETENCIES AND CHANGES TO ITS REGULATIONS

The primary duty of the Audit and Compliance Committee is to advise the Board of Directors and to monitor and oversee the independence of the statutory auditor, the effectiveness of internal control and risk management mechanisms, and the processes for drafting and presenting financial and non-financial information, as well as to report to the Board of Directors on related-party transactions.

In any case, the Board of Directors may assign other duties to the Audit and Compliance Committee not reserved to another body by virtue of law, the Bylaws or the Board of Directors Regulations.

The Audit and Compliance Committee Regulations were amended following approval by the CNMV, in December 2017, of Technical Guidelines 3/2017 on Audit Committees of Public Interest Companies.

4. COMMITTEE PROCEEDINGS AND MEETINGS

The Audit and Compliance Committee establishes an annual work plan laying out specific objectives for each of its duties as well as an annual meeting schedule, taking into account the time required for performance of each of the various duties and the meeting schedule of the Board of Directors.

The Audit and Compliance Committee shall meet in accordance with the annual meeting schedule, and as often as convened by its Chairman, when so resolved by the majority of its members or at the request of the Board of Directors or of the Coordinating Director, subject to a minimum of four meetings per year and at least one meeting to be held upon publication of annual or interim financial information.

The Secretary shall, following the instructions of the Committee Chairman, channel and provide all required information and documentation to the remaining members of the Committee sufficiently in advance to ensure that all members have enough time to analyze the information and documentation prior to each meeting.

The Audit and Compliance Committee met eleven times during fiscal year 2017. The average attendance at the meetings held was 97%.

The Chairman of the Audit and Compliance Committee, through the Secretary, may request that any member of the Board of Directors attend the Committee meetings as deemed convenient and in all cases at the meeting to be held upon publication of annual or interim financial information; the Committee meetings may also be attended by the internal auditor and, if a review report is issued, by the statutory auditor, for those agenda items in relation to which they were invited to attend. Any meetings held with the internal auditor or statutory auditor shall be held, at least in part, without the attendance of the Company's management so that any specific issues arising from the reviews performed may be discussed in private.
Audit and Compliance Committee Member Attendance (2017):

<table>
<thead>
<tr>
<th>Directors</th>
<th>Attendance</th>
<th>Proxies(1)</th>
<th>Total Attendance(1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alberto de Paoli</td>
<td>9/11</td>
<td>-</td>
<td>9/11</td>
</tr>
<tr>
<td>Miquel Roca Junyent</td>
<td>10/11</td>
<td>1/1</td>
<td>11/11</td>
</tr>
<tr>
<td>Alejandro Echevarría Busquet</td>
<td>9/11</td>
<td>2/2</td>
<td>11/11</td>
</tr>
<tr>
<td>Helena Revoredo Delvecchio</td>
<td>9/11</td>
<td>2/2</td>
<td>11/11</td>
</tr>
<tr>
<td>Ignacio Garralda Ruiz de Velasco</td>
<td>11/11</td>
<td>-</td>
<td>11/11</td>
</tr>
<tr>
<td>Francisco de Lacerda</td>
<td>11/11</td>
<td>-</td>
<td>11/11</td>
</tr>
</tbody>
</table>

(1) In calculating Total Attendance for Board and Committee meetings, the criteria set forth in Circular 7/2015 of the Spanish Securities Market Commission were applied, which provides forms for the annual corporate governance reports for listed companies and states that attendance by proxy granted with specific instructions shall be deemed attendance.

External Participation in Audit and Compliance Committee Meetings (2017):

<table>
<thead>
<tr>
<th>Business Unit</th>
<th>Recurring</th>
<th>One-Off</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administration, Finance and Control</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>Internal Auditing (11 meetings)</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>General and Board Secretary</td>
<td>√</td>
<td>√</td>
</tr>
<tr>
<td>External Auditor (3 meetings)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chief Executive Officer</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Board of Directors Chairman</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tax Advising</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

5. WORK UNDERTAKEN DURING 2017

The Audit and Compliance Committee, through its Chairman, has reported to the Board of Directors on the development of each and every one of the meetings held. The key issues analyzed by the Committee in 2017 are as follows:

5.1 Financial and Non-Financial Information and Internal Control Mechanisms


The Audit and Compliance Committee, at its meeting on 22 February 2017, analyzed, with the participation of the General Manager of Administration, Finance and Control, the Individual and Consolidated Annual Financial Statements and Management Reports referring to the fiscal year ending 31 December 2016, prior to the drawing up thereof by the Board of Directors.

Furthermore, the representatives of the external auditor, Ernst & Young, S.L., gave a presentation on the audit work performed and issued a favorable report on the

Finally, the Annual General Shareholders' Meeting of Endesa, S.A., held on 26 April 2017, approved the Consolidated Annual Financial Statements and Consolidated Management Report of Endesa, S.A. and Subsidiaries referring to the fiscal year ending 31 December 2016, as well as the Annual Financial Statements and Management Report of Endesa, S.A. referring to the fiscal year ending 31 December 2016.

In December 2017, the Committee took note of the transposition of Directive 2014/95/EU as regards disclosure of non-financial and diversity information, transposed by Royal Decree-Law 18/2017, of 24 November 2017, establishing an obligation for companies to disclose "non-financial information statement" together with a description of the diversity policy applied in relation to the Board of Directors, all entering into effect in 2017.

In 2016, as in prior fiscal years, Endesa's Management Report addressed key non-financial indicators with a view to providing a proper understanding of the Company's activity.

b) Interim Semi-Annual Summary Consolidated Financial Statements and Quarterly Consolidated Financial Information

During the period covered by this report, the Committee analyzed, prior to its presentation to the Board, and with the support of the General Manager of Administration, Finance and Control, the interim statements from the first and third quarter of 2017 and the semi-annual financial report for the first half of 2017.

The Audit and Compliance Committee favorably reported on the Consolidated Financial Statements for the aforesaid interim statements and semi-annual report.

The representatives of the external auditor, Ernst & Young, S.L., reported to the Audit and Compliance Committee at its meeting on 24 July 2017 as regards work completed in relation to semi-annual profits.

At its meeting on 17 October, the General Manager of Administration, Finance and Control presented to the Committee its regular report, also presenting on aspects related to the closing of accounts and on application of the most significant accounting criteria.

c) System for Internal Control of Financial Reporting

The Audit and Compliance Committee is also responsible for monitoring the effectiveness of the Company’s internal controls over its financial information.

The Committee therefore became acquainted with and approved:

- At its meeting on 22 February 2017, the System for Internal Control of Financial Reporting for fiscal year 2016, based on the conclusions regarding effectiveness of the system and on the adequacy of the controls and procedures established for:
  - The self-assessment and review procedures followed by the Internal Audit Unit.
o Verification work of the External Auditor.

✓ At its meeting on 24 July 2017, the System for Internal Control of Financial Reporting for the first half of 2017, based on a self-assessment of the design and operational effectiveness of the internal controls and on an independent testing, by an external consultant, of a selection of controls.

5.2 Internal Audit

Among the duties of the Audit and Compliance Committee is that of directly overseeing the Internal Audit Unit, which reports hierarchically to the Board of Directors and, functionally, to the Committee Chairman. The Audit General Manager, with a view to the oversight duties of the Committee, regularly reported to the Committee on the activities of the Internal Audit Unit in 2017:

- Semi-annual report on internal audit activities as at 31 December 2016 and 30 June 2017, including a report on the operation of the Ethics Channel.
- Semi-annual report on compliance with internal audit recommendations as at 31 December 2016 and 30 June 2017.
- Internal Audit Activities Plan for 2017, amendments rendered during the period and the applicable budget.

5.3 Statutory Audit

In performing its statutory audit duties the Audit and Compliance Committee:

- Issued and published the "Statutory Audit Results for Fiscal Year 2016" report on the Company's website, with a view to compliance with its duty to report to the General Shareholders' Meeting on audit results and on contributions of the audit to the integrity of the financial information.

- To ensure the independence of the external auditor:

✓ Approved a report expressing an opinion on the independence of the statutory auditor at its meeting held on 22 February 2017, prior to issuance of the auditor's report and in accordance with Article 529 quaterdecies of the Spanish Capital Corporations Law. This report concluded that the additional services rendered by Ernst & Young, S.L. to Endesa, S.A. do not compromise, to the best of its knowledge, the independence of said auditing company. Furthermore, the external auditor presented a letter expressing its independent status.

✓ Approved and reported to the Board of Directors on the provision of additional services by the audit firm, including the relevant budget therefor, at its meetings held on 30 January 2017; 22 February 2017; 8 May 2017; 24 July 2017; 25 September 2017; 17 October 2017; and 18 December 2017.
Endesa requires that the external auditor provide a certificate of independence for each additional service rendered prior to the approval thereof by the Audit and Compliance Committee, in which the auditor confirms that, to the best of its knowledge, the services comply with relevant rules on independence. In addition, the Committee shall ensure that their independence is not compromised.

Furthermore, it should be noted that the External Auditor, at the meeting on 17 October 2017, presented to the Committee the new Audit Report for the 2017 Consolidated Annual Financial Statements, in compliance with the reforms introduced by the European Union, the new Spanish Auditing Law, and the International Auditing Standards applicable in Spain (NIA-ES), as adapted by Resolution of the Institute of Accounting and Auditing of Accounts (NIA-ES 700).

