

**OPEN
POWER
FOR A
BRIGHTER
FUTURE.**

WE EMPOWER
SUSTAINABLE
PROGRESS.



**Non-Financial
and Sustainability
Statement 2022**

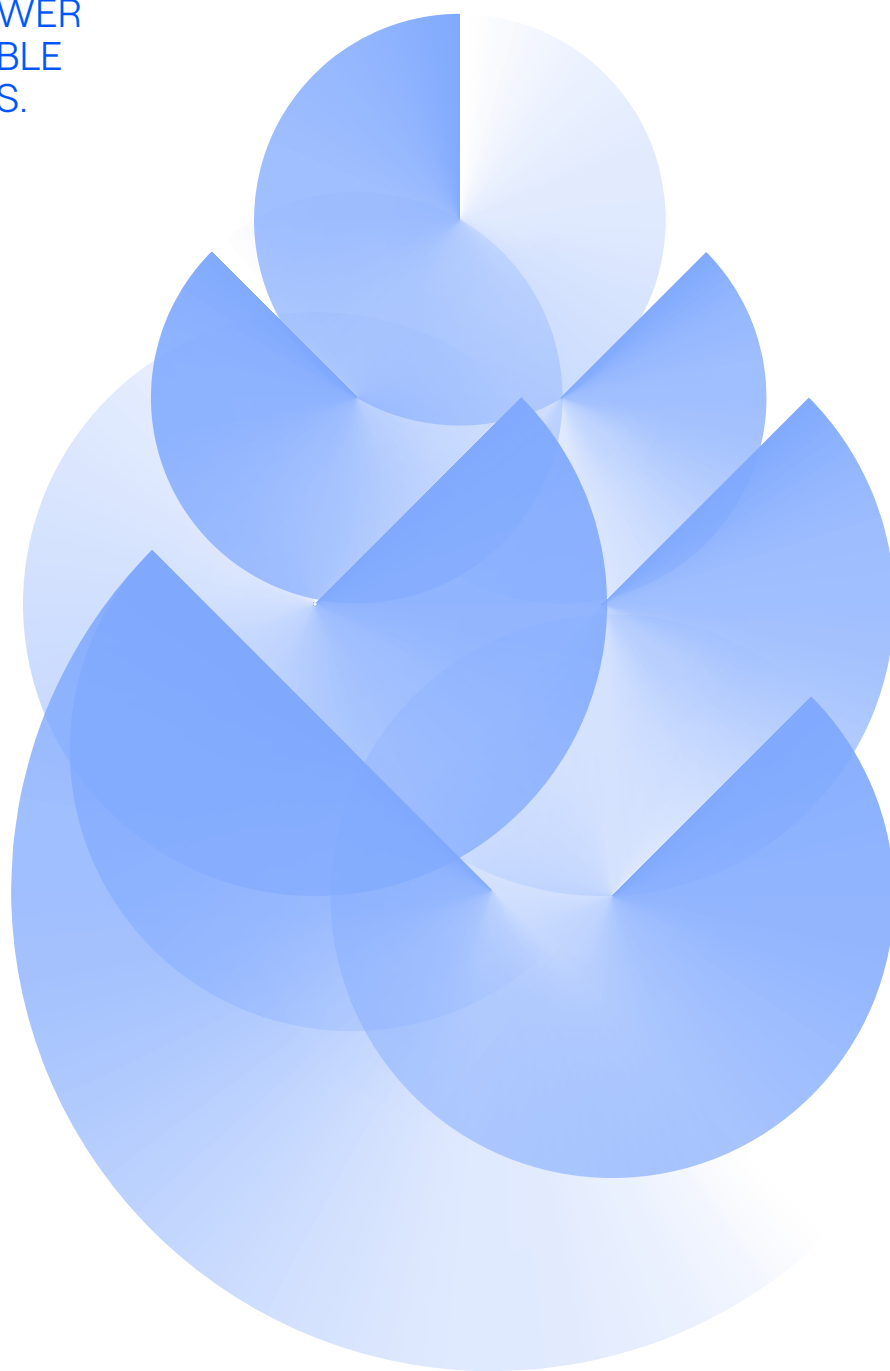
endesa



endesa

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Letter to our stakeholders

2-22

2022 has been marked by the crisis generated as a result of the conflict between Russia and Ukraine, which has placed the energy market at risk. The conflict has hampered the supply of essential energy resources in European countries and heightened inflationary tensions. In a context like the one we are seeing, Endesa has placed a special focus on assessing and estimating the potential real-time direct and indirect impacts on business activity, the financial situation and economic performance.

Endesa considers sustainability as an essential element for guiding its business strategy and is convinced that the best way to face the challenges associated with this crisis is to deepen our commitment. To this end, decarbonisation is a key aspect, which will help us to reduce our reliance on fossil fuels and guarantee a greater degree of

self-sufficiency in energy, to name just a couple of benefits.

As proof of the company's commitment to leading the energy transition, Endesa accelerated its previous decarbonisation plans in 2021, bringing forward the ambitious objective of achieving net zero emissions in its activities to 2040, thus becoming a 100% renewable company, highlighting the company's ambition to lead the energy transition. It also announced that it is leaving the coal business by 2027 and gas by 2040.

The new 2023-2025 Strategic Plan takes these objectives into account and accelerates the path towards zero emissions, incorporating this ambition not only into all its generation activities, but also into retail sales, and outlines the ways in which this will be achieved, structured around two main pillars:



Juan Sánchez-Calero Guilarte

Chairman



José D. Bogas Gálvez

Chief Executive Officer

- 51% growth during the Plan period of the installed capacity of renewable sources compared to 2022 (4,400 additional MW, reaching a total of 13,900 MW), meaning that 91% of Endesa's mainland production would be free of CO₂ emissions by the end of 2025. The company is committed to reducing scope 3 emissions, with a view to reducing gas sales and promoting electrification.
- The drive to digitize the network, entailing an investment of 2,600 million euros. This will lead to improved quality of service and a reduction of losses.

A competitive generation base, together with a quality and reliable energy supply, will permit the electrification of consumption, a key factor in meeting the growing needs of customers, gaining the loyalty of a greater number of them, through an increasingly wide and innovative range of services, contributing to economic growth and a higher quality of life.

The investment plan that sets out these actions is fully aligned with the objective of reaching net zero emissions

in 2040, thus complying with the objective set in the Paris Agreement to ensure that the average global rise in temperature does not exceed 1.5 °C compared with pre-industrial levels. Under this plan for the 2023-2025 period, 90% of the planned investment is aligned with SDG 13 (Climate Action), which in turn includes SDG 7 (Affordable and Clean Energy), SDG 9 (Industry, Innovation and Infrastructure) and SDG 11 (Sustainable Cities and Communities).

Additionally, in line with the classification stipulated by European regulations to determine environmentally sustainable economic activities or European Taxonomy, more than 80% of the investments included in Endesa's 2023-2025 plan are eligible, so they are aligned with the criteria of this regulation, being in the list of environmentally sustainable activities. This percentage establishes a direct relationship with access to sustainable financing, as it is at the heart of Endesa's financial strategy. To this end, it is expected that by 2025, 87% of financing will come from sustainable sources. In short, Endesa intends on continuing to play an important part in the sustainable recovery of economic activity after the pandemic and the recent energy crisis caused by the conflict between Russia and Ukraine,

promoting a new economic model that is more responsible, inclusive and respectful of the environment, guaranteeing the living conditions for future generations.

Endesa's strategy for a just transition maintains a firm commitment to the development of local communities in the area around its assets and business projects, establishing solid and lasting relationships. By creating a shared value model, which the company has been applying as a pioneer since 2016, Endesa has established a proactive participatory process with social, business and institutional agents to define support plans for each asset or project, with the aim of maximising the physical, social and economic value to the local environment. The measures incorporated in these plans include training courses for local communities, promotion of primary and tertiary sector activities that promote socio-economic activity in the area, energy efficiency initiatives, self-consumption and energy communities in the municipalities that host the projects.

There is a particular focus on the areas affected by the closures of coal-fired power plants. On a voluntary basis, Endesa, through the Futur-e Plans, has established the main objective of undertaking an energy transition that contributes to mitigating the impact that these closures may have on the local population through 4 lines of action: (i) proactive job search for staff directly affected; ii) promotion of economic activity in the area, prioritising its own investments in these environments and/or looking for alternative third-party activities, which are implemented in the company's sites; iii) education and training of the local population to improve their employability and iv) sustainability initiatives within the municipality. To this end, Endesa has been awarded 1,202 MW of the just transition tenders in Andorra (Teruel), thanks to its innovative industrial proposal, which includes the hybridisation of solar, wind and energy storage systems as well as constituting a backbone in socioeconomic aspects, thanks to the collaboration with companies and agreements with local agents in the primary, secondary and tertiary sectors. This award confirms Endesa's approach, which places sustainability not only at the heart of its business strategy but also includes it in the way it operates assets and projects.

The circular economy, linked to SDG 12 (Responsible Consumption and Production), is another key concept in Endesa's strategy. The circular economy must complement the decarbonisation process to effectively tackle the energy problem we currently face. It is necessary to reflect on the economic model, considering all stages of the life cycle: extraction, production, use and disposal, in addition to the flows of materials and energy consumed at each of the stages of its life cycle. The circular economy at Endesa is characterised by a re-evaluation of the business throughout the entire chain of value by applying innovative thinking, from the design, procurement and operation and maintenance phases of an asset or product to extend its useful life, through to the end customers. All this applying specific circular approaches for each of the different units at the company, such as reuse and recycling.

Endesa is aware that it must continue to maintain the highest possible demands in all business areas, applying an approach based on sustainability. This is reflected in transparent and ethical governance, at the forefront of the application of good practices, which has reinforced the commitment to continue integrating sustainability and good governance into the management of all Endesa's activities, as well as in relations with its stakeholders.

We remain fully committed to the Ten Principles of the UN Global Compact, to the Guiding Principles on Business and Human Rights and to the UN's Seventeen Sustainable Development Goals included in the 2030 Agenda.

Endesa continues to focus on diversity, development and striking a work-life balance as key elements in its strategy to generate long-term value, accepting the challenge of continuing to make progress towards becoming a more inclusive company. The company maintains ambitious goals to promote gender diversity. At present, women account for more than 40 percent of those sitting on the Board of Directors and 50 percent of those involved in selection processes. Furthermore, Endesa is addressing the entire spectrum of diversity, with special mention for the creation of an LGTBQ+ community, as well as initiatives relating to age, culture and the inclusion of people

with disabilities. In recent years, the company has made significant efforts to improve the integration of people with disabilities throughout the value chain, expanding solutions and measures to improve the accessibility of our people and our customers and committing to continue working on this challenge in the coming years.

This commitment to sustainability is recognised by leading sustainability ratings agencies and indices worldwide. To this end, Endesa has once again been included in the DJSI World for the 22nd consecutive year, achieving its best historical score, reaching fourth position in the *electricity utilities* ranking and has been included in the DJSI Europe for the first time ever. Furthermore, Endesa leads the list of the 15 Spanish companies from

all sectors included in the DJSI World. Elsewhere, Endesa has established itself as a leader in its sector, hand-in-hand with Enel, in the Euronext Vigeo and FTSE4Good indices and has renewed its AAA rating, the highest possible, in the MSCI assessment. As a result, Endesa is one of the most highly rated companies in the world and in the IBEX-35 with regard to social, environmental and good corporate governance criteria.

In conclusion, Endesa reaffirms its commitment to sustainability because it firmly believes that this will not only strengthen its strategy and business, but will also have a direct impact on society, helping it to be more prosperous, inclusive, sustainable and resilient in the current process of transition and change.

1.

Our sustainable progress

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1.1. Who we are and results in 2022



The scope of the information provided in this chapter covers both Endesa, S.A. and its investee companies in Spain and Portugal. The scope is the same as in the Legal Documentation reports. For further information, see sections

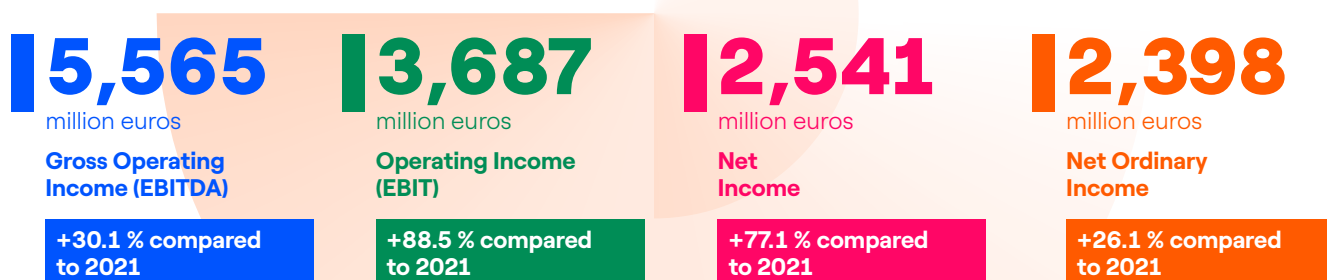
1.1.2.6. Organisational structure and 2. Report boundary (Appendix I: Methodology for preparing the report). Variations, if any, to the scope described here are presented throughout the chapter.

1.1.1. Financial, operational and sustainable milestones

2-6 EU1 EU2 EU3

1.1.1.1. Financial indicators

EU1 EU2 EU3 201-4



Net income attributed to the Parent amounted to Euros 2,541 million in 2022 compared to Euros 1,435 million in the previous year (+77.1%).

Net ordinary income for 2022 amounted to 2,398 million euros, a reduction of 26.1% compared to the previous year.

The following effects should be considered when analysing net income for 2022:

Period	Effect	References ⁽¹⁾	Impact	
2022	Sale of 51% of Endesa X Way, S.L.	7.2, 14 and 26	▲ 182 million euros	Net income generated from the sale of 51% of the holding in Endesa X Way, S.L. to Enel X Way, S.r.l. and the recognition of the holding (49%) retained at fair value as a result of the loss of control over the company.
	Social Bonus	10.3, 16.1 and 51	▲ 125 million euros	Ruling 202/2022, of 21 February 2022, handed down by the Supreme Court in Appeal No. 687/2017 acknowledged the right of Endesa, S.A. to be compensated for the amounts borne to finance and co-finance the Social Bonus with the public administrations during the whole term that the third financing system of the Social Bonus is in force, so that all amounts paid in this regard are refunded to the complainant by discounting the amounts that, where appropriate, had been passed on to customers. Endesa has not passed on the financing cost to customers, hence there are robust arguments to justify its entitlement to a full refund of all the amounts borne in this regard. In particular, with regard to the regulated segment of the supply activity, the reference suppliers cannot pass on that cost to customers since their remuneration system does not allow it, hence the recovery of such amounts must be automatic.
	Ministerial Order TED/749/2022	6	▼ 135 million euros	Recognition of the value of remuneration for distribution activity in 2017-2019 pursuant to Order TED/749/2022, of 27 July.
	Impairment of the Non-mainland Territories (TNP) of the Balearic Islands, Canary Islands, Ceuta and Melilla	15.1	▼ 27 million euros	Accounting recognition of the impairment of cash-generating units (CGUs) for the Non-mainland Territories of the Balearic Islands, Canary Islands, Ceuta and Melilla.
2021	Impairment of the Non-mainland Territories (TNP) of the Balearic Islands, Canary Islands, Ceuta and Melilla	15.1	▼ 489 million euros	Accounting recognition of the impairment of cash-generating units (CGUs) for the Non-mainland Territories of the Balearic Islands, Canary Islands, Ceuta and Melilla.
	Carbon dioxide (CO₂) emission rights	9.1 and 6	▲ 195 million euros	Recognition of the right to be compensated for the reduced remuneration as a generating company in the amount of the internalisation of carbon dioxide (CO ₂) emission rights assigned free of charge under the National Emission Rights Allocation Plan (PNA), which it did not have a legal duty to bear.

⁽¹⁾ See Notes 6, 7.2, 9.1, 10.3, 14, 15.1, 16.1, 26, 51 of the *Annual Report on the Consolidated Financial Statements* for the year ended 31 December 2022.