5.4 Risk Management Control System

The Audit and Compliance Committee reviewed the effectiveness of the internal control and risk management system on a quarterly basis, based on the information received from the General Manager of Administration, Finance and Control, at its meetings on 21 March 2017; 19 June 2017; 25 September 2017; and 18 December 2017.

The Committee also reported to the Board of Directors on the Annual Risk Assessment at its meeting on 19 June 2017.

5.5 Corporate Governance

The primary Corporate Governance actions performed by the Audit and Compliance Committee in fiscal year 2017 were as follows:

- Report to the Board of Directors on ongoing updates to Endesa’s Corporate Governance System:
  - Amendment of the Board of Directors Regulations
  - Amendment of the Audit and Compliance Committee Regulations
  - Amendment of the Corporate Governance Policy
  - Amendment of the Director Selection Policy
  - Amendment of the Internal Regulations on Conduct in Securities Markets and Markets for Emission Allowances
  - Director induction program and Update Plan

- Monitor compliance with the Company’s corporate governance rules:
  - The Committee assessed the recommendations at its meeting on 18 December 2017 and assessed compliance with the recommendations set forth in the Corporate Governance Code for Listed Companies for fiscal year 2017.
  - Monitored compliance with the Communications and Shareholder and Investor Relations Strategy with a view to ensuring the transparency, comprehensiveness and accuracy of the information provided to its shareholders and institutional investors.
In this regard, and in light of the fact that Endesa's website serves as the Company's main official channel for communication with shareholders, investors and the market in general, the Committee has, as part of its monitoring activities, resolved that the Company's website shall be subject to a statutory audit, by an independent third party. A report on full compliance with applicable law as well as the recommendations of the Corporate Governance Code were presented at its meeting on 8 May 2017.

- The Audit and Compliance Committee, with a view to increasing the accuracy and transparency of the proceedings of the General Shareholders' Meeting, so as to safeguard the rights of shareholders throughout the process of convening, preparing and holding the Meeting, approved the revision by an external professional of the 2017 General Shareholders' Meeting, who concluded that compliance with all procedures applicable to the General Shareholders' Meeting had been verified.

- Propose the following reports to the Board of Directors for approval and publication:
  - Audit and Compliance Committee Report and report on related-party transactions carried out with significant shareholders and directors during 2016, all at its meeting on 22 February 2017
  - 2016 Annual Corporate Governance Report, at its meeting on 22 February 2017

- The Audit and Compliance Committee established a meeting schedule and annual work plan for 2018 at its meeting on 18 December 2017.

5.6 Tax Matters

The primary actions carried out by the Audit and Compliance Committee in 2017 in performance of its tax-related duties were as follows:

At a meeting on 30 January 2017, the Committee, prior to submission to the Company's Board of Directors, took note of and reported favorably on the tax policies followed by Endesa in 2016, thereby complying with the Corporate Governance implementing regulations related to tax matters as well as with the provisions of the Code of Good Tax Practices (CBPT), as the Code of the Spanish Revenue Service to which Endesa and its Subsidiaries are signatories. The Committee also reported favorably to the Board of Directors on the approval of Endesa's Tax Risk Control and Management Policy.

At its meeting on 19 June 2017, the Committee:

- Reported favorably, prior to submission to the Company's Board of Directors, on the amendment of Endesa's Tax Strategy to include an express commitment to comply with the guiding principles of the Action Plan on Base Erosion and Profit Shifting of the OECD, adding an explicit reference to the internal mechanisms for the prevention of fraud, including, *inter alia*, for the prevention of money laundering.
- Heard reports on issues related to Endesa's Tax Position, thereby complying with the Corporate Governance implementing regulations related to tax matters.
5.7 Regulatory Compliance

The Audit and Compliance Committee, in performance of its duties of regulatory compliance, approved Endesa’s Comprehensive Compliance Model at its meeting on 30 January 2017.

As relates to its criminal risk prevention duties, the following were reported to the Committee:

- At its meeting on 30 January 2017, the Audit General Manager presented the work performed in 2016 in relation to Endesa’s Criminal Risk Prevention Model, describing the activities carried out to implement and introduce the model as well as oversight works to ensure proper operation and effectiveness of the Model controls, as well as all training and awareness initiatives and Corporate Integrity Protocols.

- The Audit and Compliance Committee approved the following at its meetings on 21 March, 24 July and 6 November 2017:
  - Amendment of Article 2 of the Regulations of the Oversight Committee for Endesa’s Criminal Risk Prevention Model by virtue of which the Director of Legal and Compliance Services was added to its Oversight Committee.
  - The engagement of services for the certification of Endesa’s Criminal Risk Prevention Model under the UNE 19601 (Criminal Compliance Management Systems) and ISO 37001 (Anti-Bribery Management Systems) certification.
  - The protocol governing the procedures to be followed in the event any suit is filed by the competent authorities against Endesa, or any of its group companies, and which could result in the criminal liability of such legal entity, in application of Article 31 BIS of the Criminal Code.
  - Approval of Endesa's Criminal Compliance and Anti-Bribery Policy.

5.8 Corporate Social Responsibility and Sustainability

The key corporate social responsibility and sustainability duties performed by the Audit and Compliance Committee in fiscal year 2017 were:

- Report to the Board of Directors on Endesa’s Sustainability Report for fiscal year 2016, at its meeting on 21 March 2017

- Report to the Board of Directors on Endesa's Sustainability Plan and annual monitoring for the period from 2017–2021, at its meeting 21 March 2017
5.9 Related-Party Transactions

All information on related-party transactions reported by the Committee in 2017 is available in the “Report on Related-Party Transactions Carried out with Significant Shareholders and Directors reported by the Audit and Compliance Committee to the Board of Directors for fiscal year 2017.”

6. ASSESSMENT OF THE AUDIT AND COMPLIANCE COMMITTEE

In accordance with the provisions of Article 529 nonies of the Spanish Capital Corporations Law and with Recommendation 36 of the Corporate Governance Code for Listed Companies of the Spanish Securities Market Commission (CNMV), the annual performance assessment on the effectiveness of the Audit Committee for 2017 was completed.

This process was carried out internally with the support of the Company, taking into account, inter alia, all aspects addressed in Technical Guidelines 3/2017 on Audit Committees of Public Interest Companies, which provide that all other directors should participate in the performance assessment of the Committee.

Based on the results of this assessment, the Audit and Compliance Committee concluded that, in general, the functioning of said Committee is satisfactory and that said Committee is properly carrying out the duties entrusted thereto.

7. INFORMATION ON THE COMMITTEE’S OPINION ON STATUTORY AUDITOR INDEPENDENCE

The Report of Endesa’s Audit and Compliance Committee, on independence of the statutory auditor, was approved at a meeting on 26 February 2018. This Report states that all additional services provided by Ernst & Young, S.L., and the network through which it operates, to Endesa, S.A. and its group companies, does not compromise, to the best of its knowledge, the independence of the audit company.

8. FOLLOWING PRACTICAL GUIDELINES

The actions of Endesa’s Audit and Compliance Committee are based on the applicable legislation as well as on the Bylaws, Board of Directors Regulations, Audit and Compliance Committee Regulations, Corporate Governance Code for Listed Companies and CNMV Technical Guidelines 3/2017 on Audit Committees of Public Interest Companies.

Furthermore, following publication by the Spanish Securities Market Commission (CNMV), on 27 June 2017, of the Technical Guidelines on Audit Committees of Public Interest Companies, the importance of the Guidelines approved by the CNMV and of compliance by Endesa with a majority of such guidelines was reported to Endesa’s Audit and Compliance Committee on 24 July 2017. The Committee concluded that the Guidelines should be understood as an opportunity for improvement and thus made a specific proposal for measures to be implemented in compliance with the recommendations made under said Guidelines. As of the date of this report Endesa has
implemented, or included on the Agenda for the Audit and Compliance Committee for 2018, all necessary actions required to ensure compliance with the criteria and recommendations laid out in said Guidelines.

9. CONCLUSIONS

This Audit and Compliance Committee Report for 2017 is intended to provide shareholders and other interested parties with the opportunity to learn about the duties performed and works completed, and is drawn up with the intention of meeting those criteria laid out in CNMV Technical Guidelines 3/2017 on Audit Committees of Public Interest Companies.

10. DATE OF PREPARATION BY THE AUDIT COMMITTEE OF THE REPORT AND DATE OF APPROVAL BY THE BOARD OF DIRECTORS

This report was drawn up by the Audit and Compliance Committee for approval by Endesa's Board of Directors on 19 March 2018 and will be published on the Company's website for the Annual General Shareholders' Meeting.
B) ENDESA, S.A. AUDIT AND COMPLIANCE COMMITTEE REPORT ON THE INDEPENDENCE OF THE STATUTORY AUDITORS OR AUDIT FIRMS
ENDESA, S.A. AUDIT AND COMPLIANCE COMMITTEE REPORT
ON THE INDEPENDENCE OF THE STATUTORY AUDITOR

Justification

In accordance with Article 529 *quaterdecies* 4.f) of the amended and restated text of the Capital Corporations Law, and with Article 15.4 of the Audit and Compliance Committee Regulations, the Committee hereby issues, prior to issuance of the statutory auditor's report, this report expressing an opinion on the whether the independence of the statutory auditors was compromised in fiscal year 2017.

This report includes, *inter alia*, a justified assessment of the additional services other than legal auditing services provided by the statutory auditor, accounted for both on a stand-alone and collective basis.

The relationship with the statutory auditor as regards independence thereof, *inter alia*, is governed by Clause 6 of Technical Guidelines 3/2017 of the Spanish Securities Market Commission (*Comisión Nacional del Mercado de Valores* - CNMV) on Audit Committees of Public Interest Companies.

In accordance with the Corporate Governance Code for Listed Companies, this Report will be published on the Company's website for the Annual General Shareholders' Meeting.

Endesa's Audit and Compliance Committee, with a view to expressing an opinion on the independence of the statutory auditor for fiscal year 2017, has considered:

1. Relations with Statutory Auditor

The Audit and Compliance Committee has developed the relevant relationships with the statutory auditor in order to receive information on all matters which may place their independence at risk, to be examined thereby, as well as on any other matters related to the auditing of the accounts, including all reporting information as provided for by accounting and auditing standards and practices.

In accordance with Recommendation 42.2 d) of the Corporate Governance Code for Listed Companies, and by virtue of Article 33 of the Board of Directors Regulations, the Audit and Compliance Committee maintains an objective, professional and ongoing relationship with the Company's statutory auditor, respecting the independence thereof and ensuring that said auditor is provided with all information necessary to carry out its work.

For such purpose, during the relevant period, Ernst & Young, S.L. attended several meetings of the Audit and Compliance Committee and reported on the following items:

Audit of the Individual Annual Financial Statements of Endesa, S.A. as at 31 December 2017, prepared in accordance with the General Chart of Accounts approved in Spain.

Procedures agreed to for information relating to the Internal Financial Reporting Control System (SCIIF).


The audit plan reported on the new Audit Report for the 2017 Consolidated Annual Financial Statements, in compliance with the legislative reforms introduced by the European Union, the new Spanish Auditing Law, and the International Auditing Standards applicable in Spain (NIA-ES), and also reported on the new Supplemental Audit and Compliance Committee Report.

It should also be noted that at said meetings, the statutory auditor did not report any circumstances which could have compromised its independence.

Furthermore, the Partner in charge from Ernst & Young, S.L. confirmed to the Audit and Compliance Committee that the Company's employees collaborated with and provided the statutory auditor team with all information required to perform their duties.

Furthermore, in accordance with best corporate governance practices and by virtue of Endesa's Board of Directors Regulations, the Board shall meet with the statutory auditor at least once per year in order to obtain information on the work performed and on development of the Company's accounting position and risks.

In this regard, Ernst & Young, S.L. attended the meeting of the Company's Board of Directors held on 18 December 2017 to report on:

(i) the services provided in fiscal year 2017;
(ii) the audit plan for fiscal year 2017 (work plan, significant risks, internal control and corporate governance, and key audit and accounting matters);
(iii) the procedures to be followed for the Internal Financial Reporting Control System (SCIIF);
(iv) the new audit report; and
(v) the new supplemental Auditor's Report to the Audit and Compliance Committee.

The above items were reported on in relation to the Annual Financial Statements of the Company and its Consolidated Group for fiscal year ending 31 December 2017.
2. Statement on Independence of the Statutory Auditor

In accordance with Article 529 (14) 4.e), of the Capital Corporations Law, the Audit and Compliance Committee has received, from the statutory auditor of Ernst & Young, prior to issuance hereof, written notice stating that it met all applicable independence requirements, thus confirming its independence from Endesa, S.A. and companies related thereto, whether directly or indirectly, also providing detailed and individualized information on the additional services of any nature provided and the applicable fees received, thus confirming its independence from Endesa, S.A. and companies related thereto, whether directly or indirectly, and which stated the following:

- The team in charge of performing the audit as well as the audit firm, including all relevant extensions thereof, has complied with all independence requirements as set forth in the applicable statutory account auditing regulations in Spain.

- Ernst & Young has internal policies and procedures in place that were designed to provide reasonable assurance that the audit firm and its employees and, as the case may be, other persons covered by independence requirements (including personnel from other firms within its network), maintain their independence when so required by applicable regulations. These procedures include procedures aimed at identifying and assessing threats which may arise in circumstances related to audited companies, including threats which could result in incompatibility and/or which may require the implementation of the necessary safeguards to reduce such threats to an acceptably low level.

In this regard, Ernst & Young, in its professional opinion and as relates to said audit, hereby declares that no circumstances were uncovered which, individually or jointly, could pose a significant threat to its independence, and which would therefore require the implementation of safeguards, or which could result in a case of incompatibility.

Furthermore, Ernst & Young, in accordance with the regulations in force, has specified the fees charged for the services provided to Endesa, S.A. and its group companies in fiscal year 2017.

3. Statutory Auditor Fees and Services Provided

In accordance with the legislation in force and with Article 15.3 of the Audit and Compliance Committee Regulations, the Committee shall, after assessing both threats to independence and the safeguard measures applied by the auditor, authorize the engagement of the External Auditor to provide non-audit services not classified as prohibited services under applicable law to the Company, its parent company or its controlled companies.

Endesa also requires that the statutory auditor submit a certificate of independence for each one of the additional services to be rendered, prior to the approval thereof by the Audit and Compliance Committee, in which the statutory auditor confirms that, to the best of its knowledge, the services comply with the relevant independence requirements.
It should be noted that the services provided by Ernst & Young, S.L. and its network to Endesa, S.A. and its Group companies in fiscal year 2017 constituted less than 15% of the net business turnover reported on the financial statements of Ernst & Young, S.L. for the fiscal year ended 30 June 2017.

The lead auditor, Ernst & Young, provided the following services to Endesa S.A. and its Group companies in fiscal year 2017:

<table>
<thead>
<tr>
<th>Services Provided</th>
<th>Fees (Thousands of euros)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audit Services</td>
<td>1,497 885</td>
</tr>
<tr>
<td>Other Audit-Related Services</td>
<td></td>
</tr>
<tr>
<td>- Reports on agreed procedures</td>
<td>596 47</td>
</tr>
<tr>
<td>- Report on procedures agreed for information relating to the Internal Financial Reporting Control System (SCIIF)</td>
<td>49 -</td>
</tr>
<tr>
<td>- Other related services</td>
<td>112 632</td>
</tr>
<tr>
<td>Reports on the limited review of the interim financial statements</td>
<td>274 45</td>
</tr>
<tr>
<td>• Total audit, audit-related and limited review services</td>
<td>2,528 1,609</td>
</tr>
<tr>
<td>Tax services</td>
<td>- -</td>
</tr>
<tr>
<td>Other services</td>
<td>- -</td>
</tr>
<tr>
<td>• Total fees</td>
<td>2,528 1,609</td>
</tr>
</tbody>
</table>

A detailed breakdown of these fees is provided below:

I. **Audit Services:**

The fees for audit services totaled €2,382 thousand and include auditing of the individual and consolidated financial statements of Endesa, S.A for fiscal year ending 31 December 2017, as well as of its subsidiaries.

II. **Limited Reviews:**

The fees for these services totaled €319 thousand and include the limited review of the consolidated summary interim financial statements of Endesa, S.A. and its subsidiaries for the semi-annual period ending 30 June 2017.

III. **Other Audit-Related Services:**

The fees for other audit-related services totaled €1,436 thousand and were broken down as follows:

- Reports on agreed procedures for regulatory, contractual, by-law and other requirements.


- Other related services.
These engagements pertain primarily to services closely related to the audit and which, at times, supplement or partially serve to support the audit work and which, given their knowledge of the business and with a view to preventing duplication of work and costs, are entrusted to the statutory auditor to the extent such engagement does not result in a conflict of interest.

The Audit and Compliance Committee approved the additional services provided by the statutory auditor in fiscal year 2017 at its meetings held on 30 January 2017; 22 February 2017; 8 May 2017; 24 July 2017; 25 September 2017; 17 October 2016; and 18 December 2017.

IV. Other Non-Audit Services:

The auditor did not provide any other services beyond those mentioned above in fiscal year 2017.

4. Tenure and Rotation of the Statutory Auditor

I. Tenure of the Statutory Auditor

Law 22/2015, of 20 July, on statutory auditing, provides that listed companies shall appoint a statutory auditor or audit firm for an initial engagement of at least three years. This engagement may be renewed for periods of up to three years, subject to an overall maximum duration of ten years. This overall duration may be extended by up to an additional four years provided an additional auditor or audit firm is simultaneously engaged.

Endesa, S.A. has engaged Ernst & Young, S.L. as the statutory auditor for the annual financial statements of Endesa, S.A. and for the consolidated annual financial statements of Endesa, S.A. and its subsidiaries since 2011, with subsequent renewals for three-year periods.

In this regard, the Audit and Compliance Committee, at its meeting on 19 December 2016, submitted its recommendation to the Board of Directors that the statutory auditor Ernst & Young, S.L. be reappointed as the auditor for the individual and consolidated annual financial statements of Endesa, S.A. for 2017-2019, which was approved by the Annual General Shareholders' Meeting held on 26 April 2017.

Reappointment of the auditor for three additional years does not exceed the ten-year limit as laid out in the applicable regulations.

In any case, Ernst & Young, S.L. may not individually provide its services to Endesa, S.A. as a statutory auditor beyond fiscal year 2020, unless such services are provided in its capacity as a co-auditor, subject to a maximum duration of four years, i.e. through fiscal year 2024.