Below, details are provided of the most relevant financial indicators and how they have changed year on year:

Financial indicators

	2020	2021	2022
Revenues (million euros)	17,050	20,899	32,896
EBITDA (million euros) ⁽¹⁾	3,809	4,278	5,565
Profit for the year (million euros) ⁽¹⁾	1,394	1,435	2,541
Ordinary Profit for the year (million euros) ⁽¹⁾	2,132	1,902	2,398
Share Capital (million euros)	1,271	1,271	1,271
Non-Current Borrowings (million euros)	5,901	7,211	11,704

⁽¹⁾ See definition in Section 7 of the Consolidated Management Report.

The breakdown of the main contributions to entities covered by the Sponsorship Law (Law 49/2002) in 2022 are:

- **Endesa Foundation**, for an amount of Euros 6 million. This annual donation is made to the Foundation to develop and finance its foundational activities, which are

structured in support of education, training for employment, biodiversity and culture.

- **Universo Mujer II Programme** (Public administration), for the sum of Euros 925 million. This donation is made within the framework of a programme classified as being of "exceptional public interest", which aims to promote and increase female participation in all areas of sport.

	2020	2021	2022
Contributions to foundations and non-profit (million euros) ⁽¹⁾	27.2	7.0	7.7
Foundations (million euros)	21.3	5.9	6.8
Public administrations (million euros) ⁽²⁾	5.9	1.1	0.9
Public subsidies received (million euros)	1.4 ⁽³⁾	1.7	2.1 ⁽⁴⁾

⁽¹⁾ The information on Contributions to foundations and non-profit entities corresponds to the amounts accrued in 2022.

⁽²⁾ The contributions in 2021 and 2022 correspond to the Universo Mujer II Program.

⁽³⁾ The figure for public subsidies received corresponds to the total amount of public subsidies collected in 2022, all in Spain.

⁽⁴⁾ Amount adjusted for subsequent events and details occurring after year end.

During 2022, Endesa and its investee companies received non-refundable contributions as direct subsidies for innovation projects amounting to Euros 2.1 million, from

both European and national institutions, the most relevant of these being:










Innovation projects

MOVES II	Dedicated to e-mobility.
CONFIA	Automation system for managing energy poverty associated with vulnerable customers based on <i>Blockchain</i> technology.
AMBRA-E	International project, carried out in collaboration with Romania and Italy, dedicated to e-mobility.
Smart5grid	Demonstration of 5G solutions for smart distribution networks.
Flow	Analysis of the impact of recharge columns on distribution networks.
BeFlexible	The objective of this initiative is to increase the flexibility of the energy system by improving cooperation between distribution networks and transmission networks.

1.1.1.1.1. Investments

In 2022, Endesa's gross investments in property, plant and equipment and intangible assets amounted to Euros 2,370 million, as follows:

Million euros

	Investments		
	2020	2021	2022
Generation and Supply	897	1,228	1,072
 Conventional generation ⁽¹⁾	309	440	253
 Renewable generation	551	770	785
 Energy Supply	2	1	1
 Marketing of other products and services	35	17	33
Distribution	819	819	819
Structure, services and others ⁽²⁾	78	14	11
Total PP&E ⁽³⁾⁽⁴⁾	1,589	2,061	1,902
Generation and Supply	185	274	379
 Conventional generation ⁽⁵⁾	12	22	19
 Renewable generation	14	19	71
 Energy supply	139	194	247
 Marketing of other products and services	20	39	42
Distribution	22	34	72
Structure, services and others ⁽²⁾	27	20	17
Total intangible assets ⁽⁴⁾	234	328	468
Total gross investments	1,846	2,389	2,370
Capital grants and facilities sold	-135	-203	-199
Generation and Supply	-7	-3	-
 Conventional generation	-2	-3	-
Distribution	-128	-200	-199
Total net investments ⁽⁶⁾	1,711	2,186	2,171

⁽¹⁾ In 2022, includes gross capex in the Non-Mainland Territories amounting to Euros 82 million (Euros 93 million in 2021).

⁽²⁾ Structure, Services and Adjustments.

⁽³⁾ In 2022 includes additions for rights of use amounting to Euros 23 million (Euros 213 million in 2021). (See Note 21 to the Consolidated Financial Statements for the year ended 31 December 2022).

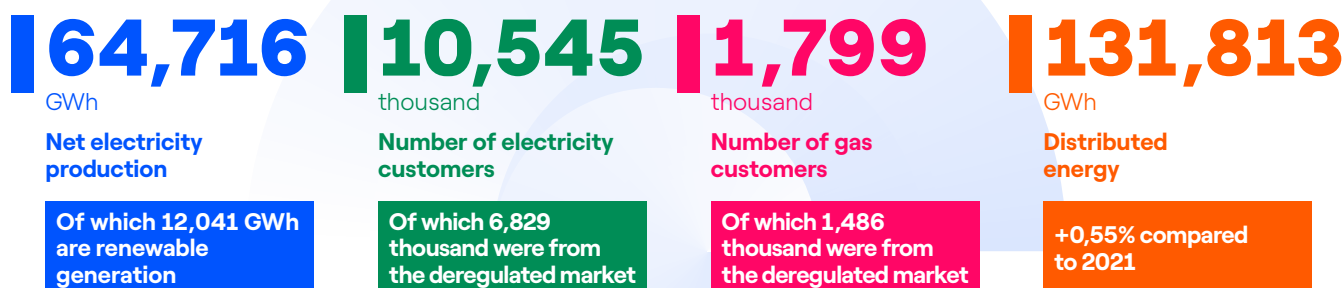
⁽⁴⁾ In 2022 includes Euros 2,274 million, 95.9%, relating to investments for low-carbon products, services and technologies (Euros 2,251 million, 94.2%, in 2021).

⁽⁵⁾ In 2022 and 2021 includes Euros 1 million related to investments in Non-Mainland Territories, respectively.







⁽⁶⁾ VSee definition in Section 7 of the *Consolidated Management Report*.

Further information on the main investments is provided in *Notes 20.1.1 and 23.1.1 to the Consolidated Financial Statements* for the year ended 31 December 2022.




1.1.1.2. Operating indicators



Operating indicators

	2020	2021	2022
Net installed capacity (MW)  	21,652	21,140	22,044
Conventional thermal	5,098	3,978	3,978
Oil	2,334	2,334	2,333
Coal	2,764	1,644	1,644
Nuclear plant	3,328	3,328	3,328
Combined cycle	5,445	5,445	5,445
Renewables	7,781	8,390	9,293
Hydroelectric	4,749	4,746	4,746
Wind	2,423	2,546	2,882
Photovoltaic	609	1,097	1,665
Rest	1	1	0,5
Net electricity production (GWh) ⁽¹⁾  	56,269	57,592	64,716
Conventional thermal	5,650	4,853	5,447
Oil	4,217	4,077	4,450
Coal	1,433	776	997
Nuclear plant	25,839	25,504	26,508
Combined cycle	11,365	14,441	20,720
Renewables	13,415	12,794	12,041
Hydroelectric	7,681	6,122	4,477
Wind	5,235	5,605	5,709
Photovoltaic	498	1,066	1,854
Rest	1	1	1
Electricity sales to end customers (GWh) 	80,772	79,458	79,003
Regulated price	11,342	10,705	8,210
Deregulated market ⁽²⁾	69,430	68,753	70,793
Number of electricity customers ⁽³⁾ (thousands) 	10,420	10,251	10,545
Regulated market ⁽⁴⁾	4,730	4,373	3,716
Deregulated market ⁽²⁾	5,690	5,878	6,829

Operating indicators

	2020	2021	2022
Gas sales (GWh) ⁽⁵⁾	70,045	76,991	63,756
Deregulated market	39,665	41,147	40,420
Regulated market	1,225	1,318	1,258
International market	17,440	17,765	15,402
Wholesale business	11,715	16,761	6,676
Number of gas customers ⁽³⁾ (thousands) 	1,673	1,684	1,799
Regulated market	233	232	313
Deregulated market	1,440	1,452	1,486
Energy distributed ⁽⁴⁾ (GWh) 	124,658	131,090	131,813
Workforce (end of year) 	9,591	9,258	9,258

⁽¹⁾ Data measured in bars at the substation.

⁽²⁾ To provide coherent economic data for this business, we include sales made by Endesa Energía and customers in European countries outside of Spain and Portugal.

⁽³⁾ Supply points.

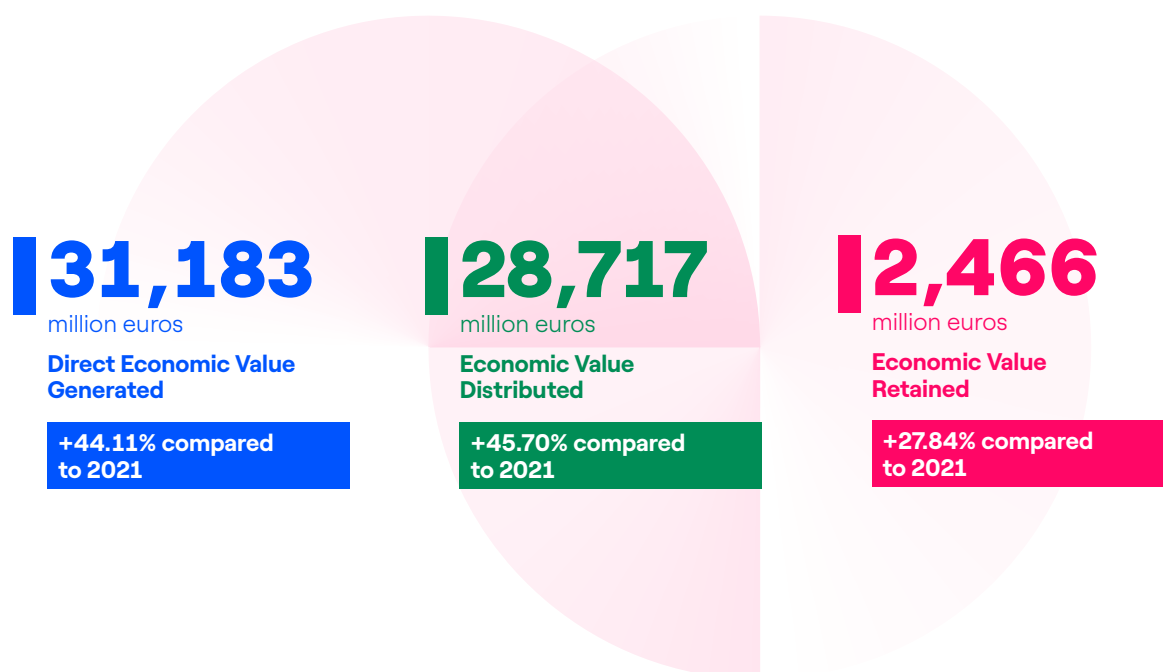
⁽⁴⁾ Tariff customers. Does not include access customers.

⁽⁵⁾ Excluding own generation consumption.

1.1.1.3. Sustainable metrics

1.1.1.3.1. Wealth generation

201-1



Endesa's activity as a producer and supplier of electricity contributes to the economic and social development of the countries in which it operates.

The economic value generated and distributed by Endesa in 2020, 2021 and 2022 was as follows:

Sustainable metrics

Million euros

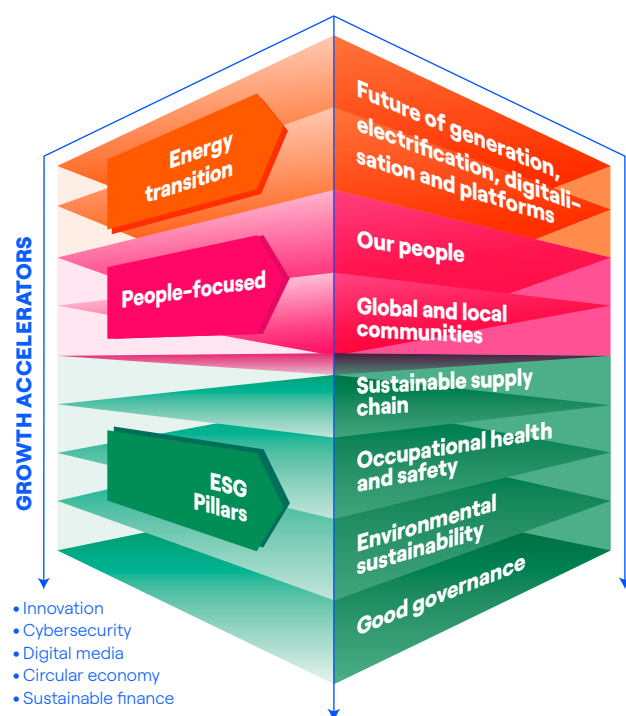
	2020	2021	2022
Direct Economic Value Generated	17,160	21,639	31,183
Revenue from sales and services	16,717	20,527	32,545
Other operating income	333	372	351
Net profit/(loss) of companies accounted for using the equity method	34	-1	15
Income and expenses from energy stock derivatives	25	543	-2,217
Other gains/losses and finance income	51	198	489
Financial Income	25	163	236
Other gains and losses	26	35	253
Economic Value Distributed	16,316	19,710	28,717
Shareholders	2,132	1,522	1,679
Companies: Customers, suppliers and contractors	11,395	15,923	23,781
Power purchases	3,322	7,603	12,901
Fuel consumption	1,100	1,607	4,349
Transmission Costs	5,000	4,425	3,603
Other variable procurements and services	1,647	1,729	2,541
(Taxes and charges in variable procurements)	-892	-568	-856
Other Fixed Operating Expenses	1,351	1,239	1,353
(Taxes and charges in fixed costs)	-133	-112	-110
Employees	1,147	916	955
Public authorities	1,413	1,147	1,857
Corporation tax	388	467	891
Taxes and charges	1,025	680	966
Investment in social projects ⁽²⁾	34	14	17
Financial community	195	188	428
Financial Expense	191	177	343
Income and expenses on derivative financial instruments	4	11	85
Economic Value Retained	844	1,929	2,466

⁽¹⁾ For further details on the indicators, see section 9.4. Value created for stakeholders in the Consolidated Management Report.

⁽²⁾ Calculated applying the "London Benchmarking Group" (LBG) methodology.

1.1.1.3.2. Compliance with the objectives in the 2022-2024 Endesa Sustainability Plan

Endesa Sustainability Plan 2022-2024



Endesa has addressed each of the priorities and strategic pillars defined in the 2022-2024 Sustainability Plan, through more than 130 quantitative management targets, securing an overall rate of compliance of 97%.

Achievement of Sustainability Plan Objectives

Line of action	Achievement in 2022
Future of generation	91.7%
Electrification, digitalization and platforms	99.6%
People we work with	99.9%
Global and local communities	100%
Responsible supply chain	86.5%
Occupational health and safety	95.9%
Environmental sustainability	94.3%
Good governance	100%
Growth accelerators	99.2%
Total	97%

Details of compliance with the objectives set out in the 2022-2024 Plan can be consulted in APPENDIX IX: *Compliance with PES 2022-2024 objectives*.

1.1.2. Commitment to the new energy model

1.1.2.1. Open Power strategic positioning

Our VISION: OPEN POWER positioning

Endesa combines the strength of its organisation with the opportunities of an open connected world to make energy affordable and sustainable, and to ensure security of supply. Endesa is aware of the significant change the industry is currently experiencing, operating in a new era for ener-

gy that is more open, participative and digital. This strategic positioning is summarised in the concept of **Open Power**, which constitutes the Company's mission, vision and values.

Open Power



VISION

Open Power to combat some of the biggest challenges facing our planet.

VALUES

- **Responsibility:** Each of us is responsible for the success of the Group, across all levels. We always act within the framework of our strategy of social responsibility and in compliance with tax regulations.
- **Innovation:** Innovation: A certain curiosity is at the heart of what we do and who we are, striving to go one step further and overcome our fears with a view to opening energy up to new uses, technologies, and people. Learning both from our mistakes and our successes.
- **Trust:** We prioritise competence, honesty and transparency, gaining the trust of our colleagues, customers and external partners, acknowledging individual differences.
- **Proactivity:** We all assume responsibility for our own work. We constantly interpret global scenarios and challenges to anticipate changes, redefining priorities when the context so requires.