II. Rotation of the Lead Auditor for Auditing of the Accounts

As regards rotation of the lead auditors responsible for performing the audit, the regulations in force provided that the lead auditor shall be replaced every five years, as from execution of the initial agreement, and in any case, a period of three years must elapse before said partner is allowed to audit the relevant company again.
Fiscal year 2017 marks the fourth year that this Partner from Ernst & Young, S.L. has been responsible, as the signatory partner, for auditing the individual and consolidated annual financial statements of Endesa, S.A. and the fifth year as the lead partner for the audit works.

Ernst & Young will therefore be required to appoint a new signatory partner for the financial statements of Endesa, S.A. for fiscal year 2018.

Conclusion

In accordance with the analysis completed herein, the Audit and Compliance Committee hereby states that the additional services rendered by Ernst & Young, S.L. and the network through which it operates to Endesa, S.A. and its group companies do not compromise, to the best of its knowledge, the independence of the auditing company.
C) AUDIT AND COMPLIANCE COMMITTEE REPORT TO THE BOARD OF DIRECTORS ON RELATED-PARTY TRANSACTIONS CARRIED OUT WITH SIGNIFICANT SHAREHOLDERS AND DIRECTORS DURING FISCAL YEAR 2017
AUDIT AND COMPLIANCE COMMITTEE REPORT TO THE BOARD OF DIRECTORS ON RELATED-PARTY TRANSACTIONS CARRIED OUT WITH SIGNIFICANT SHAREHOLDERS AND DIRECTORS DURING FISCAL YEAR 2017
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V. Conclusions
In accordance with Recommendation 6 of the Corporate Governance Code for Listed Companies, Endesa's Audit and Compliance Committee has drafted this Report on related-party transactions reported to ENDESA's Board of Directors in fiscal year 2017 to be published on the Company's website for the purposes of the 2018 Annual General Shareholders Meeting.

I. Background:

The Endesa Group's inclusion in the Enel Group gives rise to, inter alia, the generation of synergies, coordination of best practices and application of economies of scale, which primarily affect:

- the purchase of goods and services;
- corporate services;
- Information Systems and Telecommunications technologies; and
- electricity generation, distribution and marketing activities, including primarily: research, development, engineering, execution, implementation and operation and maintenance of facilities and acquisition and sale of raw materials in global markets.

For the purposes of the information contained herein, all ENEL Group companies not included in ENDESA's Consolidated Financial Statements were treated as significant shareholders of the Company.

ENDESA's most relevant transactions with the Company's significant shareholder essentially included:

- transactions related to the ENDESA Group's business: asset procurement (raw materials, energy and meters) and hedging;
- transactions related to business support services: provision of various intra-group services; and
- intra-group financing transactions.

II. Regulatory Framework

A. Spanish Capital Corporations Law

Articles 228 and 229 of the Spanish Capital Corporations Law (Ley de Sociedades de Capital - LSC) govern conflicts of interest of Directors, requiring that affected Directors refrain from participating in and voting on those resolutions or decisions in relation to which the Director or a related person has a direct or indirect conflict of interest. Those resolutions or decisions that affect the Directors in their condition as officers, including as regards appointment to or removal from positions on the governing body or other analogous decisions, shall not be covered by the aforesaid requirement to refrain. Furthermore, Directors shall adopt necessary measures to prevent their interests, whether for themselves or on behalf of third parties, from coming into conflict with corporate interests and their duties to the company.
In particular, Article 529 ter of the LSC states that the Board of Directors of a listed company shall approve, following a report from the Audit Committee, those transactions carried out by the company or its group companies with directors or shareholders that hold, individually or jointly with other shareholders, a significant interest, including shareholders represented on the board of directors of the company or of any other companies forming part of the same group, or with persons related thereto. The affected directors, or directors representing or who are related to affected shareholders, shall refrain from participating in and voting on the resolution in question. Only those transactions that simultaneously meet the following three requirements shall be exempted from this provision:

1. the transaction is being carried out by virtue of an agreement whose terms and conditions are standardized and apply generally to a large number of clients;
2. the transaction is carried out at prices or rates established generally by the party acting as the supplier of the relevant goods or services; and
3. the amount of the transaction is no greater than one percent of the company's annual income.

B. Endesa's Related-Party Transaction Regulations

The purpose of the Related-Party Transaction Regulations is to govern the procedures for approval by the Board of Directors of those transactions that Endesa or any Endesa Group company performs with Endesa's Directors or significant shareholders, or with any persons related thereto, all within the scope of the LSC.

The transactions covered by these Regulations shall include any transaction involving the transfer of resources, services or obligations and that is carried out by Endesa's Directors or significant shareholders, or third parties related thereto, with Endesa or any other Endesa Group companies, regardless of whether compensation was provided, all within the scope of the LSC.

Applicable Procedure for Related-Party Transactions with Directors:

- Prior Request for Transaction Authorization: Endesa Directors shall submit all transactions that they or their related persons intend to carry out with Endesa or any Endesa Group company to the Board of Directors for approval, through the Board and Company Secretary, prior to the execution thereof.

- Board of Directors Transaction Authorization: The Audit and Compliance Committee shall analyze and issue a report on the transaction and may, for such purpose, request additional information and external advising, as deemed appropriate, through the Board and Company Secretary.

The Audit and Compliance Committee's report shall be sent to the Board of Directors, who shall resolve upon all applicable matters in relation to the authorization of the transaction.

- Duty to Refrain from Participating in Decision Making: Any Directors, or related persons thereto, carrying out related-party transactions or who, for any other reason, have a conflict of interest, shall refrain from deliberating and voting on the resolution in question in order to ensure the independence of the Directors approving the related-party transaction in relation to the Directors affected thereby.
Applicable Procedure for Related-Party Transactions with Significant Shareholders:

- Prior Request for Transaction Authorization: Senior Executives of the Endesa Group shall submit all transactions that Endesa or any Endesa Group company intends to carry out with significant shareholders or related parties thereto to the Board of Directors, through the Board and Company Secretary, for approval. Furthermore, Senior Executives shall notify the Director General of Administration, Finance and Control of Endesa of the aforementioned request for approval.

- Board of Directors Transaction Authorization: The Audit and Compliance Committee shall analyze and issue a report on the transaction and may, for such purpose, request additional information and external advising, as deemed appropriate, through the Board and Company Secretary.

The Audit and Compliance Committee's report shall be sent to the Board of Directors, who shall resolve upon all applicable matters in relation to the authorization of the transaction.

- Duty to Refrain from Participating in Decision Making: Directors that are also significant shareholders affected by the transaction, or a related person thereto, as well as all Directors designated by the aforementioned significant shareholder or that, for any other reason, have a conflict of interest, shall refrain from participating in and voting on the relevant resolution.

The Spanish Capital Corporations Law and Endesa's Related-Party Transaction Regulations, both of which are considered substantive regulations as regards the procedure for approving related-party transactions and the issuance of this Report, shall be complied with notwithstanding the transparency and disclosure obligations established in accounting regulations and the Ministry of Economy and Taxation Order EHA/3050/2004, of 15 September, on the reporting of related-party transactions by companies issuing securities listed on official secondary markets, as well as in regulations governing the Annual Corporate Governance Report and market abuse regulations, which could give rise to similar situations.

III. Information on Related-Party Transactions Carried out with Directors, Reported to the Board of Directors by the Audit Committee in Fiscal Year 2017

The main material transactions carried out during fiscal year 2017 by the ENDESA Group with the Directors of the company are detailed below.

- Helena Revoredo Delvecchio is the Chairwoman of Prosegur and has served as an Independent Director of Endesa since 4 November 2014.

Helena Revoredo performs her duties as an Independent Director of ENDESA, S.A. notwithstanding any potential commercial relations between the Prosegur Group and the ENDESA Group.
In this regard, the Prosegur Group executed one service agreement with the Endesa Group in 2017 for the provision of security and surveillance services at Endesa's facilities in Spain. These services were contracted by Endesa's Board of Directors following a report from the Audit and Compliance Committee, after completing the relevant tender processes and without the participation of Director Revoredo, in accordance with applicable conflict of interest regulations. The agreement was approved for a period of one year for a total amount of €0.69 million.

In any case, the following information should be noted in relation to said transaction: the services provided are of an ordinary nature; the services are provided at arm's length, following a bidding process, as confirmed by the external report issued in such regard; and that, in accordance with international good corporate governance criteria, the amount is not significant or material, as the contract amounts account for much less than 1% of both companies' income and/or turnover.

IV. Information on Related-Party Transactions Carried out with Significant Shareholders, Reported to the Board of Directors by the Audit Committee in Fiscal Year 2017

The main material transactions of the ENDESA Group authorized in fiscal year 2017 with ENEL Group companies are detailed below.

Transactions carried out between Endesa Group companies and ENEL Group companies are considered related-party transactions, as Enel SpA indirectly holds 70.10% of the share capital of Endesa S.A. and, thus, is considered a significant shareholder.

These are transactions between the Company and its primary shareholder for which a specific legal regime and approval requirement has been established, requiring a decision on the legality of this type of transaction, provided they are, in addition to following the general clause on corporate interests, approved in accordance with the legally established procedure.