MISSION

- **Opening energy to more people:** Opening energy to more people: We will work to connect more people to safe and sustainable energy.
- **Opening energy to new technologies:** Leading the development and application of new technologies to generate and distribute energy more sustainably, focusing, in particular, on renewable energy sources and smart distribution grids.
- **Opening new ways of managing energy for the consumer:** Developing more tailored services for people to help them use energy more efficiently, concentrating, in particular, on smart meters and digitalisation.
- **Opening energy to new uses:** Developing new services based on energy to meet global challenges, focusing on connectivity and electric mobility.
- **We are open to more collaboration:** We will form a network of research, technology, product development and marketing partners to create new solutions together.

1.1.2.2. Creation of sustainable value

The integration of financial and non-financial information enables effective communication of the business model and its value-creation process, both with regard to its results and to the short, medium and long-term outlook. It provides an overview for partners and stakeholders to make their business decisions with sufficient information, as environmental, social and economic aspects are becoming increasingly important.

The creation of value at Endesa is summarised in the following chart, showing the main figures for stakeholders through Endesa's organisation and business model, which are characterised by robust and transparent corporate governance and a sustainable strategy that, among other things, prioritises achieving the Sustainable Development Goals (SDGs), particularly Goals 7, 9, 11 and 13.





PLANET

- 74 l/kWh** Specific Extraction of Water for Industrial Use in the Electricity Generation Process.
- 14.6%** Extraction of Water for Industrial Use in Areas under Water Stress.
- 559 kt** Coal consumption.
- 805 kt** Fuel oil consumption.
- 963 kt** Diesel consumption.
- 3,235 millions of m³** Natural gas consumption.
- 52 t** Uranium consumption.



PEOPLE

- 9,258** employees in Endesa workforce.
- 26.3%** Women in Final Workforce.
- 18.9%** Women in management positions.
- 17,649** Full-time Equivalent Contractor Staff.



PROSPERITY

- 5,560 million euros** Net equity of the parent company
- 2,370 million euros** Gross investments in Property, Plant And Equipment and Intangible Assets.
- 1,636 million euros** Intangible assets.
- 30 million euros** Transfers (are part of Intangible Assets).
- 22,338 million euros** Property, Plant and Equipment.
- 22,044 MW** Net installed capacity.
- 9,293 MW** Net Installed Capacity from Renewable Sources.
- 317,829 km** Distribution and Transmission Networks.
- 100 %** List of Digitalised Customers⁽¹⁾.
- 12,459 thousands** of end users⁽²⁾.
- 10,545 thousands of** Electricity Customers^{(3) (4)}.
- 6,829 thousands of** Electricity Customers on the Deregulated Market⁽⁵⁾.
- 13,898 number of** Public and Private Electricity Charging Stations.
- 10,869 million euros** Net Financial Debt⁽⁶⁾.



PRINCIPLES OF GOVERNANCE

- 42%** Women on the Boards of Directors.
- 12 number of** Total Reports Received through the Whistleblowing Channel for Possible Breaches of the Code of Ethics.
- 3 Number of** Proven Violations.

EXTERNAL



Proposal

OPEN POWER FOR A BETTER FUTURE

WE PROMOTE SUSTAINABLE PROGRESS

Values ► Trust ► Proactivity ►

Strategic pillars

1 Assigning capital to support a decarbonised electricity supply.

2 Achieving the electrification of customer energy demand.

Value Chain

Governance Corporate

GROUP STRATEGY

RISKS AND

⁽¹⁾ Number of Digitalised Customers / End Users (%).

⁽²⁾ Customers of distributors.

⁽³⁾ Supply points.

⁽⁴⁾ Customers of retailers.

⁽⁵⁾ Customers of suppliers in the deregulated market.

⁽⁶⁾ Average training given per employee (average number of hours of training).

⁽⁷⁾ Percentage of contracts terminated compared to final workforce.

Value created for Endesa and our stakeholders

CONTEXT



Vision

- Open Power to solve some of our world's biggest challenges.

Mission

- Opening Energy up to more people.
- Opening Energy to New Technologies.
- Opening Up New Ways to Manage Energy for the Consumer.
- Opening energy to New Uses.
- Opening up to more Collaboration.

Responsibility Innovation

3 Empowering sustainable value creation all along the value chain.

4 Anticipating the achievement of the sustainable "Net-Zero" goals by 2040.

Generation

Distribution

Retailing

Outlook

AND RISK MANAGEMENT

OPPORTUNITY

Results

Impacts



PLANET

13,271,636 tons of Direct Greenhouse Gas (GHG) emissions from the Electricity Generation Process – Scope 1

205 gCO₂eq/kWh Specific Greenhouse Gas (GHG) Emissions from the Electricity Generation Process (Scope 1).

7,596 tons of SO₂ Emissions.

43,088 tons of Nox Shipments.

682 tons of Particle Emissions.

31 Biodiversity conservation projects.

ODS

6 **12**
13 **14**
15



PEOPLE

45.69 hours of Training (average per employee)⁽⁶⁾.

6.0% Turnover Rate⁽⁷⁾.

0.06% Frequency of Accidents Index, Own Employees⁽⁸⁾.

0.43% Accident Frequency Index for Contractors⁽⁸⁾.

ODS

1 **2**
3 **4**
5 **8**
10



PROSPERITY

32,896 million euros Revenue.

5,565 million euros Gross Operating Income (EBITDA)⁽⁹⁾.

2,398 million euros Net Ordinary Income⁽⁹⁾.

31,183 million euros Direct Economic Value Generated⁽¹⁰⁾.

1,857 million euros Economic value distributed to the Public Administration (taxes paid)⁽¹⁰⁾.

92,152 number of Own Shares Acquired in 2022.

1,521 million euros Dividends Paid

1.5854 (€/share) Gross Dividend per Share 2022.

1.4% Average Cost of Gross Financial Debt.

131,813 GWh Energy Distributed⁽¹¹⁾.

79,003 GWh Net Electricity Sales⁽¹²⁾.

908 MW Additional Net Installed Renewable Capacity.

73.2% Generation of non-emitting renewable and nuclear technologies over Endesa's total mainland generation

4,416 number of net installed Public and Private Electric Charging Stations in 2022.

64.4 min. Duration of Interruptions in the Distribution Grid-SAIDI⁽¹³⁾.

10 number of patents.

ODS

7 **9**
11



PRINCIPLES OF GOVERNANCE

53% Workers who have received training on anti-corruption policies and procedures.

ODS

16 **17**

⁽⁸⁾ Frequency index = (Number of accidents or Number of serious accidents or Number of fatal accidents / Number of hours worked) x 10⁶.

⁽⁹⁾ See definition in Section 7 of this Consolidated Management Report.

⁽¹⁰⁾ See definition in Section 9.4 of this Consolidated Management Report.

⁽¹¹⁾ Energy supplied to customers, with or without a contract, auxiliary consumption from generators and outputs to other grids (transmission or distribution).

⁽¹²⁾ Sales to end customers.

⁽¹³⁾ Source: In-house. Data for the last 12 months.

1.1.2.3. Sustainable business model

In recent years, Endesa has developed a sustainable business model, focussing its business strategy on meeting the major challenges facing the society in which it performs its activities. The constantly changing social, economic and political backdrop we are seeing at present means that Endesa must be constantly vigilant, developing specific action plans to better respond to these developments.

The energy transition towards the decarbonisation and electrification of the current economy, including the efficient development of renewable energies abandoning technologies based on fossil fuels without leaving anyone behind, is a major challenge that the company faces. The shift towards a decarbonised economy has encouraged and required the transformation of the current business model, while generating great economic, environmental and social opportunities, contributing to the creation of wealth and employment, as well as the improvement of the planet.

Climate change is the main challenge for all of ENDESA's stakeholders. ENDESA, therefore, recognises that it must play a leading role in fighting this challenge. To this end, it is pursuing a business model that aims to lead the energy transition, in line with the United Nation's Sustainable Development Goals (SDGs) and the objectives of the Paris Agreement. The objective is to meet the challenge of decarbonisation and so contain the average increase in global temperatures to below 1.5°C compared with the pre-industrial period, creating shared value for all stakeholders and spreading its sustainability principles and commitments throughout the value chain.

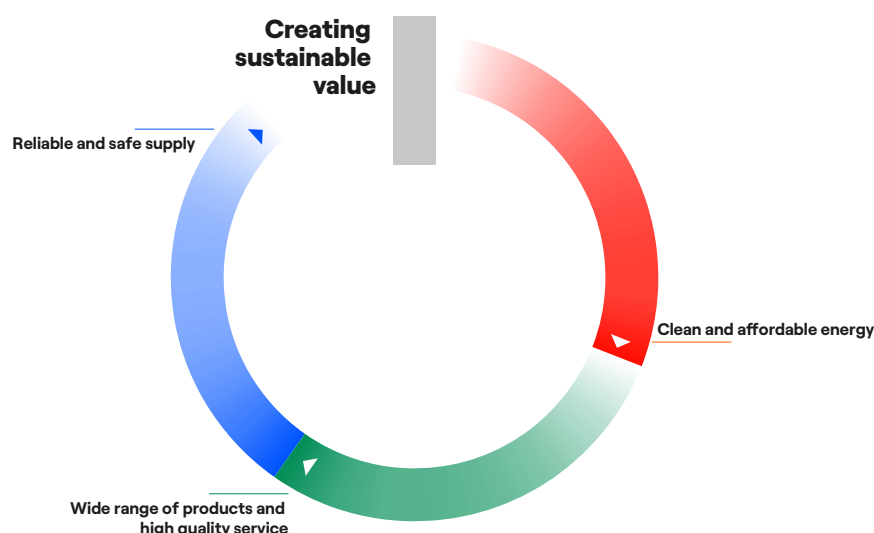
Materiality analysis is very important in Endesa's journey towards an innovative business model that fosters the decarbonisation of the sector and whose commitment can be extended to the entire value chain, providing an important instrument for establishing the basis of a fair and effi-

cient transformation. Faced with the changing interpretation of the concept itself, Endesa has incorporated a dual perspective of materiality, identifying the impacts resulting from its activity that have both positive and negative effects on people and the environment, and the external environmental, social and governance aspects that might affect the value of the company and its financial performance in the short, medium and longer term.

Furthermore, changes to the environmental, social and governance environment are associated with a series of risks that the company must address and manage. This orientation of Endesa's strategy and business model to respond to the relevant aspects for its stakeholders means it can manage these risks and identify and harness opportunities.

Bearing this in mind, Endesa has designed its 2023-2025 Strategic Plan considering both its impact and the risks and opportunities. This Plan sets out the company's roadmap for achieving the energy transformation challenges, participating in the achievement of the Sustainable Development Goals.

Around 90% of the investments in Endesa's Strategic Plan address SDG 13 (Climate Action) which it contributes to through specific actions relating to SDG 7 (Affordable and clean energy), through growth in renewable energy capacity; SDG 9 (Industry, innovation and infrastructure), through digitalization of the distribution network and SDG 11 (Sustainable cities and communities) and SDG 12 (Responsible consumption and production) driving the electrification of energy consumption through the sale of products and roll out of charging stations for electric vehicles. This demonstrates the extent to which sustainability is integrated into Endesa's business model. For more details see section 1.4.4. *The Sustainable Development Goals*. Furthermore, more than 80% of the investments included in the 2023-2025 Strategic Plan are eligible under the EU taxonomy.



This strategic plan, which guides the company's activity towards a sustainable business model, is complemented by Endesa's sustainability plan. It includes the company's commitments to sustainability, including more than 130 quantitative objectives for the 2023-2025 period, with the focus responding to the company's purpose, vision, mission and values.

Through innovation and by implementing the values in our "Open Power" positioning, Endesa is continuing to contribute to achieving the United Nations Sustainable Development Goals, promoting solutions to reduce environmental impact and meet the needs of its customers and the local communities where it operates, while always ensuring the safety of its employees and contractors.

1.1.2.4. Main business activities

2-1 2-6

Endesa, S.A. (hereinafter, "the Parent" or the "Company") and its subsidiaries make up the Endesa Group (hereinafter, "Endesa"). Endesa, S.A. was incorporated on 18 November 1944 and the company's registered office is located at Calle Ribera del Loira, 60 in Madrid. It was established with limited liability under Spanish law under the name Empresa Nacional de Electricidad, S.A. and changed its name to Endesa, S.A. pursuant to a resolution adopted by the General Shareholders' Meeting on 25 June 1997. Since that date there has been no subsequent change in its corporate name.

Its corporate purpose is: the electricity business in all its various industrial and commercial areas; the exploitation of primary energy resources of all types; the provision of industrial services, particularly in the areas of telecommunications, water and gas and those preliminary or supplementary to the Group's corporate purpose; and management of the corporate Group, comprising investments in other companies.

The Company carries out its corporate purpose in Spain and abroad directly or through its investments in other companies.

Endesa's corporate purpose is mainly categorised in section D, division 35 of the Spanish Business Classification Index (CNAE).

Endesa, S.A. and its subsidiaries (Endesa or the "Company") operate in the electricity and gas business, mainly in the markets of Spain and Portugal. To a lesser extent, it also supplies electricity and gas in other European markets, and other products and services related to its main business.

The organisation is divided into generation, supply and distribution activities, each of which includes electricity and, in certain cases, gas activities and other products and services.

In view of the areas of business carried on by the subsidiaries of Endesa, S.A., transactions are not highly cyclical or seasonal.

1.1.2.5. Main markets

2-1 2-6

In order to be able to effectively face all risks and take advantage of all the opportunities of an energy sector in constant change, Endesa's business model is structured into different Business Lines so as to respond quickly in the markets where it operates and take into account the needs of its customers in the territories and businesses where it has a presence.

These Business Lines relate to the following activities in which Endesa is involved: generation, distribution and marketing of electricity and gas, mainly, in Spain and Portugal, and, to a lesser extent, marketing of electricity




and gas in other European markets, particularly Germany, France and the Netherlands, from its platform in Spain, and marketing of other products and services related to its main business.

Endesa manages its generation and supply businesses jointly – apart from production from its mainland coal-fired plants – enabling it to optimise its integrated position compared to separate management of both activities.

The markets in which Endesa carries out its activities are as follows:



1.1.2.5.1. Spanish market

2-1

Activities	Description
Electricity generation 	<p>Endesa carries out its electricity generation activities in the mainland and in non-mainland territories (TNP), which include the Balearic and Canary Islands, and the self-governing cities of Ceuta and Melilla.</p> <ul style="list-style-type: none"> In the mainland territory, conventional and renewable generation is a deregulated activity, although there is specific remuneration for generation from renewable energies. Conventional generation in Non-Mainland Territories (TNP) is subject to specific regulations which address the particular nature of their geographical location, with regulated remuneration. There are incentives for investment in generation from renewable sources in the Non-mainland Territories (TNP) to reduce costs (see Section 16 of the Consolidated Management Report).
Supply of electricity, gas and other products and services 	<p>This activity is deregulated and consists of supplying energy in the market and the sale of other products and services to customers.</p>
Electricity distribution 	<p>Electricity distribution is a deregulated activity involving distribution of electricity to the consumption points.</p>

1.1.2.5.2. Portuguese market

2-1

Activities	Description
Electricity generation 	<p>Electricity generation in Portugal is carried out in a competitive environment.</p>
Supply of electricity, gas and other products and services 	<p>This activity is deregulated in Portugal and consists of selling energy on the market and the sale of other products and services to customers.</p>

Section 1.1. *Who we are and results in 2022* sets out the financial, operational and sustainable metrics of the markets.

1.1.2.6. Organisational structure


2-1

2-2

2-6

Endesa, S.A.'s activity is structured by business lines, giving the Company flexibility and the ability to respond to the needs of its customers in the territories and businesses in which it operates.

Endesa, S.A. works primarily through the following companies to organise its business lines:

Companies	Description
Endesa Generación, S.A.U. Gas y Electricidad Generación, S.A.U. Unión Eléctrica de Canarias Generación, S.A.U. Enel Green Power España, S.L.U. (EGPE) 	<ul style="list-style-type: none"> This company was set up on 22 September 1999 to hold the generation and mining assets of Endesa, S.A. Endesa Generación, S.A.U. comprises holdings in Gas y Electricidad Generación, S.A.U. (100%) and Unión Eléctrica de Canarias Generación, S.A.U. (100%), which manage the conventional generation assets in the non-mainland territories (TNP), and Enel Green Power España, S.L.U. (EGPE) (100%), which manages renewable-energy generation assets. In 2022, Endesa's generation facilities had a total net output of 64,716 GWh (see Section 9.1 of this Consolidated Management Report).