A. Transactions related to the Endesa Group's business:

Global Trading

ENDESA provides integrated management of the marketing and generation businesses, covering long and short positions in electricity and commodity sales required by the Energy Management Department meeting the dual objective of maximizing margins and managing risks through suitable hedges. In carrying out the first, ENDESA participates in physical and financial wholesale markets to ensure competitive fuel and CO2 costs for operating generation plants in wholesale markets. As regards the second, ENDESA contracts brokerage transactions and hedging instruments with a view to reducing risk arising from price changes of certain critical products for the company's business, including electricity, gas, coal, brent and carbon dioxide emission allowances.

Endesa manages a portfolio of framework agreements with different counterparties in order to execute commodity supply agreements and financial hedging agreements for the price thereof. Some of those transactions are carried out through Enel Trade SpA (Enel Group company). The use of Enel Trade SpA as its sole counterparty for operations in international markets simplifies operations and reduces the amount of guarantees required, thus contributing to decreased operating and credit risk, as well as reduced management costs.
This type of transaction is homogeneous and responds to a single form of operating, where Endesa, instead of contracting multiple counterparties in the market, contracts only one (Enel Trade), which provides significant cost savings and a decreased need for guarantees. In addition, these transactions are inherently carried out at arms' length, as Endesa verifies, at the time it is carried out, that transaction value reflects standard value on a liquid index. In the case of physical purchases of coal or gas offers are requested from third parties.

The nominal value of the transactions reported by the Audit and Compliance Committee, and authorized by the Board of Directors, between Enel Trade and Endesa during fiscal year 2017, totaled a maximum of €10,621.5 million, with transactions effectively carried out totaling €2,240.2 million (21.1%).

An external consultant has verified that the agreed prices and terms and conditions for all Global Trading transactions authorized in fiscal year 2017 were made at arm's length. This conclusion was reached using the comparable uncontrolled price method, comparing non-related party offers in the same type of transactions.

The Audit and Compliance Committee unanimously resolved to inform favorably on these transactions.

Other Trading

The Audit and Compliance Committee has also reported to the Board of Directors on renewal of the contract for sale of electricity by Endesa Energía to the German company Erdwärme Oberland Gmbh, in which Enel Green Power holds a 78.6% shareholding interest, totaling €1.7 million for a 10-month period ending on 31 December 2017.

Independent third parties have verified that the price and terms and conditions of the agreements, for each of the transactions referred to in this section, have been entered into at arm's length.

B. Transactions related to technical and management support services: provision of various intra-group services

Corporate Services

ENEL and ENDESA provide technical and corporate services. Through the provision of these services, the Group seeks to optimize resources by centralizing functions, thus attaining a more functional and efficient cost structure.

Corporate services include all activities providing centralized support for the management of the different business units and entities of the ENDESA Group. In this regard, the Audit and Compliance Committee has reported the following transactions to the Board of Directors:

- Contract for the provision of management and technical support services by Enel to Endesa for fiscal years 2017 and 2018, for an estimated amount of €38 and 39.1 million, respectively, including various services in the areas of: Administration, Finance and Insurance, Planning and Control, Tax, Risk Management, Strategic, M&A and AFC Systems and Processes, Legal and Corporate Affairs, European Affairs, Innovation, Sustainability, Internal Auditing, Human Resources and Organization, Provisioning, Technical Thermal Generation Services, and Technical Distribution Services.
Contract for the provision of management and technical support services by Enel Trade to Endesa for fiscal year 2017, for an estimated annual amount of €5.9 million and with a term from 1 July to 31 December 2017, and for fiscal year 2018, for an estimated amount of €6.3 million. Both of these contracts include a list of services covering the following trading business areas of Endesa: Natural Gas Market (Global Gas); Fuels Market (Global Fuels); Middle Office; Planning and Control; Legal Affairs; Human Resources and Organization; Governance and Compliance; Audit.

Contracts for the provision of services to Enel Green Power España, S.L. (wholly-owned subsidiary of Endesa, S.A., through Endesa Generación, S.A.) by:

- Enel Green Power, SpA, governing the provision of technical services by said company as relates to renewable energies in Spain for fiscal years 2017 and 2018. The maximum annual price is €5 million. This price will be pro-rated based on the effective date of each agreement; for fiscal year 2017 the contract entered into force on 1 August 2017.
- Enel, SpA, governing the provision of management support services by said company for fiscal year 2017. The maximum annual price is €0.643 million and the effective date of the agreement was 1 August 2017.

Renewal of the agreement with Enel Italia for the provision of global Systems and Telecommunications (ICT) services to Endesa for fiscal year 2018, for a total estimated maximum of €34.7 million. The agreement covers ICT services, including Application & Infrastructure Management, CyberSecurity, Digital Evolutions, Corporate Communication, Business Communication. Enel has also performed other technical ICT services for Endesa within the framework of its global operations in the total amount of €3.7 million.

Authorization of Endesa and its subsidiaries to enter into "Recharge Agreements for Personnel Secondment" with Enel Group companies, by virtue of which invoicing may be carried out for all costs incurred for the secondment of employees from their home company to their host company.

The Enel group companies in the Netherlands joined offices in order to take advantage of synergies resulting from the sharing of ordinary services. In this regard, the contract for the provision of administrative and office services by Enel Investment Holding B.V. (EIH) to International Endesa B.V. (IEBV) was renewed for period from 2018 to 2020, for the maximum amount of €0.2 million.

Authorization of the extension of the insurance mandate with Enel through 30 November 2018, so that the latter may negotiate and contract, for and on behalf of Endesa, certain global insurance policies for Endesa in 2018 as specified in the mandate for, inter alia, damages, civil and environmental liability, civil liability of Directors and Officers, freight and transport of goods. Synergies are obtained in the insurance market through the contracting by Enel SpA of global policies covering Endesa as an insured beneficiary.

Independent third parties have verified that the price and terms and conditions of the agreements, for each of the transactions referred to in this section, have been entered into at arm's length.

C. Intra-group financing transactions

All activities aimed at financing and making liquidity available to the different business units and entities of the ENDESA Group are considered intra-group financial transactions and services.
The financial transactions entered into between Endesa and Enel Group companies in fiscal year 2017 are as follows:

On 19 June 2017, the terms and conditions of the €1 billion inter-company credit facility between ENDESA, S.A. and ENEL FINANCE INTERNATIONAL NV were revised.

On 6 November 2017, the short-term uncommitted inter-company credit facility between ENDESA, S.A. and ENEL FINANCE INTERNATIONAL NV was renewed for an amount up to €1,500 million, with maturity on 31 December 2018, under the same terms and conditions. During 2017, drawdowns were intermittently taken on the credit facility based on the needs of the company, with a maximum drawdown of €600 million in July and August.

Independent third parties have verified that the price and terms and conditions of the agreements, for each of the transactions referred to in this section, have been entered into at arm's length.

D. Other Transactions

Technical and Engineering Services

- Approval of the engagement of professional services for the optimization of internal and exchange processes to meet best practices for generation plants:
  - Services provided by Endesa Generación, S.A. and Unión Eléctrica de Canarias Generación, S.A. to various Enel Group companies, totaling €0.58 million.

- Approval of an extension to the agreement between Endesa Ingeniería and E-Distribuzione for analysis by Endesa of dielectric fluids in power transformers, for a maximum amount of €0.15 million.

- Approval of execution of the agreement between Enel Green Power España, S.L and Enel Green Power SpA for analysis by Enel Green Power España of wind turbine vibrations, with a term of three years.

- Approval of the engagement by Endesa Generación, S.A. of Enel Green Power, Spa (EGP) for the performance of engineering services and in-field implementation, assembly and start-up of the improvement and conservation works for the Ribarroja Hydroelectric Plant, totaling €3.27 million.

- Approval of the engagement by Enel Green Power España, S.L. (EGPE) of Enel Green Power, Spa (EGP) for the performance of project management, engineering and in-field implementation, assembly and start-up services for the renewable energy projects (wind and solar) awarded through the public tenders held in May and July 2017, totaling €11.4 million.

- Approval of a R&D project involving the distribution of costs among three partner companies –Endesa Generación, ENEL SpA and ENEL Produzione– with all resulting intellectual property being shared among said parties in proportion to their contribution to the development thereof.
Teleprocessing

- Approval of updates to the contract for supply of equipment and licenses executed between Endesa Distribución, S.A. and Enel Distribuzione S.p.A. in 2015
- Approval of a three-year agreement between Endesa Distribución, S.A. and E-Distribuzione S.p.A. for the provision of engineering, corrective and evolutionary maintenance and quality control services for type 4 and type 5 meters manufactured by third parties, totaling a maximum amount of €4.6 million.

Independent third parties have verified that the price and terms and conditions of the agreements, for each of the transactions referred to in this section, have been entered into at arm’s length.

V. Conclusions:

All transactions referred to in this Report have been approved by the Company's Board of Directors following a favorable report from the Audit and Compliance Committee.

Those Directors of Endesa that have a conflict of interest or are appointed at the request of Enel, or otherwise related thereto, did not participate in or vote on any of the resolutions in question, nor in the Audit and Compliance Committee or on the Board of Directors.

The Directors of Endesa considered their compatibility with corporate interests in relation to every transaction, both as regards its convenience and its terms and conditions, without prejudice to taking into account the particularities arising from Endesa's inclusion in the Enel Group, giving rise to benefits resulting from synergies, coordination of best practices and economies of scale in certain areas.

All of the requests for related-party transactions were accompanied by, at least, an independent third-party report addressing whether the transaction prices were established at arm's length and, as the case may be, addressing the legal validity of its primary contractual conditions.

By request of the Audit and Compliance Committee, Endesa's Internal Auditing Department has verified that all related-party transactions have been reviewed and, as the case may be, approved by the Board of Directors, and that such transactions were executed in accordance with the approved terms and conditions.
D) AUDIT AND COMPLIANCE COMMITTEE REPORT ON THE STATUTORY AUDIT FOR FISCAL YEAR 2017
AUDIT AND COMPLIANCE COMMITTEE REPORT
ON THE STATUTORY AUDIT FOR FISCAL YEAR
2017
AUDIT AND COMPLIANCE COMMITTEE REPORT ON THE
STATUTORY AUDIT FOR FISCAL YEAR 2017

Article 529 (14) of the Capital Corporations Law (Ley de Sociedades de Capital - LSC) establishes among the powers of the Audit and Compliance Committee the duty to report the audit results to the General Shareholders' Meeting, explaining how the audit contributed to the integrity of the financial information and the involvement of the Audit and Compliance Committee in the process. This power is laid out by Endesa in its Audit and Compliance Committee Regulations.

In this regard, Endesa's Audit and Compliance Committee hereby issues this Report with a view to compliance with its duty to report to the General Shareholders' Meeting on audit results and on contributions of the audit to the integrity of the financial information, for publication hereof on the Company's website for the purposes of the General Shareholders' Meeting called to be held on 23 April 2018, under the following terms:

STATUTORY AUDIT RESULTS FOR FISCAL YEAR 2017

In the opinion of the auditor Ernst & Young, the individual and consolidated annual financial statements of Endesa, S.A. reflect in all significant aspects the true and fair view of the equity and financial position of Endesa, S.A. as at 31 December 2017, as well as of its profits and cash flows pertaining to the fiscal year ending on such date, in accordance with the applicable standard financial reporting framework and, in particular, with the accounting principles and criteria contained therein.

In this regard, the General Manager of Administration, Finance and Control attended the meeting of the Audit and Compliance Committee held on 26 February 2018, at which said General Manager: (i) presented the individual and consolidated annual financial statements and proposed application of earnings for fiscal year 2017 to the Audit and Compliance Committee for reporting thereby; (ii) explained the highlights for the year, the key financial indicators, Endesa's market environment and performance, and financial profits; and (iii) provided an analysis of the net financial debt and business of Endesa. He also explained in detail the key items of the annual financial statements, the management report and the proposed application of earnings.

In this same regard, a Partner from the External Auditor Ernst & Young detailed the audit works completed and confirmed that it would issue a favorable report following publication of the financial statements for fiscal year 2017 and verification of Endesa's Internal Financial Reporting Control System. In particular, the auditor stated that:

a) The audit work was completed in accordance with Auditing Rules applicable in Spain (ICAC), as adjusted to meet International Auditing Standards (NIA-ES).
b) All critical accounting policies, estimates and judgments of Management were audited and no material deviations were identified.
c) There were no restrictions on the availability of information and that Endesa's employees have collaborated with and provided the external auditors with all information required to perform their duties.
d) There were no conflicts of interest that negatively affected the independence of the auditors in the performance of their professional activity.
e) No fraudulent or other illegal activities were detected which may affect the true and fair view of the equity and financial position presented in the annual financial statements.

f) In accordance with Article 11 of Regulation (EU) 537/2014, a report was issued to the Committee detailing the results of the audit carried out and addressing, inter alia, the following:

- Nature and frequency of the meetings held with the Board of Directors and Audit and Compliance Committee.
- Methodology of the audit at a quantitative level and materiality criteria applied.
- Understanding of the relevant internal controls for verification that, during the audit, no significant deficiencies in the internal control system which should be reported upon were identified.
- Assessment of the primary methods used to evaluate the financial statements, confirming compliance with relevant regulations.

The tasks performed by the Committee in fiscal year 2017 in relation to this process included, inter alia:

- Monitored preparation of all required financial information. In this regard, the Chief Executive Officer and the General Manager of Administration, Finance and Control certified the Company's Individual and Consolidated Annual Financial Statements as at 31 December 2017 prior to preparation thereof by the Board of Directors. Furthermore, the General Manager of Administration, Finance and Control presented said financial information together with the Consolidated Interim Semi-Annual Summary Financial Statements and the quarterly financial information and, finally, the statutory auditor Ernst & Young reported on the semi-annual and annual results for the fiscal year.


The Committee based its review of the SCIIF on the following reports:

- Report of the Manager of Administration, Finance and Control which, based on the internal certification process followed by the process owners of the SCIIF processes and controls, concluded that the level of trustworthiness and reliability of Endesa’s SCIIF is appropriate and that it has been effectively implemented in 2017 to meet the Company's control objectives.

- Report of the Audit General Manager, based on its analysis of the SCIIF completed in its audit of processes and on testing of the ICT controls under the SCIIF and monitoring of the work performed by Deloitte, concluding that the level of trustworthiness and reliability of Endesa's SCIIF is appropriate as at the close of fiscal year 2017.

- Report of the independent external advisor DELOITTE, on testing and review of the level of trustworthiness and reliability of Endesa's SCIIF in fiscal year 2017. This report concluded that "an assessment of performance of Endesa's System for Internal Control over Financial Reporting at 31 December 2017 was satisfactory, having not discovered any deficiencies which would affect overall performance of said system."

- In performing its statutory audit duties and for the purposes of ensuring the external auditor's independence, the Audit and Compliance Committee:

  - Approved a report expressing an opinion on the independence of the statutory auditor, prior to issuance of the auditor's report and in accordance with Article 529 (14) of the Capital Corporations Law. This report concluded that the additional services rendered by Ernst & Young, S.L. and the network through which it operates to Endesa, S.A. and its group companies do not compromise, to the best of its knowledge, the independence of the auditing company. Furthermore, the external auditor presented a letter expressing its independent status.

  The report for fiscal year 2016 was approved at a meeting held on 22 February 2017, and the report for fiscal year 2017 was approved at a meeting held on 26 February 2018.

  - Approved and reported to the Board of Directors on the provision of additional services by the audit firm, including the relevant budget therefor, at its meetings held on 30 January 2017; 22 February 2017; 8 May 2017; 24 July 2017; 25 September 2017; 17 October 2017; and 18 December 2017.

  Endesa requires that the external auditor provide a certificate of independence for each additional service rendered prior to the approval thereof by the Audit and Compliance Committee, in which the auditor confirms that, to the best of its knowledge, the services comply with relevant rules on independence. In addition, the Committee shall ensure that their independence is not compromised.

  - Received information, at its meeting on 18 December 2017, on the external auditors for those companies within the perimeter of Endesa's consolidated group.
II. APPOINTMENTS AND COMPENSATION COMMITTEE
A) APPOINTMENTS AND COMPENSATION COMMITTEE REPORT FOR FISCAL YEAR 2017
APPOINTMENTS AND COMPENSATION
COMMITTEE REPORT FOR FISCAL YEAR 2017
CONTENTS

1. Regulatory Framework and Duties of the Committee
2. Proceedings
3. Composition
4. Work Undertaken During 2017
   4.1. Proposals for Appointment and Removal
        - Senior Management
        - Board of Directors
   4.2. Compensation Proposals
        - Compensation of Senior Management
        - Compensation of Executive Directors
   4.3. Compensation Policies and Reports
        - Endesa’s Annual Report on Directors Compensation (2016)
   4.4. Endesa’s Director Selection Policy:
        - Report on compliance with Endesa’s Director Selection Policy
        - Amendment of the Director Selection Policy
   4.5. Assessment of the Appointments and Compensation Committee and of the Board of Directors (2016)
   4.6. Appointments and Compensation Committee Report
5. External Advising
1. REGULATORY FRAMEWORK AND DUTIES OF THE COMMITTEE

Endesa’s Appointments and Compensation Committee was voluntarily established by the Board of Directors in 1998.

Law 31/2014, amending the Capital Corporations Law (Ley de Sociedades de Capital - LSC) for the improvement of corporate governance, introduces a mandatory requirement, for the first time, that either one or two committees be established on appointments and compensation. Endesa decided not to divide the existing Appointments and Compensation Committee into two separate committees (appointments committee and compensation committee), as the composition of each committee would essentially be identical given that the five independent directors of the Company would form part of both committees because, in accordance with Good Corporate Governance recommendations, a majority of the members on the Committee (comprised of six members) must be independent.

The Appointments and Compensation Committee is thus currently regulated by the Capital Corporations Law (“LSC”), and in accordance therewith (Articles 529 (13) and 529 (15)), the proceedings and powers of this Committee have been regulated by the Company in its Corporate Bylaws (Article 53) and Board Regulations (Article 24).

The Appointments and Compensation Committee shall therefore have the following duties:

A) To assess the skills, knowledge and experience needed on the Board of Directors. For such purpose, the Committee shall define the duties and skills that the candidates must have in order to cover each vacancy and shall consider the time and dedication required in order to properly perform their mandate, ensuring that, in particular, non-executive directors have enough time to properly perform their duties.

B) To establish a representation goal for the least-represented gender on the Board of Directors and develop guidelines on how to reach such objective.