1.1.2.6.1. Electricity generation: Endesa Generación, S.A.U.

EU1

Net installed capacity


	MW		Percentage	
	2021	2022	2021	2022
Oil	2,334	2,333	11%	11%
Coal	1,644	1,644	8%	7%
Natural gas	5,445	5,445	26%	25%
Renewable	8,390	9,293	40%	42%
Nuclear power	3,328	3,328	16%	15%
Total	21,140	22,044	100%	100%

EU2


Net electricity produced

	GWh		Percentage	
	2021	2022	2021	2022
Oil	4,077	4,450	7%	7%
Coal	776	997	1%	2%
Natural gas	14,441	20,720	25%	32%
Renewable	12,794	12,041	22%	19%
Nuclear power	25,504	26,508	44%	41%
Total	57,592	64,716	100%	100%

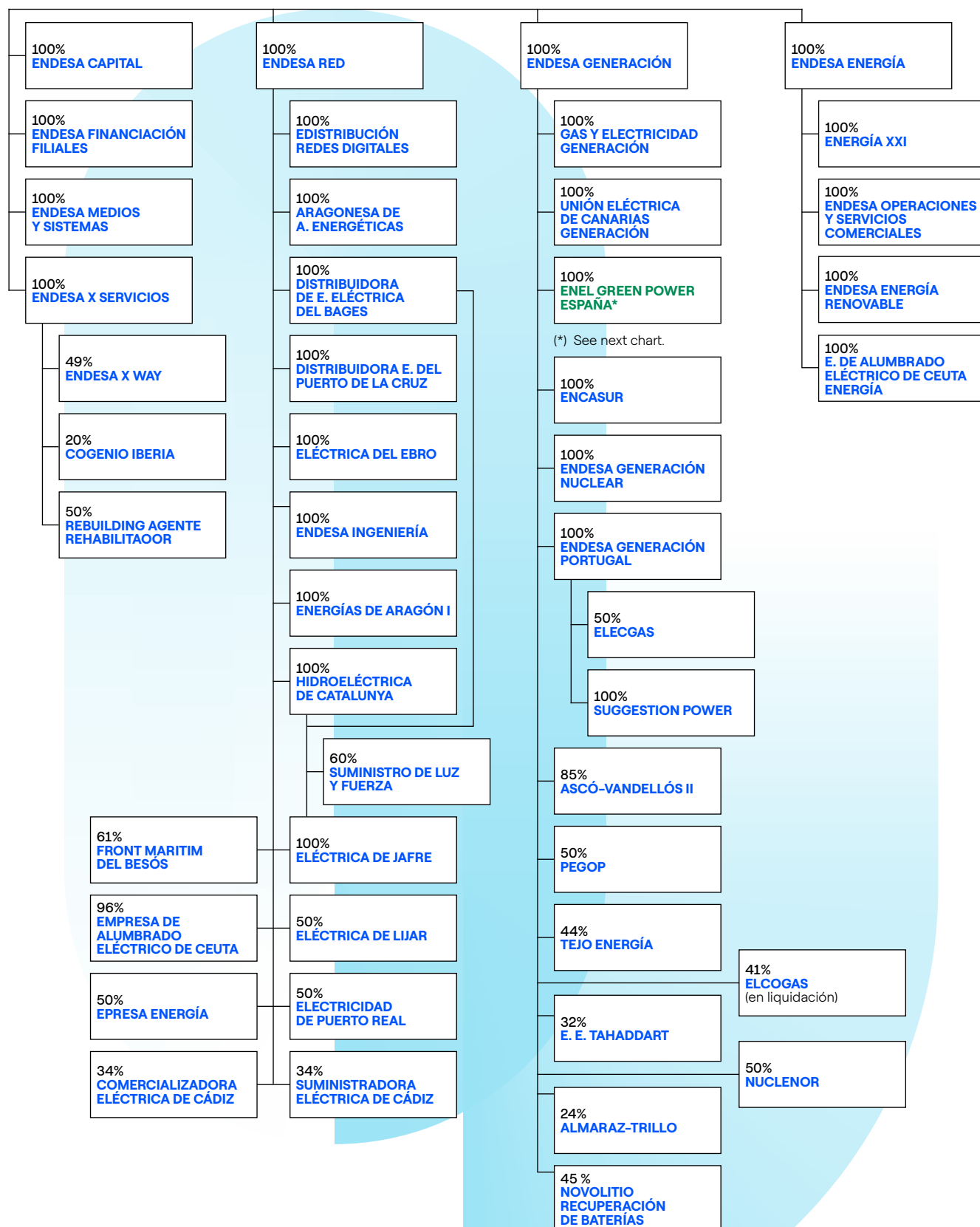
1.1.2.6.2. Energy distribution: Endesa Red, S.A.U.

Companies	Description
Endesa Red, S.A.U. Edistribución Redes Digitales, S.L.U. Endesa Ingeniería, S.L.U. 	<ul style="list-style-type: none"> This company was set up on 22 September 1999 and marked the culmination of the integration of Endesa, S.A.'s regional distribution companies in Spain. Among other interests, this company holds 100% interests in Edistribución Redes Digitales, S.L.U., which engages in regulated electricity distribution activities, and Endesa Ingeniería, S.L.U. (100%). At 31 December 2021, ENDESA distributed electricity in 24 Spanish provinces (La Coruña, Almería, Badajoz, Barcelona, Cadiz, Córdoba, Girona, Granada, Huelva, Huesca, the Balearic Islands, Jaen, Las Palmas, Leon, Lleida, Málaga, Ourense, Santa Cruz de Tenerife, Seville, Soria, Tarragona, Teruel, Zamora and Zaragoza) in 8 Autonomous Communities (Andalusia, Aragon, the Canary Islands, Castilla y Leon, Catalonia, Extremadura, Galicia and the Balearic Islands) and the self-governing city of Ceuta, covering a total of 195,794 km² and a population of over 21 million people. Endesa had over 12 million distribution customers at that date, and its networks supplied total power of 131,813 GWh in 2022 (see Section 9.1 of this Consolidated Management Report).

1.1.2.6.3. Marketing of energy and other products and services: Endesa Energía, S.A.U., and Endesa X Servicios, S.L.U.

Companies	Description
Marketing of energy and other products and services: Endesa Energía, S.A.U. Energía XXI Comercializadora de Referencia, S.L.U. Endesa Operaciones y Servicios Comerciales, S.L.U. Endesa Energía Renovable, S.L.U. Endesa X Servicios, S.L.U. 	<ul style="list-style-type: none"> Endesa Energía, S.A.U. was set up on 3 February 1998 to carry out marketing activities and meet the demands of Spanish electricity market deregulation. Its activity involves supply of energy to customers who opt to exercise their right to choose their supplier and receive the service in the deregulated market, in addition to other products and services relating to the development of energy-efficient infrastructure and maintenance services. Endesa Energía, S.A.U. owns 100% of the companies: Energía XXI Comercializadora de Referencia, S.L.U., which supplies electricity in the regulated market; Endesa Operaciones y Servicios Comerciales, S.L.U., which provides commercial services related to energy supply; and Endesa Energía Renovable, S.L.U., which is involved in supplying electricity and natural gas from renewable sources. Endesa Energía, S.A.U. also supplies the deregulated markets in Germany, France, the Netherlands and Portugal. Net electricity sales amounted to 79,003 GWh in 2022, with the portfolio of customers in the electricity market including 10.5 million points of supply at 31 December 2022. Endesa supplied 63,756 GWh of gas in 2022, and its customer portfolio in the conventional natural gas market included 1.8 million supply points at 31 December 2022 (see Section 9.1 of the Consolidated Management Report). Endesa X Servicios, S.L.U. is involved in development and marketing activities for new services adapted to the development of the energy market, focusing on four lines of action: e-Home, e-Industries, e-City and e-Mobility. Endesa X Servicios, S.L.U. also develops and markets new services adapted to trends in the energy market in Portugal.

The following corporate map shows Endesa's main investees at 31 December 2022:



100% ENEL GREEN POWER ESPAÑA						
51% AGUILÓN 20	38% COMPAÑÍA EÓLICA TIERRAS ALTAS	100% ENVATIOS PROMOCIÓN XX	100% FRV ZAMORA SOLAR 3	75% PARQUE EÓLICO DE BARBANZA	67% SAN FRANCISCO DE BORJA	50% SOCIEDAD EÓLICA EL PUNTAL
100% ARANORT DESARROLLOS	25% CORPORACIÓN EÓLICA DE ZARAGOZA	51% EÓLICA VALLE DEL EBRO	100% FUNDAMENTAL RECOGNIZED SYSTEMS	82% PARQUE EÓLICO DE SAN ANDRÉS	45% SANTO ROSTRO COGENERACIÓN (en liquidación)	60% SOCIEDAD EÓLICA LOS LANCES
100% ARENA GREEN POWER 1	100% DEHESA DE LOS GUADALUPES SOLAR	80% EÓLICAS DE AGAETE	100% FURATENA SOLAR 1	66% PARQUE EÓLICO DE SANTA LUCÍA	100% SAVANNA POWER SOLAR 4	50% SOLANA RENOVABLES
100% ARENA GREEN POWER 2	100% DEHESA PV FARM 03	55% EÓLICAS DE FUENCALIENTE	30% HIDROELÉCTRICA DE OUROL	90% PARQUE EÓLICO FINCA DE MOGÁN	100% SAVANNA POWER SOLAR 5	36% SOTAVENTO GALICIA
100% ARENA GREEN POWER 3	100% DEHESA PV FARM 04	40% EÓLICAS DE FUERTEVENTURA	51% HISPANO GENERACIÓN DE ENERGÍA SOLAR	76% PARQUE EÓLICO MONTES DE LAS NAVAS	100% SAVANNA POWER SOLAR 6	100% STONEWOOD DESARROLLOS
100% ARENA GREEN POWER 4	100% EMINTEGRAL CYCLE	50% EÓLICAS DE LA PATAGONIA	41% INFRAESTRUCTURA DE EVACUACIÓN PEÑAFLORES 220 KV	100% PARQUE EÓLICO MUINIESA	100% SAVANNA POWER SOLAR 9	51% TAUSTE ENERGÍA DISTRIBUIDA
100% ARENA GREEN POWER 5	100% ENERGÍA BASE NATURAL	40% EÓLICAS DE LANZAROTE	100% INFRAESTRUCTURAS PUERTO SANTA MARÍA 220	52% PARQUE EÓLICO PUNTA DE TENO	100% SAVANNA POWER SOLAR 10	45% TERMOTEC ENERGÍA (en liquidación)
100% ARENA POWER SOLAR 11	100% ENERGÍA EÓLICA ÁBREGO	50% EÓLICAS DE TENERIFE	19% INFRAESTRUCTURAS SAN SERVÁN SET 400	58% PARQUE EÓLICO SIERRA DEL MADERO	100% SAVANNA POWER SOLAR 12	30% TERRER RENOVABLES
100% ARENA POWER SOLAR 12	100% ENERGÍA EÓLICA GALERNA	60% EÓLICAS DE TIRAJANA	31% INFRAESTRUCTURAS SAN SERVÁN 220	100% PRODUCTIVE SOLAR SYSTEMS	100% SAVANNA POWER SOLAR 13	100% TICO SOLAR 1
100% ARENA POWER SOLAR 13	100% ENERGÍA EÓLICA GREGAL	9% EVACUACIÓN CARMONA 400-220 KV RENOVABLES	24% INSTALACIONES SAN SERVÁN II 400	30% PRODUCTORA DE ENERGÍAS	38% SECCIONADORA ALMODOVAR RENOVABLES	100% TICO SOLAR 2
100% ARENA POWER SOLAR 20	100% ENERGÍA NETA SA CASETA LLUCMAJOR	70% EXPLOTACIONES EÓLICAS DE ESCUCHA	35% LUCAS SOSTENIBLE	100% PROMOCIONES ENERGÉTICAS DEL BIERZO	100% SEGUIDORES SOLARES PLANTA 2	33% TOLEDO PV
100% ARENA POWER SOLAR 33	100% ENERGÍA Y NATURALEZA	74% EXPLOTACIONES EÓLICAS EL PUERTO	36% MINGLANILLA RENOVABLES 400KV	37% PROMOTORES MUDEJAR 400 KV	16% SET CARMONA 400 KV RENOVABLES	8% TORO RENOVABLES 400 KV
100% ARENA POWER SOLAR 34	55% ENERGÍAS ALTERNATIVAS DEL SUR	51% EXPLOTACIONES EÓLICAS SANTO DOMINGO DE LUNA	37% MINICENTRALES DEL CANAL IMPERIAL-GALLUR	33% PROYECTOS UNIVERSITARIOS DE ENERGÍAS RENOVABLES	100% SHARK POWER	100% TORREPALMA ENERGY 1
100% ARENA POWER SOLAR 35	67% ENERGÍAS DE GRAUS	65% EXPLOTACIONES EÓLICAS SASO PLANO	21% MONTE REINA RENOVABLES	100% PUERTO SANTA MARÍA ENERGÍA I	100% SHARK POWER REN 4	61% TRANSFORMADORA ALMODOVAR RENOVABLES
50% ATECA RENOVABLES	97% ENERGÍAS ESPECIALES DE CAREÓN	90% EXPLOTACIONES EÓLICAS SIERRA COSTERA	100% OLIVUM PV FARM 01	100% PUERTO SANTA MARÍA ENERGÍA II	100% SHARK POWER REN 5	36% TRÉVAGO RENOVABLES
100% BAIKAL ENTERPRISE	100% ENERGÍAS ESPECIALES PEÑA ARMADA	90% EXPLOTACIONES EÓLICAS SIERRA LA VIRGEN	33% OXAGE S.A. (en liquidación)	100% RENOVABLES ANDORRA	100% SHARK POWER REN 6	67% VIRULEIROS
100% BALEARES ENERGY	100% ENERGÍAS ESPECIALES ALTO ULLA	100% FOTOVOLTAICA YUNCLILLOS	100% PAMPINUS PV FARM 01	64% RENOVABLES BROVALES 400 KV	100% SHARK POWER REN 7	100% XALOC SOLAR
100% BAYLIO SOLAR	50% ENERGÍAS ESPECIALES DEL BIERZO	100% FRV CORCHITOS I	90% PARAVENTO	100% RENOVABLES LA PEDRERA	100% SHARK POWER REN 8	40% YEDESA COGENERACIÓN (en liquidación)
51% BOSA DEL EBRO	19% ENERGÍAS LIMPIAS DE CARMONA	100% FRV CORCHITOS II SOLAR	30% PARC EOLIC LA TOSSA -LA MOLA D'EN PASCUAL	44% RENOVABLES MANZANARES 400 KV	100% SHARK POWER REN 9	
34% BRAZATORTAS RENOVABLES	100% ENIGMA GREEN POWER 1	100% FRV GIBALBIN-JEREZ	30% PARC EOLIC LOS ALIGARS	100% RENOVABLES MEDIAVILLA	100% SHARK POWER REN 10	
25% CAMPOS PROMOTORES RENOVABLES	100% ENVATIOS PROMOCIÓN I	100% FRV TARIFA	100% PARQUE EÓLICO A CAPELADA	100% RENOVABLES TERUEL	28% SISTEMA ELÉCTRICO DE CONEXIÓN VALCAIRE	
33% CENTRAL HIDRÁULICA GUEJAR-SIERRA	100% ENVATIOS PROMOCIÓN II	100% FRV VILLALOBILLOS	50% PARQUE EÓLICO BELMONTE	39% RLBINA RENOVABLES 400	96% SISTEMAS ELÉCTRICOS NAÑÓN ORTIGUEIRA	
20% COGENERACIÓN EL SALTO (en liquidación)	100% ENVATIOS PROMOCIÓN III	100% FRV ZAMORA SOLAR 1	80% PARQUE EÓLICO CARRETERA DE ARINAGA	50% SALTO DE SAN RAFAEL	65% SOCIEDAD EÓLICA DE ANDALUCÍA	

The additions, removals and changes to Endesa's company map in 2022 are described in *Note 7 of the Notes to the Consolidated Financial Statements* for the year ended 31 December 2022.

Appendix I to the Notes to the Consolidated Financial Statements for the year ended 31 December 2022 lists Endesa's companies and material shareholdings.