C) To raise all proposals for the appointment of Independent Directors to the Board of Directors for their appointment by co-optation or by submission to the decision of the General Shareholders’ Meeting, as well as all proposals for the reappointment or removal of said Directors by the General Shareholders’ Meeting.

D) To provide notification of all proposals for appointment of the remaining Directors for their appointment by co-optation or by submission to decision of the General Shareholders' Meeting, as well as all proposals for their reappointment or removal by the General Shareholders' Meeting.

E) To report on and, as the case may be, make membership proposals to the Board of Directors for each of the Committees including, if any, the Executive Committee.

F) To report to the Board of Directors on proposals for the appointment or removal of Endesa’s Senior Executives together with the key terms of their contracts, including compensation.

G) To report to the Board of Directors on organization of the Company in accordance with the general principles established by the Board.
H) To propose the adoption of Senior Management compensation schemes that take the companies’ profits into account. The Committee shall also apprise itself of and assess the Company's policy for executives as regards, in particular, training, promotion and selection.

I) To ensure that any potential conflicts of interest do not threaten the independence of any external advising provided to the Appointments and Compensation Committee.

J) To assess and organize the succession of the Chairman of the Board of Directors and of the Company's Managing Director and, as the case may be, make proposals to the Board of Directors for such succession to occur in a seamless and orderly fashion.

K) To propose the Directors Compensation Policy to the Board of Directors, as well as individual compensation and other contract terms for Executive Directors, ensuring compliance therewith.

L) To verify information regarding compensation of Directors and Senior Executives provided in various corporate documents, including the annual report on director compensation.

All of these duties shall be deemed to be without limitation and notwithstanding such other duties as may be entrusted to the Committee by the Board of Directors. The Board may require that the Committee prepare reports on matters for which it is specifically responsible.

Finally, it is established that the Appointments and Compensation Committee shall consult with the Company's Chairman and Chief Executive Officer, especially on matters regarding Executive Directors and Senior Executives. Any Director may request that the Appointments and Compensation Committee take into consideration, if deemed suitable, potential candidates to fill vacancies in the position of Director.

2. PROCEEDINGS

The proceedings of the Appointments and Compensation Committee is defined in Article 24 of the Board of Directors Regulations, which provides that the Committee shall meet as often as convened by the Chairman, when so resolved by a majority of its members or at the request of the Board of Directors.

Committee meetings shall take place at the Company's registered offices or at such other location as may be determined by the Chairman and stated in the meeting notice. Committee meetings shall be validly assembled when the majority of its members are in attendance, in person or by proxy.

The Appointments and Compensation Committee met eight times during fiscal year 2017. The average attendance at the meetings held was 100%.
Personalized attendance percentages per Director in 2017 were as follows:

<table>
<thead>
<tr>
<th>Directors</th>
<th>Attendance</th>
<th>Proxies</th>
<th>Total Attendance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alberto de Paoli</td>
<td>8/8</td>
<td>-</td>
<td>8/8</td>
</tr>
<tr>
<td>Miquel Roca Junyent</td>
<td>8/8</td>
<td>-</td>
<td>8/8</td>
</tr>
<tr>
<td>Alejandro Echevarría Busquet</td>
<td>6/8</td>
<td>2/2</td>
<td>8/8</td>
</tr>
<tr>
<td>Helena Revoredo Delvecchio</td>
<td>6/8</td>
<td>2/2</td>
<td>8/8</td>
</tr>
<tr>
<td>Ignacio Garralda Ruiz de Velasco</td>
<td>8/8</td>
<td>-</td>
<td>8/8</td>
</tr>
<tr>
<td>Francisco de Lacerda</td>
<td>8/8</td>
<td>-</td>
<td>8/8</td>
</tr>
</tbody>
</table>

Resolutions must be passed by a majority vote of the directors attending the meeting. In the event of a tie, the Chairman or Acting Chairman shall have the casting vote.

The Appointments and Compensation Committee may seek external advice as it deems necessary for the performance of its duties and shall have the power to summon any employee or officer of the company.

Finally, the Secretary of the Committee shall draft minutes for all resolutions passed, of which the Board shall be notified. The minutes shall be made available to all members of the Board of Directors.

### 3. COMPOSITION

The current composition of the Appointments and Compensation Committee is as follows:

<table>
<thead>
<tr>
<th>Position</th>
<th>Members</th>
<th>Appointment Date</th>
<th>Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chairman</td>
<td>Miquel Roca Junyent</td>
<td>30/06/2009 19/09/2016*</td>
<td>External/Independent</td>
</tr>
<tr>
<td>Director</td>
<td>Alberto de Paoli</td>
<td>04/11/2014</td>
<td>External/Shareholder-Appointed</td>
</tr>
<tr>
<td>Director</td>
<td>Alejandro Echevarría Busquet</td>
<td>24/07/2012</td>
<td>External/Independent</td>
</tr>
<tr>
<td>Director</td>
<td>Helena Revoredo Delvecchio</td>
<td>04/11/2014</td>
<td>External/Independent</td>
</tr>
<tr>
<td>Director</td>
<td>Francisco de Lacerda</td>
<td>07/05/2015</td>
<td>External/Independent</td>
</tr>
<tr>
<td>Director</td>
<td>Ignacio Garralda Ruiz de Velasco</td>
<td>07/05/2015</td>
<td>External/Independent</td>
</tr>
<tr>
<td>Secretary</td>
<td>Borja Acha Besga</td>
<td>01/08/2015</td>
<td></td>
</tr>
</tbody>
</table>

*Date of appointment as Chairman of the Appointments and Compensation Committee
The Appointments and Compensation Committee is comprised of six non-executive members from the Board of Directors, five of which are independent (83%). The Committee also has a Shareholder-Appointed Director representing the controlling shareholder Enel, who holds 70.10% of the share capital of Endesa.

The Director Selection Policy ensures that all proposals for appointment to the office of director are based on a prior analysis of various factors including but not limited to the needs of the Appointments and Compensation Committee, also ensuring that such proposals are made in furtherance of the diversity of knowledge, experience and gender, thereby explicitly declaring Endesa’s commitment to the diverse composition of its governing bodies.

In particular, this Policy aims to integrate diverse backgrounds and different professional and management skills, as well as to promote, to the extent possible, gender and age diversity.

- Gender: women represented 16.65% of the Committee in 2017.
- Age: the average age on the Committee is 66, with ages ranging from 52 to 77.
- Seniority: average seniority of the Committee members for 2017 is 4.3 years.
- The directors on the Committee come from diverse professional backgrounds, with a focus on finance and risk, in specific areas including economic/financial, accounting and auditing, internal control and business risk management, and legal. The Directors as a whole bring together sufficient technical knowledge and experience to be able to properly perform their duties.
- 50% of the Committee members are not Spanish nationals.

Endesa understands that diversity in all its forms, at every level of its professional team, is a key component to ensuring the Company’s competitiveness and also plays a key role in its corporate governance strategy that ensures a critical attitude, as well as the expression of different points of view and positions and the analysis of its strong and weak points.

*The profile of the members of the Appointments and Compensation Committee can be found on the Company’s website.*

The table below details the generic skills and diversity of the Committee members, further detailing their significant competencies in terms of the knowledge and background of each member:
Regarding Directors' knowledge and training, a new Director induction program and a knowledge update plan were developed in 2017. These plans were approved by the Board of Directors in December 2017.

### 4. WORK UNDERTAKEN DURING 2017

The Appointments and Compensation Committee, through its Chairman, has reported to the Board of Directors on the development of each and every one of the meetings held. The key issues dealt with by the Committee in 2017 are as follows:

#### 4.1. PROPOSALS FOR APPOINTMENT

**Senior Management**

The Appointments and Compensation Committee reported to the Board of Directors in fiscal year 2017 on the following proposals for the appointment and removal of Senior Executives, all of which were approved by the Board:

- Amendment of the organizational structure of Endesa, establishing the E-Solutions Iberia Business Unit, and appointing Josep Trabado Farré as its General Manager, who will report directly to the CEO.
Board of Directors

- In March 2017, the Appointments and Compensation Committee resolved to propose, to Endesa’s Board of Directors, the reappointment of Alejandro Echevarría Busquet and Miquel Roca Junyent as Independent Directors.

- In April 2017, the Committee reported favorably to the Endesa, S.A. Board of Directors on appointment by co-optation of Maria Patrizia Grieco as an External Shareholder-Appointed Director.

- Also in April 2017, the Appointments and Compensation Committee unanimously acknowledged that it had received notice of the resignation, for personal reasons, of Livio Gallo as a Director of Endesa, by virtue of written document sent to the Board of Directors on 21 April 2017.

- In May 2017, the Appointments and Compensation Committee reported favorably, by unanimous decision, on the proposal for reappointment of Mr. Echevarría, Mr. Roca and Mr. de Paoli as members of the Executive Committee of the Company's Board of Directors.

4.2. COMPENSATION PROPOSALS

The main actions taken by the Committee in relation to compensation in the period covered by this report were:

Compensation of Senior Management

- In February and December 2017, the Committee reported favorably, by unanimous decision and prior to its approval by the Company's Board of Directors, on the proposals for application of compensation items in 2017 to certain members of the Executive Management Committee for 2017.

Compensation of Executive Directors

- In February 2017, the Appointments and Compensation Committee reported favorably, by unanimous decision and prior to its approval by the Company's Board of Directors, on the proposal for updating of the compensation of the Chief Executive Officer.