1.1.2.6.4. Business outside Spain

1.1.2.6.4.1. Portugal

Activities	Endesa's presence in the Portuguese electricity system is mainly concentrated in the electricity generation and supply activities in the deregulated market. Endesa continues to be one of the main operators in the Portuguese deregulated electricity market. At the end of the year, Endesa had supplied 8.5 TWh to more than 611,500 supply points, distributed as follows: more than 66,800 points in medium voltage and more than 544,700 points in low voltage. As for gas, more than 4.7 TWh were supplied and there were more than 146,000 active supply points at year-end.
Investee assets	The assets owned by Endesa in 2022 totaled 855 MW of installed capacity under the ordinary regime through its holding in Elecgas.
Elecgas	Endesa owns 50% of Elecgas, the company that owns the gas plant located in Pego. In turn, Endesa owns 100% of the energy produced by Elecgas, through the Tolling agreement in force between the parties.
Pego gas plant	The Pego gas plant generated 4,875 GWh, accounting for 9.7% of Portugal's total electricity consumption.
Pegop	Pegop, in which Endesa holds a 50% stake, is responsible for operating and maintaining the Pego combined cycle plant.

1.1.2.6.4.2. Other countries

Morocco	Endesa is present in Morocco through a 32% stake in Energie Electrique de Tahaddart, which owns a 392 MW combined cycle power plant located to the north of Asilah, near the River Tahaddart. In 2022, the plant generated 109 GWh (35 GWh of which corresponded to Endesa's 32% stake).
France	In France, Endesa supplied more than 10.2 TWh of gas in 2022 and 0.02 TWh of electricity to more than 12,000 active supply points in total.
Germany	In Germany, Endesa supplied more than 1.9 TWh of electricity and 0.3 TWh of gas, to almost 250 active supply points in total.
The Netherlands	In the Netherlands, the company supplied more than 0.3 TWh of electricity and nearly 0.2 GWh of gas, to more than 100 active supply points in electricity and more than 10 active supply points in gas at the end of the year.

1.1.3. Action

1.1.3.1. Share performance

2-6

The main world markets ended 2022 with double-digit losses, affected by inflationary tensions that were aggravated by the war in Ukraine, and by the continuous interest rate hikes adopted by the central banks as a containment measure.

Among the main stock market indexes, only the British FTSE 100 ended the year in positive territory, although the increase was a slight 0.9%. Following this indicator, the Spanish selective IBEX-35 stood out by losing only 5.6%, performing better than indices such as the French CAC 40 or the German DAX, which fell by 9.5% and 12.1%, respectively. The main European stock market benchmark, the Eurostoxx 50, ended the year with a cumulative decline of 11.7%, lower in any case than that recorded by the U.S. indexes, where the S&P 500 fell by 19.4% and the Nasdaq technology index by 33%.

The Spanish IBEX-35 index reached its lowest level of the year in mid-October at 7,261.1 points, at which point it registered a loss of close to 17%, following the International Monetary Fund's downward revision of the country's economic forecasts. From that level, the Spanish index managed to climb 13 % in the last two months of the year to

close 2022 at 8,229.1. This rebound was supported by the improvement recorded by the Banking Sector, encouraged by the rise in interest rates, and some energy companies, which bounced back strongly in the face of the increase in the price of fossil fuels.

Power sector stocks were affected by investor uncertainty in the face of the unprecedented economic and social crisis caused by the war in Ukraine, which was reflected in high energy price volatility and rising inflation. During the year, this situation triggered the adoption of major regulatory measures with an impact on the sector, approved both at the EU level and by the Spanish government, in an attempt to mitigate the price pressure on the population. The high volatility of the market in 2022, characterised by sudden movements in share price, occurred with a cumulative trading volume that was somewhat lower than in the previous year. In Endesa, a total of 324.5 million shares were traded, corresponding to accumulated cash of Euros 5,974 million. The figures were 20.1% and 29.7% lower than those for 2021, respectively. The average volume of shares traded during each session was 1.26 million, 20.5% down year on year.

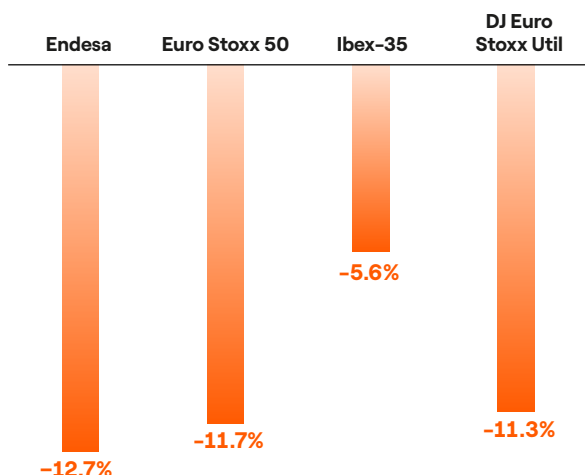
Key share price data for Endesa in 2022

Madrid Stock Exchange	Maximum	Minimum	Average	Closing price	% Annual gain/loss	Total returns	Volume of shares traded
Endesa (€/share)	20.96	14.27	18.367	17635	-12.70%	-5.58 %	324,484,195

Source: Madrid Stock Exchange.

Endesa's performance on the Madrid Stock Exchange and comparison with benchmark indexes

At the end of the reporting period, Endesa's market cap stood at Euros 18,671 million, making it the security with the twelfth highest capitalization in the IBEX-35.



1.1.3.2. Dividend

3-3 Management Approach: Economic Performance

In line with the Dividend Policy announced for the 2021-2024 period at Endesa's Capital Market Day on 25 November 2021, Endesa's General Shareholders' Meeting held on 29 April 2022 approved the distribution of a total dividend charged to 2021 results for the gross sum of Euros 1.4372 per share to its shareholders, coming to a total of Euros 1,521 million.

This dividend was paid out to shareholders in two cash payments made on 3 January 2022 for Euros 0.5 gross per share (Euros -529 million in total), and 1 July 2022, Euros -0.9372 gross per share (Euros 992 million in total).

Looking ahead, the Dividend Policy for the 2022-2025 period, approved by the company's Board of Directors and disclosed on 23 November 2022, establishes that the Board of

Directors will ensure that for 2022, the ordinary dividend per share approved for distribution for the year is equal to 70% of the ordinary net profit attributed to the parent company in the Group's consolidated financial statements, in the form of a single cash payment in July 2023.

For the 2023, 2024 and 2025 financial years, the Board of Directors will attempt to ensure that the ordinary dividend per share approved for distribution for the year is equal to 70% of the ordinary net profit attributed to the parent company in the Group's consolidated financial statements. The Board of Directors intends to pay this ordinary dividend exclusively in cash and in two payments (January and July) on the specific date to be confirmed in each month, which will be clearly announced.

1.1.3.3. Return

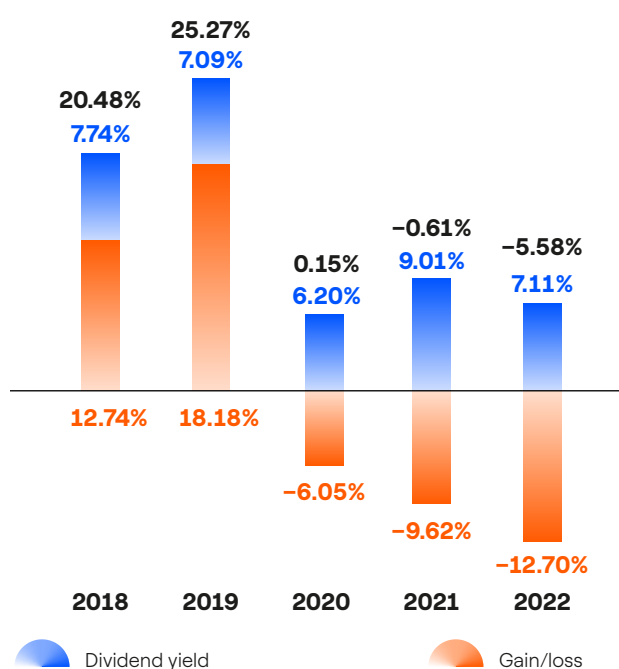
3-3 Management Approach: Economic Performance

During 2022, final returns to Endesa shareholders, calculated as the sum of the stock market return and the dividend return, was 5.58%, negative.

The performance of the share price on the stock market resulted in a negative return of 12.70%, but the gross Euros 1.4372 per share that the Company distributed as a dividend against 2021 results managed to offset part of this loss by providing shareholders with a positive dividend yield of 7.11%.

In the last five years, the average total return to ENDESA shareholders has been 7.94%.

Developments in total return to Endesa shareholders 2018-2022



1.1.3.4. Transparency and closeness with shareholders and investors

2-29

Endesa is in constant contact with its shareholders, private and institutional investors and the leading stock market analysts, providing them with a steady stream of detailed information through the Investor Relations Department and Shareholders' Office in Madrid.

In this regard, on 11 November 2015, the Endesa's Board of Directors, pursuant to the Code of Good Governance for Listed Companies, approved its "Policy for communication and contact with shareholders, institutional investors and voting advisors", which was revised on 21 December 2020. The objective of this Policy is to define and establish the principles and criteria that govern the actions of communication and contacts with shareholders, institutional investors, proxy advisors, and in general with the markets and public opinion, regarding financial, non-financial and corporate information (regulated or voluntary), as well as maximising its dissemination and ensuring the quality of the information transmitted through the media, social networks and other channels.

The general principles by which this policy is governed are transparency, immediacy, continuous information, equal treatment, affinity with the social interest and regulatory compliance.

The Board of Directors shall be regularly informed of any changes in shareholdings and of the opinion of signifi-

cant shareholders, investors and credit rating agencies as regards the Company and its Group.

The Audit and Compliance Committee, the Sustainability and Corporate Governance Committee, and the Appointments and Remuneration Committee are the bodies responsible for supervising, within their respective remits and in line with the company's internal regulations, the Company's communications with shareholders and investors, voting advisors and other stakeholders, and reporting on these factors to the Board of Directors.

In compliance with this policy, the three committees supervised the strategy for communication and relations with shareholders, investors and other stakeholders for 2022 at their meetings on 20 December 2022.

The conclusions indicated that Endesa's information dissemination channels function properly and are carried out in accordance with the general principles of Endesa's Policy and in accordance with best corporate governance practices.

Additionally, the Sustainability and Corporate Governance Committee receives information on the Company's communication strategies with different stakeholders, such as employees, customers, suppliers and society in general.

1.1.3.5. Investor Relations

2-29

In 2022, normality was restored following the measures implemented to combat the COVID-19 health crisis. The return of face-to-face activities has meant a reduction in the number of investors attending meetings when compared to the wider audience that could attend when held using virtual means.

The activities carried out by the Investor Relations Department in 2022 include making public presentations to analysts and investors on the company's quarterly results and updating its Strategic Plan for the 2023-2025 period, which took place on 23 November 2022.

During 2022, Endesa performed two *Non Deal Roadshows*. The first was organised in Europe, the United States and Canada in February and March, following the presentation of results for 2021. The second, organised in Europe and the United States, was held in November and

December, following the presentation of the update to the 2023-2025 Strategic Plan, with a view to providing in-depth information about the Plan to the company's major investors. At these two *Roadshows*, Endesa met with a total of 98 investors.

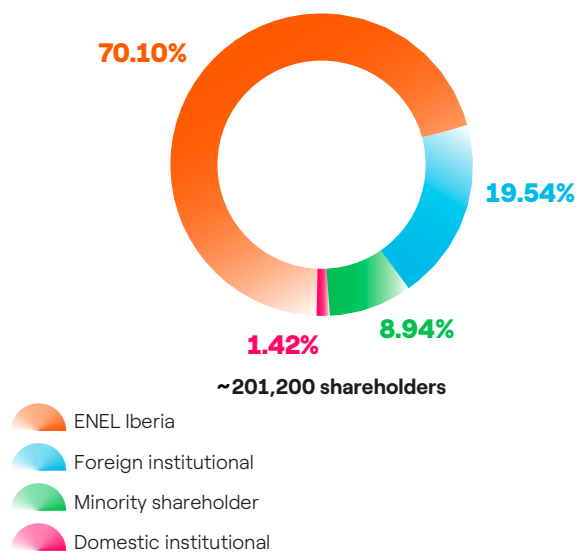
Endesa also participated at 7 *Reverse Roadshows* in Madrid, at which meetings were held with 177 investors.

Furthermore, Endesa's Investor Relations Department attended a total of 14 international conferences on the industry, at which it had the opportunity to meet with 211 investors.

Also as part of its daily undertakings, the Investor Relations Department responded, over the phone, by email and face-to-face or virtual meetings, a total of 1,424 queries filed by analysts, investors and ratings companies.

Finally, Endesa held two General Shareholders' Meetings in person and online. The Ordinary General Shareholders' Meeting was held on 29 April 2022, with all the points on the Agenda approved at the meeting, with a quorum of 84.98% of the share capital. An Extraordinary General Shareholders' Meeting was held on 17 November 2022, with all the points on the Agenda approved at the meeting, with a quorum of 84.70% of the share capital.

Main shareholders of Endesa 2022



1.1.3.6. Shareholders' Office

2-29

One of the main information channels for private shareholders is the "Investors" section of the corporate website (www.endesa.com).

In 2022, Endesa's Shareholders' Office answered 1,599 telephone calls, 1,221 documentation submissions were made, and 26 shareholder visits were organized.

2,846
requests from shareholders
handled by Shareholders' Office

1.2. Sustainability governance

2-9 2-12 2-13 2-14 2-17

Endesa has a sustainability management and governance system in place encompassing all areas at the company, ensuring supervision by the Board of Directors, either directly or through the Audit and Compliance Committee or the Sustainability and Corporate Governance Committee, created in 2020.

The Sustainability and Corporate Governance Committee is currently formed by three Independent Directors and a Proprietary Director, with gender parity. This Committee may consist of a minimum of three and a maximum of six members from the Board of Directors; its members should be non-executive Directors and a majority should be independent Directors. The Chairman is appointed by the Board of Directors from amongst the independent directors sitting on the Committee.

Each year, the Sustainability and Corporate Governance Committee establishes a work programme that includes specific objectives in relation to each of its functions and an annual schedule of meetings. The Committee meets in accordance with this schedule, as well as whenever called by its Chairman, when so decided by a majority of its members or at the request of the Board of Directors, with a minimum of four meetings per year.

This Committee is informed at all times of the latest domestic and international sustainability trends and regulations to promote the skills of its members and thereby guarantee the expertise of the highest governing body on these issues.

By assigning tasks to the Sustainability and Corporate Governance Committee, the Board of Directors takes responsibility for the actions described in Article 25 – Sustainability and Corporate Governance Committee (25.8) of Heading VI Board of Directors Committees.

- Board of Directors Regulations.¹
- Sustainability and Corporate Governance Committee.²
- Audit and Compliance Committee Regulation.³

In addition, Endesa has an Audit and Compliance Committee whose tasks include:

- Supervising and evaluating the process of preparing and submitting the Company's, and Endesa's, mandatory financial and non-financial reporting and submitting recommendations or proposals to the Board of Directors with the aim of safeguarding its integrity.
- Supervising the effectiveness of internal controls over the Company's financial and non-financial reporting, which must include receiving reports from those responsible for internal control and internal audit and drawing conclusions about the system's confidence and reliability level, and reporting to the Board of Directors, as well as discussing any significant weaknesses in the internal control system detected during the audit with the External Auditor.

The Executive Management Committee, formed by the CEO and the General Managers, is the executive body in charge of developing and implementing Endesa's sustainability strategy and ensuring social, environmental and ethical issues are integrated into top-level decision-making processes. The General Sustainability Directorate, which reports directly to the CEO and is present on the Executive Management Committee, plays a key role in mobilising and promoting Endesa's sustainability strategy.

Sustainability management at Endesa is a cross-cutting issue for the entire company as part of the deployment of the sustainability strategy and incorporating Endesa's local peculiarities. There are seven regional sustainability committees, chaired by the Company's highest representative in the territory, ensuring maximum coordination with the General Sustainability Directorate. Their responsibilities include enhancing and supplementing the lines of action established in the sustainability plan by fine-tuning Endesa's performance to local conditions and translating the objectives and commitments into the reality on the ground.

¹ https://www.endesa.com/content/dam/enel-es/endesa-en/home/investors/corporategovernance/internalregulations/documents/Reglamento-del-Consejo_21_02_2022_EN.pdf

² https://www.endesa.com/content/dam/enel-es/endesa-en/home/investors/corporategovernance/internalregulations/documents/Reglamento%20CSGC_21.02.2022_EN.pdf

³ https://www.endesa.com/content/dam/enel-es/endesa-en/home/investors/corporategovernance/internalregulations/documents/REGLAMENTO%20CAC_26_07_2021_EN.pdf

1.3. What is material for us

Endesa strives to be at the forefront of developments in the energy sector to bring safe, affordable and sustainable energy to millions of people in a highly complex context undergoing significant change.

To respond to the challenges posed by the sector in which the company operates, Endesa employs a sustainable business model, prioritising aspects generated by its activity that make the most of opportunities and mitigate any possible potential risk.













To this end, the company performs a materiality analysis each year, which, in addition to reflecting the vision and needs of its main stakeholders, incorporates the main trends and sustainability context of the sector in which it operates. This analysis is key to ensuring a sustainable business model that responds to the stakeholders' main material issues.

Given the development of the concept of materiality, Endesa, applying a dual approach, ensures that it reflects the vision and needs of its stakeholders by identifying real

and potential positive and negative impacts that the company's activity has on society and the environment. It also identifies which social, environmental and governance aspects could affect the company's value on account of their financial impact. The assessment of these impacts, as well as the levels of performance in sustainability matters granted by stakeholders through the different communication channels, helps Endesa to prioritise and establish its main material issues.

The materiality assessment process makes it possible to identify actions for addressing certain impacts or risks or to benefit from certain opportunities in relation to a sustainability issue. By grouping these impacts into themes, it is possible to determine the issues considered material, and therefore of greater importance, that Endesa will report on in this document. These material topics are reflected in the list below. For further information, consult chapter 2. *Materiality*.

List of material topics

	Decarbonisation of the energy mix
	Grid development
	Commitment to the customer
	Products and services for electrification and digitalisation
	Creation of economic and financial value
	Employee management, development and motivation
	Commitment to local and global communities
	Sustainable supply chain
	Innovation, circular economy and digitalisation
	Occupational health and safety
	Good governance and ethical conduct
	Preservation of ecosystems and environmental management

1.4. Our strategy for sustainable progress



Endesa has a strategy that is focussed on sustainable progress, structured around three core pillars: the transition to a low-carbon economy, sustainable development in the communities in which it operates and the promotion of responsible energy use.

To promote the transition to a low-carbon economy, Endesa is investing in renewable energy technologies, with a view to reducing its greenhouse gas emissions and becoming a 100% renewable company by 2040 as well as improving its energy efficiency. Furthermore, the company is working on innovative projects for the storage and distribution of energy more efficiently, while boasting an extensive catalogue of products and services to promote the electrification, using renewable energy, of other sectors to help their decarbonisation.

Endesa's aim is to proceed with this energy transition in a fair way without leaving anyone behind. To this end, all the

renewable development being undertaken by the company is accompanied by socioeconomic plans that seek the sustainable development of the communities in which it operates. Endesa is committed to collaborating with local organisations and supporting socio-economic, educational and cultural projects that promote the development of local environments paying particular attention to the environments affected by the closure of its thermal power plants.

Furthermore, the company promotes education and awareness about the responsible use of energy, organising programmes and services to help its customers reduce their energy consumption and optimise their energy costs. The foregoing reflects Endesa's clear strategy and commitment to the decarbonisation of the economy, as part of an emissions-free energy mix and its contribution to society and its customers.

1.4.1. Risk management

1.4.1.1. General Risk Control and Management Policy

The General Risk Control and Management Policy lays down the basic principles and the general framework to control and manage risks of any kind that could affect the attainment of targets, ensuring that they are systematically identified, analysed, assessed, managed and controlled within the risk levels set. The General Risk Control and Management Policy identifies the different types of risk, financial and non-financial (including operational, technological, legal, social, environmental, political and reputational, including those related to corruption) faced by the company, including among financial or economic risks any contingent liabilities and other risks not included in the statement of financial position.

The aim of the General Risk Control and Management Policy is to guide and direct the series of strategic, organisational and operational actions that allow the Board of Directors at

Endesa to accurately define the acceptable level of risk, permitting managers in the different lines of business, staff and service functions to maximise the Company's profitability, preserve or increase its equity and guarantee that this is achieved above certain levels, preventing uncertain and future events from adversely affecting the achievement of the profitability targets defined, or the corresponding operations, sustainability, resilience or reputation in a sustained way over time, providing shareholders with adequate guarantees and safeguarding their interests, in addition to the interests of customers and other stakeholders.

The General Risk Control and Management Policy is prepared and approved with other risk policies specific to the lines of business, staff and service functions, as well as with the limits established for the optimal risk management of each of them.

The General Risk Control and Management Policy is implemented through an Internal Risk Control and Management System (SCIGR in Spanish), that consists of an organisation process, principles, a regulatory system and a risk control and management process.

The Internal Risk Control and Management System follows a model that is based, firstly, on the ongoing study of the risk profile, applying current best practices in the energy or reference sector in relation to risk management, based on the criteria of the uniformity of measurements for the same type of risk, on the separation of risk controllers and managers, and, secondly, ensuring the connection between risks assumed and the resources required to operate the business while ensuring respect for an adequate balance between the risk assumed and the targets defined by the Board of Directors at Endesa.

The risk control and management model implemented in the company is aligned with international standards based on the three lines of defence model, as described in the General Risk Management and Control Policy published on the company's website.⁴

The organisation of the Internal Risk Control and Management System is carried out through the risk control and risk management functions, which are independent of each other, thereby showing an adequate separation of functions.

The General Risk Control and Management Policy defines the Internal Risk Control and Management System as an interwoven system of rules, processes, controls and in-

formation systems, as part of which global risk is defined as the risk resulting from the full view of all the risks to which the company is exposed, having regard to the effects of mitigating the various exposures to and categories of risk, which makes it possible to consolidate and evaluate the risk exposure of the different units at the company, as well as prepare the corresponding management information for making decisions on risk and the adequate use of capital.

Endesa's Risk Control and Management Policy, which is set and approved by its Board of Directors, is the core element of the system, from which other specific documents and policies derive, such as the Tax Risk Control and Management Policy and the Criminal and Anti-Bribery Risk Prevention Policy, which are also approved by Endesa's Board of Directors and which define the risk and control catalogues.

Furthermore, in light of the increased interest in the management and control of risks to which companies are exposed and given the complex nature of identifying them from a comprehensive perspective, it is important that employees are involved at all levels of this process. A risk mailbox has now been created for employees to help identify market risks and suggest measures to mitigate them, complementing the existing top-down risk management and control systems and mailboxes and specific procedures for sending communications in connection with breaches of ethical conduct and criminal, tax and employment risks.

1.4.1.2. Tax Risk Control and Management Governance

Endesa has established a risk control and management process that enables it to obtain a complete vision of all the risks to which it is exposed, taking into account the mitigating effects between the various risk exposures and risk categories, and the corresponding management information to be drawn up for decision-making on risk and appropriate use of capital.

The Risk Committee supervises the management and monitoring of all risks, specifically including tax risks and excluding those of a criminal nature and those related to internal control of financial and non-financial reporting, referring the results of its deliberations and conclusions to the Audit and Compliance Committee of Endesa's Board of Directors.

Risk Control is the area delegated by the Risk Committee to define the procedures and norms of the internal control and risk management system, to ensure that all the risks are homogeneously and periodically identified,

characterised, quantified and properly managed in the area of responsibility that affects the entity, including off-balance sheet, monitoring risk exposure and the control activities implemented. In the performance of its duties, Risk Control receives support from other areas and committees with specific and complementary risk management and control models and policies.

The members of the Risk Committee regularly receive risk reports and information about the status of the indicators defined in the risk appetite framework, in addition to any possible breach of the thresholds defined for each of them. The Risk Committee reports to the management bodies (Audit and Compliance Committee) accordingly.

Endesa is one of the listed companies in the electricity sector most closely aligned with applicable best practices, according to a report by PwC following assessment of the performance of its internal risk control and management

⁴ <https://www.endesa.com/content/dam/enel-es/endesa-en/home/investors/corporategovernance/corporatepolicies/documents/Pol%C3%ADtica%20de%20Gesti%C3%B3n%20y%20Control%20de%20Riesgos%20Fiscales%2004.05.2020%20EN.pdf>

function at the end of 2021. This complies with the regulation of the Audit and Compliance Committee (ACC), which indicates that regular assessment of the internal risk con-

trol and management function is to be performed by an independent external auditor selected by the Audit and Compliance Committee.

1.4.1.3. Stakeholder risk management

Endesa involves its stakeholders, not only at a strategic company level but also at a project level. For more information on involvement at the strategic level, see section 2.2.2.1. *Identification of issues and stakeholders*.

As regards the local involvement of stakeholders, this makes it possible to obtain a deep understanding of the local context, helping to identify key priorities, risks and impacts related to the project/business asset, with a view to bringing them in line with the company's objectives and identifying actions that can build long-term relationships. During this process, potential risks to the stakeholder participation process are identified, including but not limited to participation fatigue, conflicts of interest, disruptive stakeholders and unwillingness to participate. These risks are handled in different ways, including:

- Ensuring that all stakeholders are properly involved and that their complaints are heard and understood. The Company seeks to foster an environment in which a proactive dialogue can be constructed with any type of stakeholder as reflected in its *Open Power* vision, both when defining the strategy and when rolling it out locally as part of its operations. To this end, Endesa has created the CSV stakeholder management tool, which is used to follow up on contacts and participation ac-

tions, in addition to the key problems raised, throughout the project's life time.

- Analysing the possible relationship between stakeholders and the company before developing the project to avoid any potential conflicts of interest, as well as providing common approaches to the company's representatives in the local community.
- Sharing all information about the project that is relevant to the affected stakeholders as a precondition for promoting transparent dialogue and relationships, ensuring at all times that the consultation processes satisfy specific quality conditions.
- Ensuring community involvement through communication and grievance mechanisms that make it possible for stakeholders to easily get in contact with the company using locally available tools and means.
- Facilitating and supporting the involvement of communities in the monitoring of projects through local training, transparent information on the different phases of the project, transparency in the provision of information on the methodology for defining the affected areas and involvement of community representatives in the follow-up phase. Furthermore, involving independent third parties in negotiation processes as "bona fide witnesses", where applicable.

1.4.1.4. Main ESG risks

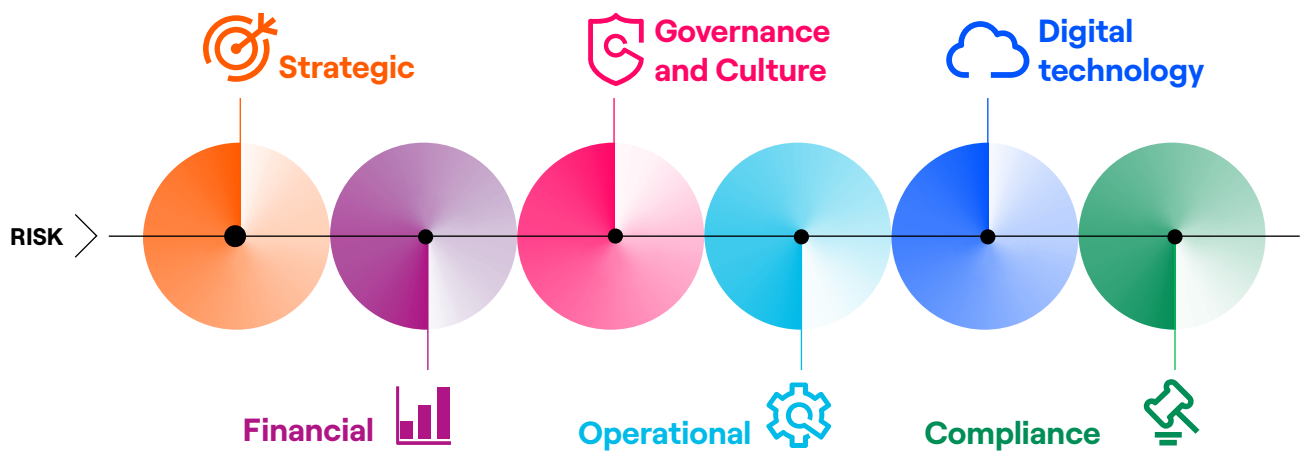
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Given the nature of its business and the sustainability context in which Endesa operates, the company is exposed to different types of environmental, social and governance risks that it must manage and mitigate.

The identification of these ESG risks is based on a **methodology** applied by Endesa that each year identifies emerging risks with a medium and long-term impact with a view to analysing, controlling and preventing any possible impact that the business may suffer. To this end, Endesa uses the identification of global risks prepared by the World Economic Forum about the perception of more than one thousand experts on

global risks over a 10-year time horizon, the company's materiality study and human rights due diligence as a reference. This combination provides a list of risks in line with the context of Endesa's operations.

This analysis is rounded off with the analysis of the company's exposure to each of the risks, performed taking into consideration the MSCI and *Sustainabilitycs* analyses, in addition to incorporating the analysis of information from public sources and stakeholders undertaken by REPRISK. The result of this analysis helps to identify and prioritise, in order of relevance, **eleven ESG risks** with a potential impact on the company divided into the following categories:



Amongst the ESG risks identified, the details of which are indicated below, the risk of climate change is worth particular mention, given its strategic impact on the company's activity, followed by the risk of loss of biodiversity and availability of resources.

In addition to an increase in the relevance of social or technological risks, this analysis places an emphasis on risks


such as the intensification of geoeconomic conflicts, as reflected over the past year in the Russian invasion of Ukraine.

To ensure proper risk management, Endesa analyses the potential impact of each one, establishing management and mitigation measures for the eleven risks identified, the details of which are provided in the following table:


Identification and description of the main risks for Endesa

Risk	Description	Potential Impact on Endesa	Main Management and Mitigation Measures
 Intensification of the effects of climate change	<p>Generally speaking, the measures being taken in the fight against climate change by States and the business sector may be insufficient for mitigation and adaptation. Spain has established an ambitious roadmap as part of its PNIEC to achieve carbon neutrality by 2050 pursuant to the Paris Agreement. The most significant risks that may arise are as follows:</p> <ul style="list-style-type: none"> Physical risks: chronic risks causing consequences in the operation of assets due to the increase in temperature, the availability of renewable resources (water, wind and solar) and factors affecting the frequency and intensity of events. Transition risks: impact caused by legislative and market changes associated with the energy transition process and changes in generation technology. 	<p>In relation to physical risks, extreme events can have an impact in terms of damage to facilities, as well as reducing their availability, with a potential impact in relation to the costs involved in restoring services or customers inconvenience or impact. The potential impact could affect both distribution networks and generation plants. As regards chronic physical risks, renewable energy production may be affected by structural changes to the availability of renewable resources and demand for electricity due to changing temperatures.</p> <p>In relation to transition risks, these can lead to an increase in regulatory pressure to speed up the transition towards an energy mix free from greenhouse gas emissions (CO₂ regulation, absence of price signal between different energy alternatives) as well as an increase in demand amongst investors in relation to how the impact of the different climate change scenarios is managed.</p>	<p>Endesa's staunch commitment to fighting climate change is reflected in its decarbonisation commitment in with the 1.5 °C target, as reflected in the recent update to the 2023-2025 Strategic Plan in which the company maintains its commitment to bring forward its total decarbonisation to achieve zero emissions by 2040. This will be achieved by reducing specific Scope 1, Scope 1 and 3, and Scope 3 emissions in relation to gas sales.</p> <p>This Plan also contemplates a 39% increase in the accumulated renewable CAPEX between 2023 and 2025 compared to the previous Plan, meaning that renewable energy production in 2025 on the mainland would increase by 85% compared to year-end 2022. The company's strategic actions mean it is possible to mitigate potential risks and harness the opportunities provided by the variables of the energy transition. In fact, Endesa has allocated almost 90% of its investments between 2023 and 2025 to SDG 13.</p> <p>Endesa also has environmental management systems for all its generation and distribution assets, certified by ISO 14001 and aimed at promoting excellence in environmental management and going beyond the requirements established in environmental legislation.</p> <p>The company also participates actively and continuously over time both in national and international initiatives and in the development of studies and projects in order to deepen the evaluation of the impacts of climate change on the infrastructure elements that allow it to establish adaptation measures to minimise risks. Vulnerability studies are carried out, through which the exposure of its assets to the effects of climate change is evaluated, allowing the adoption of mitigation measures.</p> <p>By gradually integrating climate and transition scenarios, combined with the development of energy system models at a country level, it is possible to intercept the effects on variables such as demand for electricity, the system's energy mix and the electrification of consumption. These activities help to identify and assess the related risks and opportunities.</p> <p>As part of the management of meteorological and climatic phenomena, the best strategies are adopted for the purposes of prevention, protection and enhancement of resilience, with weather forecasting activities also carried out. What's more, best practices in physical events are implemented to ensure operations are restored quickly in case of adverse circumstances.</p> <p>Endesa monitors its carbon footprint and maintains strict compliance with the emission limit values.</p> <p>For further details on the risks associated with Climate Change, consult section 3.1.4.1. <i>Chronic and acute physical risks and opportunities 3.1. Our zero emissions ambition.</i></p>
	 Erosion of social cohesion and stakeholder relations		
	<p>There has been an increase in the loss of social capital and the fracturing of social networks worldwide, negatively affecting social stability, individual well-being and economic productivity, as a result of persistent public opposition, mistrust, division, lack of empathy, marginalisation of minorities, political polarisation, etc. This increase in equality and social instability, together with people's increasing ability to organise themselves and make increased demands of governments and companies, are contributing to a strengthening of civil society. This is increasingly visible amongst young people, who report a loss of confidence in the economic, political and social structures employed worldwide.</p>	<p>Risk of ineffective stakeholder participation in relation to Endesa's strategic positioning both in terms of sustainability and business activity. Social instability and the strengthening of civil society are causing further questioning of the activities of companies, which need to increase the intensity of their communication with society and develop more participatory relationship models with society based on the creation of shared value.</p> <p>To improve society's confidence in the business structure, the company must enhance its social presence in the face of adverse situations that may harm the general public's welfare. These conditions could lead to delays in the implementation of new projects and negative impacts on operational continuity, economic-financial and reputational aspects.</p>	<p>Through its methodology of creating shared value in the surrounding area of its local operations, Endesa includes environmental and social factors in corporate processes and throughout the entire chain of value. From an operating perspective, the Company proactively engages with local communities, through active listening, to identify their main needs, which are then included in action plans, the implementation of which is constantly monitored.</p> <p>Furthermore, Endesa promotes the just energy transition through both global (including public commitments and awareness) and local improvement actions, such as the Futur-e programme, with a view to finding sustainable solutions (mainly focused on employment and the development of economic activities) for the areas affected by the closure of coal-fired plants.</p> <p>The company is also undertaking different actions to facilitate access to energy for vulnerable groups and spares no efforts in sharing its strategy and performance with all its stakeholders through its different communication channels.</p> <p>Through the company's different communication channels, Endesa listens to the needs of its stakeholders and gathers information on how to integrate and improve the effectiveness of its non-financial information.</p>


Identification and description of the main risks for Endesa

Risk	Description	Potential Impact on Endesa	Main Management and Mitigation Measures
 Operational			
Loss of biodiversity and availability of natural resources	<p>In recent years, there has been a growing sensitivity amongst the general population to the impact of society's current way of life on the planet.</p> <p>The demographic explosion and the consumption patterns of today's society entails a greater pressure on those natural resources that have to supply the needs of the population, causing the planet's resources to be drained more quickly and a loss of biodiversity in ecosystems.</p>	<p>The need to change the way in which natural resources are used could engender social rejection and greater environmental demands in relation to development of new generation and distribution projects, as well as restrictions on the use or availability of water for electricity generation.</p> <p>To address this need, institutions are updating environmental regulations, making them more restrictive. This may entail the introduction of new conditions for the authorisation of new facilities and the operation of existing facilities.</p> <p>Possibility of incurring in environmental sanctions as a result of potentially causing environmental impacts as part of the operation of power plants or the distribution network (fires, radioactive emissions, etc.) or directly due to the impact of activity on biodiversity, with a greater focus on distribution networks and renewable facilities on birdlife.</p>	<p>Protecting biodiversity, natural capital and ecosystem services forms part of Endesa's business strategy and the company is committed to the implementation of structured policies and procedures to identify and manage the associated environmental risks and opportunities. All of this is reflected in the Sustainability Plan, mitigating the risk of environmental impacts through actions and activities.</p> <p>The Biodiversity Conservation Plan is one of the most important aspects of the Biodiversity Policy. One of the objectives of this plan is no net loss of biodiversity and no net deforestation in 2030. Furthermore, Endesa develops projects for the protection, conservation and enhancement of Biodiversity, promotes the increase of scientific knowledge, seeks synergies that foment conservation and develops tools that help to understand the interaction of biodiversity with the activity it develops.</p> <p>The risk of water scarcity is directly mitigated as part of Endesa's business strategy, the growth of which is structured around its commitment to generation using renewable sources (wind and solar).</p> <p>For further information, consult Chapter 3.5. <i>Nature</i>.</p>
Deterioration of health and infectious diseases	<p>The company's employees and contractors's employees are exposed to health and safety risks in relation to the company's own activity and failure to comply with laws, regulations and internal procedures in the company's workplaces and assets and processes.</p> <p>Furthermore, as regards the other identified risks, there has been an increase in mental health issues worldwide that have negatively affected well-being and productivity, as well as impacting physical health on account of the harmful particles in the air, water or food resulting from factors including but not limited to energy generation, mobility, industrial and/or agricultural practices.</p> <p>Globalisation also generates an exposure to health risks related to emerging epidemic and potentially pandemic infectious diseases causing widespread deaths and economic disruption.</p>	<p>Possible administrative or legal sanctions with the corresponding economic, financial and reputational impacts.</p> <p>There may be a decrease in productivity associated with the increase in mental health issues experienced by employees.</p> <p>The emerging risk of infectious illnesses could result in economic or financial losses and damage to reputation due to a partial or total interruption of operations, deriving from technical failures, malfunction of assets and plants, human error, the lack of availability of raw materials or any other factor resulting from any emerging infectious disease that has epidemic or pandemic potential, as well as accentuating and fomenting other existing risks.</p>	<p>The continuous improvement of working conditions and the protection of people and employees' health and safety are priority values in Endesa's corporate culture, as reflected in both the management policy and associated procedures and the Occupational Health and Safety Management System for Endesa and its Businesses and the corresponding Operating Standards in Technical Instructions.</p> <p>Extending the priority from its own personnel to those of sub-contractors, this issue is closely followed by Senior Management, which meets at least monthly to analyse trends in the indicators and take appropriate measures in the event of any deviations. Performance in this area is one of the indicators that determines the variable remuneration of Senior Management.</p> <p>In addition, Strategic Health and Safety Plans have been established in the medium term with annual renewals or as a result of an abnormal concentration of accident rate.</p> <p>At Endesa, as stipulated by Law 31/1995 on Occupational Risk Prevention and regulations that develops it, the prevention and protection service has been organised with the "JOINT PREVENTION SERVICE" figure with a series of tasks to be developed.</p> <p>The company has a structured health management system, based on prevention and protective measures, which also plays a role in developing a corporate culture aimed at promoting the psychophysical health and organisational well-being of workers, in addition to helping to balance personal and professional life. Furthermore, it is prepared to address any possible scenario caused by infectious diseases.</p> <p>For further details, consult Chapter 3.7.3. <i>Occupational health and Safety</i>.</p>
Increase in extreme political conflicts	<p>The geopolitical situation in certain countries can generate bilateral or multilateral belligerent conflicts between nations with global consequences. Furthermore, political polarisation and extremist religious movements are causing an increase in terrorist attacks in developed countries.</p>	<p>A drop in revenue caused by the economic slowdown on account the uncertainty generated by political instability with a direct impact on operations and the supply chain at an international level.</p> <p>Furthermore, there is an increased risk in relation to the security of infrastructures in general, more importantly, at critical infrastructures that could potentially be subject to terrorist attacks, such as electrical infrastructures.</p>	<p>Endesa has security policies that guarantee the implementation of the physical, technical and organisational measures necessary for the protection of people, infrastructure and information systems, in line with the identified risks and the threat assessment; all in accordance with private security regulations and in compliance with the legal and regulatory provisions related to the protection of critical infrastructure and essential services, and in permanent cooperation with the competent authorities in matters of public safety.</p>

Identification and description of the main risks for Endesa

Risk	Description	Potential Impact on Endesa	Main Management and Mitigation Measures
 Operational			
Structural deterioration of the population	<p>Different factors such as population growth, the impact of automation, cyclical economic crises, the seasonality of employment, emerging situations or the lack of adaptation of the industrial fabric to the new competitive conditions determine that high levels of unemployment are continuously maintained as well as the structural deterioration of job prospects and/or rules for the population of working age.</p> <p>There are new business models that require the support of policies to promote diversity and talent management as key elements for the transition.</p>	<p>The drop in economic activity has resulted in lower demand for energy and value-added products and services and a rise in the number of customers in vulnerable economic situations, with difficulties paying electricity bills, with the company required to design social alternatives to this end.</p> <p>The significant transformations that the energy sector is experiencing require the creation of new profiles and professional skills, as well as a major cultural and organisational shift to adapt to new trends and work models.</p>	<p>Endesa places the people who work for the company at the heart of its business model, making human capital management a priority that is reflected in the goals published in the Sustainability Plan. In relation to the new business models generated as part of the energy transition, the company has a fair transition plan that applies a methodology for creating shared value in the area surrounding its local operations, guaranteeing employment for its workers, promoting and planning programmes to improve the skills and recycling of employees. Furthermore, Endesa sets itself other objectives in relation to its workers, such as the development of digital skills, a key element in adapting to the current situation.</p> <p>Furthermore, Endesa establishes agreements with the public authorities to avoid cutting power to vulnerable customers and thus reduce the risks of non-payment. It also has a series of rates depending on the economic situation of the different groups as well as a subsidised rate for vulnerable households.</p>
Intensification of geo-economic conflicts	<p>Globally, economic levers have been deployed, including investment controls, trade controls, non-tariff barriers and/or monetary measures, by global or regional powers to decouple economic interactions between nations and consolidate spheres of influence. Economic, political and/or technological rivalries between geopolitical powers can fracture bilateral relations and/or generate growing tensions.</p>	<p>The influence of major world powers can generate financial losses and a slowdown in investments given the increase in uncertainty caused by geopolitical instability in the performance of business transactions or supply chain management.</p>	<p>Given the nature of the business in which Endesa operates, important action to mitigate this risk includes correctly orienting strategic development guidelines, taking into account the evolution of the competitive landscape and by continuously monitoring it. To this end, the ambitious decarbonisation targets set in the company's latest strategic plan are in line with obtaining a position of independence in the energy model, meaning that the medium and long-term strategy is not affected by geo-economic conflicts such as the recent Russian invasion of Ukraine. Increasing renewable capacity has been identified as a mitigating action.</p> <p>Furthermore, the company makes efforts to step up relations with government and regulatory bodies adopting an approach of transparency, collaboration and proactivity to address and eliminate sources of instability.</p>
Increasing tensions in the supply chain	<p>Concentration by country or supplier of goods and services or technology critical to business development with a view to gaining an advantage or in geographical areas with a fragile rule of law. It may not be possible to control the prices of goods and services in the face of high market demand or need for them, as well as disruptions in the supply and demand of systemically important commodities on a global scale that put pressure on corporate, public and/or domestic budgets as well as on emissions, energy or minerals.</p>	<p>Economic or reputational losses resulting from breaches of social, environmental or human rights standards in the supply chain or on account of the supplier occupying a dominant position as a result of geographical or market concentration.</p> <p>As regards transactions, there is an exposure to the risk of economic, financial or reputational losses caused by ineffective procurement or contract management activities, inadequate supplier rating, improper use of direct adjudication, shortcomings in supervisory activities, insufficient monitoring of compliance with contractual obligations and the failure to apply sanctions.</p>	<p>The company's procurement processes include a system of standards and control points that make it possible to combine the achievement of economic business objectives while fully complying with the core principles established in the Code of Ethics, in the Zero Tolerance Plan, and in the Human Rights Policy, at the same time as promoting initiatives aimed at sustainability in relation to economic development.</p> <p>These principles have been implemented with a view to establishing relationships of trust with all stakeholders, as well as defining stable and constructive relationships that not only guarantee economic competitiveness but also take into account essential best practices for Endesa such as the prohibition of child labour, occupational health and safety and environmental responsibility.</p> <p>The company's goal is to build a resilient and sustainable supply chain that integrates the circular economy perspective, fosters innovation and shares the company's objectives. Through the comprehensive procurement process, Endesa requires and supports its suppliers in complying with sustainability criteria. Through the supplier rating system, Endesa verifies the aspects indicated above and makes sure that they are in line with its strategic vision and share the same values. Furthermore, this system makes it possible to accurately assess suppliers in a way that monitors their performance in relation to the integrity of conduct in tender processes, quality, punctuality and sustainability. The objectives that the company has set and that mitigate this risk are reflected in Chapter 3.6.3. <i>Fostering a responsible supply chain.</i></p>

Identification and description of the main risks for Endesa

Risk	Description	Potential Impact on Endesa	Main Management and Mitigation Measures
			
Failed digital transformation	<p>A digital transformation of the way in which the entire energy value chain is managed has been launched, resulting in the development of new business models, digitising the corresponding processes, integrating systems and adopting new technologies.</p> <p>Unequal access to digital technologies and networks, between and within countries, as a result of unequal investment capacities, lack of the necessary skills and/or insufficient purchasing power, can lead to discrimination and a lack of process efficiency.</p>	<p>The growing level of globalisation may lead to exposure to risks related to the use of IT systems used throughout the company, with the corresponding impacts on operational processes and activities, potentially leading to the disruption of information technology systems and operation or loss of data.</p> <p>The intense process of digital transformation could impact employees' ability to perform their work if they are not adequately trained to acquire the necessary digital skills.</p>	<p>Endesa has an organisational unit responsible for guiding the Digital Transformation at the company, to ensure that these risks are managed through a series of measures developed by Digital Solutions.</p> <p>An internal control system is available that introduces control points across the entire IT value chain, making it possible to prevent the appearance of risks related to issues such as the creation of services that do not meet the needs of the business, the failure to implement adequate security or possible service disruptions. The internal control system monitors both the activities performed internally and those outsourced to third parties and service providers.</p> <p>Furthermore, Endesa promotes the dissemination of digital culture and training in skills among its employees to support the digital transformation and minimise the associated risks.</p>
Cybersecurity failures	<p>The speed of technological development and digitalization has resulted in an increase in exposure to potential cyber attacks, which are increasing in frequency, intensity and focus in strategic industrial sectors. These attacks can compromise the security of computer systems and databases containing sensitive information.</p> <p>Cyberattacks have changed dramatically in recent years: The number of such attacks has grown exponentially, as have their complexity and impact, with the timely identification of sources becoming increasingly difficult.</p>	<p>Economic losses and reputational impacts that arise in the event that Endesa's information systems are affected by a cyberattack. The company's critical infrastructures may also be exposed to this type of attack, which could have a serious impact on the essential services provided. Increase in the danger of the fraudulent implantation of commercial activity and it is necessary to adopt security measures and protect customer data.</p>	<p>Endesa has a structured cybersecurity system in place that adheres to international standards and government initiatives applicable to all sectors of IT (Information Technology), OT (Operational Technology) and IoT (Internet of Things).</p> <p>This system is reliant on the commitment of senior management, strategic management and the involvement of all business areas, as well as the units responsible for systems design and development. Furthermore, efforts are being made to enhance employee awareness through training and awareness raising campaigns.</p> <p>Driven by a "risk-based" approach, which considers business risk analysis as the basic step of all strategic decisions, and a principle of "cybersecurity by design", which makes it possible to focus on cybersecurity issues from the initial phases of system design and implementation.</p> <p>Furthermore, it has a dedicated Cyber Emergency Readiness Team (CERT) that proactively responds to any threat, in addition to a cybersecurity risk insurance policy.</p>
Lack of technological governance and data protection	<p>Technological progress has intended or unintended negative consequences on individuals, businesses, ecosystems and economies, combined with a lack of globally accepted frameworks, institutions or regulations for the use of networks and critical digital technology.</p> <p>In the age of digitisation and globalisation, strategies focus on a data-driven, customer-centric model. This entails an exposure to risks associated with the protection of personal data.</p>	<p>There may be a loss of confidentiality, integrity and availability of personal data, customer, employee and other data (e.g. suppliers), leading to sanctions being imposed and processes being hindered with the consequent economic or financial damage and reputational damage.</p>	<p>To manage and mitigate this risk, Endesa has adopted a personal data governance model and has appointed figures who deal with privacy across all levels (including Data Protection Officers - DPO). It has also adopted digital compliance tools to map applications and processes and manage relevant risks in relation to personal data protection pursuant to the provisions of local industry regulations.</p>

1.4.1.5. Main ESG opportunities

The continuous evolution of the environmental, social and governance context not only presents risks, it also offers opportunities. To this end, Endesa analyses emerging ESG situations and focuses its strategy on responding to the main concerns of all the company's stakeholders with a view to harnessing risks and converting them into opportunities.