  ✓ Short-Term Variable Compensation

- In February 2017, the Appointments and Compensation Committee reported favorably, by unanimous decision and prior to its approval by the Company's Board of Directors, on the proposal for variable compensation of Executive Directors in accordance with the assessment of its targets for 2016, as well as on the targets proposed for 2017.

  ✓ Long-Term Variable Compensation

  Loyalty Plan, 2017–2019 Program
In March 2017, the Committee reported favorably, by unanimous decision and prior to its approval by the Board of Directors, on the 2017–2019 Program of Endesa's Loyalty Plan as well as on the subsequent proposal to the Annual General Shareholders' Meeting, who approved said plan on 21 March 2017.

The Committee also reported on the results of the 2014–2016 Program as well as on the revaluation of the 2011–2013 and 2012–2014 Programs.

4.3. COMPENSATION POLICIES AND REPORTS


In February 2017, the Committee reported favorably, by unanimous decision and prior to its approval by the Company's Board of Directors, on Endesa, S.A.'s Annual Report on Directors Compensation, for submission thereof to a binding vote of the General Shareholders' Meeting.

4.4. ENDESA'S DIRECTOR SELECTION POLICY AND PROMOTION OF DIVERSITY

- Verification of Compliance with Endesa's Director Selection Policy

In December 2017, the Appointments and Compensation Committee assessed compliance with Endesa's Director Selection Policy, concluding that the composition of the Board of Directors, as relates to the number of members, structure and professional experiences and skills of its members, is considered to meet the needs of the Company at this time and complies with best corporate governance practices.

The current composition of Endesa's Board and classification of its Directors is as follows:

<table>
<thead>
<tr>
<th>Directors</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive</td>
<td>2</td>
<td>18.18%</td>
</tr>
<tr>
<td>External Shareholder-Appointed</td>
<td>4</td>
<td>36.36%</td>
</tr>
<tr>
<td>External-Independent</td>
<td>5</td>
<td>45.45%</td>
</tr>
<tr>
<td>Women</td>
<td>2</td>
<td>18.18%</td>
</tr>
</tbody>
</table>
The current composition of the Board of Directors as regards number of members, structure, and professional experience and skills of its members is considered to meet the Company’s needs and complies with best corporate governance practices. In this regard it is further specified as follows:

<table>
<thead>
<tr>
<th>DIRECTORS</th>
<th>SKILLS AND COMPETENCIES</th>
<th>DIVERSITY</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Finance &amp; Risk</td>
<td>Engineering</td>
</tr>
<tr>
<td>Borja Prado Eulate</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Francesco Starace</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>José Bogas Gálvez</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Alberto De Paoli</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Miquel Roca Junyent</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Alejandro Echevarría Busquet</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>María Patrizia Grieco</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Enrico Viale</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Helena Revoredo Delvecchio</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Ignacio Garralda Ruiz de Velasco</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Francisco de Lacerda</td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>

- Amendment of the Director Selection Policy

In December 2017, the Appointments and Compensation Committee reported favorably, by unanimous decision and prior to its approval by the Company’s Board of Directors, on the amendment of Endesa’s Director Selection Policy, on the occasion of approval by the Spanish Securities Market Commission (CNMV) of the Technical Guidelines on Audit Committees, and with a view to expressly stating within said Policy the requirement that all director selection processes take into account need as regards composition of the Audit and Compliance and Appointments and Compensation Committees, with the purpose of introducing certain technical improvements, all in such a manner as to ensure coordination with
the proposals submitted to the Board of Directors for amendment of the Board of Directors Regulations, Audit and Compliance Committee Regulations and Endesa's Corporate Governance Policy.

4.5. ASSESSMENT OF THE APPOINTMENTS AND COMPENSATION COMMITTEE AND OF THE BOARD OF DIRECTORS

In October 2017, the Board of Directors agreed to complete the annual assessment of the functioning of the Board and its Committees for fiscal year 2017, to be completed internally with the assistance of the Board Secretary.

In January 2018, the Board of Directors, following a report from the Appointments and Compensation Committee, became acquainted with the self-assessment results, which did not result in any changes to the internal organization of the Board of Directors or its Committees nor to the processes applicable to their activities.

In general, the Directors concluded that the Appointments and Compensation Committee was functioning properly, noting general improvements, as reflected in the completed self-assessment questionnaires.

4.6. APPOINTMENTS AND COMPENSATION COMMITTEE REPORT

In March 2017, the Appointments and Compensation Committee unanimously approved its Appointments and Compensation Committee Report for 2016, with a view to publication thereof on the Company's website for the General Shareholders' Meeting.

5. EXTERNAL ADVISING

The Committee may obtain external advising when deemed necessary for the performance of its duties, in accordance with Article 24 of the Board of Directors Regulations. It shall also have the power to summon any employee or officer of the company. This duty shall be exercised through the Secretary of the Board of Directors.
ANNEX I

PERSONALIZED ATTENDANCE PERCENTAGES AT BOARD AND COMMITTEE MEETINGS IN 2017
# Annex I

## PERSONALIZED ATTENDANCE PERCENTAGES AT BOARD AND COMMITTEE MEETINGS IN 2017

### Board of Directors:

<table>
<thead>
<tr>
<th>Directors</th>
<th>Attendance</th>
<th>Proxies (1)</th>
<th>Total Attendance (1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borja Prado Eulate</td>
<td>11/11</td>
<td>-</td>
<td>11/11</td>
</tr>
<tr>
<td>Francesco Starace</td>
<td>7/11</td>
<td>3/3</td>
<td>11/11</td>
</tr>
<tr>
<td>José D. Bogas Gálvez</td>
<td>11/11</td>
<td>-</td>
<td>11/11</td>
</tr>
<tr>
<td>Alberto de Paoli</td>
<td>11/11</td>
<td>-</td>
<td>11/11</td>
</tr>
<tr>
<td>Miquel Roca Junyent</td>
<td>11/11</td>
<td>-</td>
<td>11/11</td>
</tr>
<tr>
<td>Alejandro Echevarría Busquet</td>
<td>9/11</td>
<td>2/2</td>
<td>11/11</td>
</tr>
<tr>
<td>Livio Gallo</td>
<td>3/3</td>
<td>-</td>
<td>3/3</td>
</tr>
<tr>
<td>Enrico Viale</td>
<td>9/11</td>
<td>2/2</td>
<td>11/11</td>
</tr>
<tr>
<td>Helena Revoredo Delvecchio</td>
<td>9/11</td>
<td>2/2</td>
<td>11/11</td>
</tr>
<tr>
<td>Ignacio Garralda Ruiz de Velasco</td>
<td>11/11</td>
<td>-</td>
<td>11/11</td>
</tr>
<tr>
<td>Francisco de Lacerda</td>
<td>11/11</td>
<td>-</td>
<td>11/11</td>
</tr>
<tr>
<td>Maria Patrizia Grieco</td>
<td>8/8</td>
<td>-</td>
<td>8/8</td>
</tr>
</tbody>
</table>

(1) In calculating Total Attendance for Board and Committee meetings, the criteria set forth in Circular 7/2015 of the Spanish Securities Market Commission were applied, which provides forms for the annual corporate governance reports for listed companies and states that attendance by proxy granted with specific instructions shall be deemed attendance.

### Audit and Compliance Committee:

<table>
<thead>
<tr>
<th>Directors</th>
<th>Attendance</th>
<th>Proxies (1)</th>
<th>Total Attendance (1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alberto de Paoli</td>
<td>9/11</td>
<td>-</td>
<td>9/11</td>
</tr>
<tr>
<td>Miquel Roca Junyent</td>
<td>10/11</td>
<td>1/1</td>
<td>11/11</td>
</tr>
<tr>
<td>Alejandro Echevarría Busquet</td>
<td>9/11</td>
<td>2/2</td>
<td>11/11</td>
</tr>
<tr>
<td>Helena Revoredo Delvecchio</td>
<td>9/11</td>
<td>2/2</td>
<td>11/11</td>
</tr>
<tr>
<td>Ignacio Garralda Ruiz de Velasco</td>
<td>11/11</td>
<td>-</td>
<td>11/11</td>
</tr>
<tr>
<td>Francisco de Lacerda</td>
<td>11/11</td>
<td>-</td>
<td>11/11</td>
</tr>
</tbody>
</table>

### Appointments and Compensation Committee:

<table>
<thead>
<tr>
<th>Directors</th>
<th>Attendance</th>
<th>Proxies (1)</th>
<th>Total Attendance (1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alberto de Paoli</td>
<td>8/8</td>
<td>-</td>
<td>8/8</td>
</tr>
<tr>
<td>Miquel Roca Junyent</td>
<td>8/8</td>
<td>-</td>
<td>8/8</td>
</tr>
<tr>
<td>Alejandro Echevarría Busquet</td>
<td>6/8</td>
<td>2/2</td>
<td>8/8</td>
</tr>
<tr>
<td>Helena Revoredo Delvecchio</td>
<td>6/8</td>
<td>2/2</td>
<td>8/8</td>
</tr>
<tr>
<td>Ignacio Garralda Ruiz de Velasco</td>
<td>8/8</td>
<td>-</td>
<td>8/8</td>
</tr>
<tr>
<td>Francisco de Lacerda</td>
<td>8/8</td>
<td>-</td>
<td>8/8</td>
</tr>
</tbody>
</table>