This is discussed later in Chapter 2. MATERIALITY, where through the new concept of the dual approach, the company identifies through financial materiality how ESG as-

pects affect or could affect the company's value, converting them into opportunities.

To this end, the main opportunities are identified in relation to the most relevant topic for stakeholders, climate change, leadership in the energy transition, with the company having ambitious objectives that will allow it to deliver on its decarbonisation commitment and achieve zero emissions by 2040. Furthermore, the changing regulatory context, technological developments, changes in customer behaviour and electrification linked to the energy transition towards a

low-emission energy model generates commercial opportunities for companies that, like Endesa, want to lead this energy transition and commit to clean electrification.

In this regard, opportunities linked to the development of renewable power, the commercialisation of services and products that promote the electrification of domestic and

industrial consumption and that make it possible to decarbonise other sectors such as transport and promote energy efficiency are identified. For further details on the opportunities associated with the fight against climate change, consult section 3.1.4.1. *Chronic and acute physical risks and opportunities*.

1.4.1.6. Criminal and Anti-Bribery Risk Prevention Model and Competition Compliance Programme

As described in section 3.7.2.2.3. *Criminal and Anti-Bribery Risk Prevention Model and Competition Compliance Programme* of this Report, Endesa has a Criminal Risk Prevention and Anti-Bribery Model in place that provides the company with a control system with a view to preventing or significantly reducing the risk of committing criminal offences as part of its business activity, in compliance with the provisions of the Criminal Code in terms of the criminal responsibility of legal entities, a system introduced into Spanish law in 2010.

The Criminal Compliance and Anti-Bribery Policy, which is separate from the General Risk Control and Management Policy, was approved by the Board of Directors on 6 November 2017; it establishes the general principles of the Compliance System, which inform the content and application of all corporate internal standards, as well as the Organisation's actions.

The Audit and Compliance Committee is the body responsible for overseeing the operation and compliance of the Model and the functions performed by the Supervisory Committee, which is responsible, among other tasks, for monitoring and updating the Model. The Supervisory Committee is made up of the Secretary General and Secretary to the Board of Directors (who in turn acts as Chairman of the Supervision Committee), the General Director of Audit, the Director of Corporate Legal Advice and Compliance, the Director of Business Legal Advisory and the General Director of People and Organisation.

During 2022, the Supervisory Committee met on four occasions, following up on issues related to the Model, including the intervention of those responsible for different areas of the Company to inform to the Committee on relevant aspects within its remit. As part of these actions, the Supervision Committee has reviewed Endesa's Criminal and Anti-Bribery Risk Prevention Model, maintaining the certifications obtained in 2017 for its Criminal and Anti-Bribery Risk Prevention Model pursuant to the UNE 19601:2017 Criminal Compliance Management and UNE-ISO 37001 standards relating to the Anti-Bribery Management System.

At the beginning of each financial year, the Supervisory Committee prepares an Activities Programme in which pri-

orities are established based on qualitative criteria using a risk approach.

The activities carried out in 2022 include:

- Review, update and evaluation of the events of risk of commission of the penal infractions and of adaptation and update of its mitigating controls included in the matrix of the Model.
- Verification of the adequate effectiveness and operation of the Criminal and Anti-Bribery Risk Prevention Model by reviewing the appropriate design and operability of certain control activities.
- Performance of various training and dissemination initiatives to the company's staff on the ethical reference and criminal prevention compliance framework in force at Endesa.
- Review and update of the Criminal and Anti-Bribery Risk Prevention Model in order to maintain the certificates that accredit the Criminal Compliance Management System in accordance with UNE 19601:2017 and an anti-bribery Management System in accordance with UNE-ISO 37001, as well as supervising the Compliance System at non-controlled entities.
- Maintenance of the scorecard with compliance indicators that make it possible to measure the main aspects of Endesa's criminal compliance and Anti-bribery system.
- Implementation of the Criminal and Anti-Bribery Risk Prevention Model at newly created Endesa Group companies, as well as the adaptation of the Model to the specific nature of the structures, processes and projects at Endesa Group companies.
- Monitoring and analysis of complaints in relation to ethical matters and disciplinary sanctions related to ethical breaches.
- Promotion of communication and dissemination activities in relation to ethics and compliance as regards Internal Policies, Protocols and Procedures.

Furthermore, in 2021 the Audit and Compliance Committee set up the Competition Committee, which, under the direct and exclusive supervision of the Audit and Compliance Committee, performs the control and proposal

functions with a view to updating the Programme for Compliance with regard to the Defence of Competition, inter alia, with a view to adapting it to the needs of the Organisation and to legal changes.

The Competition Committee consists of: (a) the General Secretary and Secretary to the Board (b) the General Manager – Institutional Relations and Regulation (c) the Director of Regulation (d) the Manager General – Audit (e) the General Manager for Personnel and Organisation (f) the General Manager – Administration, Finance and Control (g) the Director of Business Legal Advisory (h) the Director of Corporate Legal Advice and Compliance and (i) the head of Legal Advice in relation to Competition at Endesa.

The Competition Committee, as the body responsible for supervising the operation of the “Competition Program” and pursuant to the plan of activities reported to the ACC, during 2022, performed the following activities:

- **Implementation activities**
 - Review and updating of the controls that form part of Endesa’s Competition Programme.
- **Training activities**
 - Online skills training programme for employees.
 - Multi-year plan for specific training by areas or lines of business in the field of Competition Law.

- **Dissemination activities**
 - Dissemination of competition policy to the Customer Service area through the corporate portal, Brújula.
 - Publication of information about the Competition Programme on the intranet.
- **Supervisory activities**
 - Monitoring by those responsible for the Whistle-blowing Channel of complaints logged using this channel and, where appropriate, informing the area responsible for Competition Law at the Legal Department.
 - Report on the existence (or lack thereof) of a dominant position by the Endesa Group in the different markets in which it operates.

Based on the activities performed during 2022, it has been concluded that both the Criminal and Anti-Bribery Risk Prevention Model and Endesa’s Programme for Compliance with regard to the Defence of Competition are in place at all the relevant Group companies and are being effectively executed; it has been established that they are generally adequate in mitigating the criminal and competition risks identified in the applicable regulations.

1.4.1.7. Tax Risk Management and Control System



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The Audit and Compliance Committee is entrusted with the function of supervising the operation and effectiveness of the Group’s risk management and control system, including tax risks. In accordance with the provisions of the Audit and Compliance Committee Regulations, it will directly supervise the Risk Committee, which is the internal body responsible for ensuring the proper functioning of the company’s risk management and control systems, ensuring the participation of Senior Management in strategic risk control and management decisions and fostering a culture in which risk is a factor to be taken into account in all decisions and at all levels in the entity.

In turn, the Risk Committee also acts as the Tax Compliance Body, in charge of the functions of supervising the operation and effectiveness of the Group’s Tax Risk Management and Control System, reporting for this purpose to the Audit and Compliance Committee, all in accordance with the provisions of the UNE 19602 Standard.

The scope of the Risk Committee covers all risks, specifically including tax risks, and excluding those already included in the Criminal Risk Prevention Model and those related to the Internal Control of Financial and Non-Financial Reporting which are reported to the Audit and Compliance Committee through other channels (Oversight Committee and Transparency Committee).

The Tax Risk Management and Control model is made up of five elements that, combined, guarantee an adequate control system for risk prevention:

- **Control Environment:** set of standards, processes and structures that constitute the basis on which the internal control of the organisation is developed.
- **Risk assessment and control activities:** carried out jointly by the Risk Committee and those responsible for the processes. Each identified tax risk scenario has at least one control activity whose objective is to prevent the risk from materialising and to prevent the risks analysed from occurring
- **Supervisory activities:** it is continuously supervised to check whether its design and operation are adequate with respect to the requirements of the applicable regulations, analysing and resolving the identified incidents.
- **Information and communication:** the necessary initiatives are promoted for the adequate dissemination and training of personnel, so that the members of the company can adequately comply with the provisions of the regulations.
- **Disciplinary system:** non-compliance with the measures provided in the model and with the company's rules of conduct are sanctioned by applying Endesa's sanctioning regime contained in the company's Collective Agreement.

Risks are managed and supervised by different Units that are coordinated through the quarterly meetings of the Risk Coordination Work Group, where the Tax Affairs Area is represented by its manager.

Endesa's⁵ Tax Risk Management and Control Policy is intended to be the base document of Endesa's Tax Control Framework. It seeks to regulate the principles that must guide Endesa's Tax Function in order to carry out proper management and control of tax risks, constructing:

- The principles that must guide **the management of tax risks**, establishing the obligations and responsibilities within the organisation in this regard and including a description of the measures that must exist to mitigate any tax risks that might be identified.
- The principles that must guide **the correct control of tax risks**, which include, on the one hand, the perfor-

mance of a series of *ex ante* preventive controls and, on the other, the performance of a number of *ex-post* checks entailing the identification, measurement, analysis, monitoring and reporting of these risks in line with the provisions of Endesa's Risk Management and Control Policy and the Endesa Risk Map Operating Instructions.

For Endesa, due diligence is a significant factor in the development of its business, both in relation to the control of the selection of the organisation's members (internal due diligence) and of the third parties with which it deals (external due diligence).

Since 2020, the Tax Compliance Management System has been certified by AENOR pursuant to the provisions of the UNE 19602 Standard. This Certification accredits:

- The existence of a tax control system to identify, prevent and detect tax risks in order to avoid additional tax demands, fines from and even criminal liability vis-à-vis the Tax Authority.
- The existence of control and mitigation procedures for use in the event of a tax risk.

This certification serves as additional proof that our organisation is determined to comply with all its tax obligations to the tax authorities or the courts. Furthermore, the certification is compatible with Endesa's tax responsibility policy and with its Fiscal Transparency and Ethical Compliance Policy as regards its relationship with state, regional and local government agencies.

A key element of the System is that Endesa promotes the culture of compliance through the training of employees in this area; to this end, the company has launched an online course on the Tax Risk Management and Control System, the content of which addresses the different aspects of the System.

Endesa has a Whistleblowing Channel so that all stakeholders can report, securely and anonymously, thus ensuring that no retaliatory action is taken, any irregular, unethical or illegal conduct which has, in their opinion, occurring in the course of the company's activities. Endesa's Whistleblowing Channel provides all its stakeholders with a secure and anonymous way of communicating any irregular or inappropriate conduct in relation to the Tax Compliance System.

⁵ <https://www.endesa.com/content/dam/enel-es/endesa-en/home/investors/corporategovernance/corporatepolicies/documents/Pol%C3%ADtica%20de%20Gesti%C3%B3n%20y%20Control%20de%20Riesgos%20Fiscales%2004.05.2020%20EN.pdf>

1.4.1.8. Internal Control over Reporting System

The quality and reliability of the financial and non-financial information that listed companies disclose to the market is a core element for the company's credibility, which significantly affects the value that the market assigns it. Any dissemination of incorrect or low-quality financial or non-financial information could provoke a significant decrease in the company's value, with the consequential detriment to shareholders.

The Internal Control over Reporting System (ICRS) for financial and non-financial information is a part of the company's internal control, comprising a comprehensive set of processes through which the company provides reasonable assurance with respect to the reliability of its internal and external financial and non-financial information. Endesa's Internal Control Unit is responsible for identifying the most relevant processes, activities, risks and controls of the Internal Control over Reporting System considered material to provide reasonable assurance that the financial and non-financial information disclosed by Endesa, S.A. to the market is reliable and adequate.

The documentation of the processes that form part of Endesa's Internal Control over Reporting System (ICRS) includes detailed descriptions of the activities relating to the financial and non-financial reporting process and subsequent disclosure, including authorisation and processing, with the following basic objectives:

- Identification of the critical processes related directly and indirectly to generation of the information.
- Identification of the risks intrinsic to these processes that could give rise to material financial reporting errors

(typically related to completeness, validity, recognition, cut-off, measurement and presentation) or significant errors in non-financial information.

- Identification and categorisation of the controls in place to mitigate these risks.

Every six months, Endesa assesses the Internal Control over Financial Reporting System (ICFRS), in which each of the control heads of the Internal Control over Financial Reporting System evaluates both its design and its effectiveness. Within the model, an on-going verification process is additionally performed of the Internal Control over Reporting System (ICRS) by an independent expert. The findings of both processes are reported to:

- The Board of Directors, which, in accordance with the Corporate Enterprises Act, has the indelegable power to supervise the internal information and control systems;
- The Audit and Compliance Committee (ACC), the functions of which, in accordance with the Corporate Enterprises Act, include supervision of the effectiveness of the Company's internal control.

Endesa has been developing its ICFRS methodology since 2020 to include sustainability and non-financial information, to have a single Internal Control Over Reporting System (ICRS). This ensures supervision of all processes and systems, risk identification and the design and implementation of adequate controls for Endesa's financial and non-financial information.

1.4.2. Endesa Sustainability Plan 2023–2025



As part of its sustainable strategy and based on the results of the materiality analysis, Endesa has drawn up its Sustainability Plan setting out more than 130 objectives over a three-year time horizon. These objectives are reviewed every year to ensure continuity and alignment with the strategy, with a view to integrating sustainability ever more completely throughout the value chain. This plan has been approved by the Board of Directors, which delegates responsibility for the supervision of compliance to the Sustainability and Corporate Governance Committee. This Plan responds to the Company's sustainable business model, aimed at leading the energy transition through an inclusive approach to ensure nobody is left behind and creating value for all stakeholders. Furthermore, aware of its role in environmental, social and governance aspects as key factors in emphasising its position as a responsible company, Endesa continues to invest in areas related to human rights, human capital, occupational safety and health, environmental management, cybersecurity and sustainability throughout its supply chain.

Endesa's 2023–2025 Sustainability Plan pursues long-term value creation, based on the following strategic priorities that serve as the foundation of its objectives:

Zero emissions ambition and clean electrification

Endesa has increased its ambition to achieve zero emissions by 2040 through solid growth in its renewable generation assets. The company has allocated 4,300 million, half of the investment included in the 2023–2025 strategic plan, to add 4,400MW of new solar and wind power capacity to achieve 91% of emissions-free mainland production by 2025. This investment is 90% aligned with the SDGs and more than 80% with the EU Taxonomy.

Furthermore, it has accelerated the path towards zero emissions, establishing a roadmap that reduces specific scope 1, scope 1&3, and scope 3 emissions linked to the sale of gas to end customers, significantly by 2025 and 2030, to achieve zero emissions in 2040.

Furthermore, it contemplates the increase of storage capacity through the hybridisation of batteries using renewable technology.

The company continues to digitise the distribution network as a key asset in facilitating the energy transition and the extension of the value offer of services and electricity supply for customers.

Thus, three quarters of the investment is allocated to digitising the network and increasing its quality and resilience, while the remainder is dedicated to increasing distributed generation facilities. All of this is measured and assessed through operational objectives such as TIEPI or producer connections, both in number and power.

With a view to electrifying customers, Endesa is committed to offering clean energy at affordable prices, investing in customer digitalization and maintaining the focus on customer service quality. Electric mobility, demand management and energy efficiency and self-consumption solutions remain strategic lines for the transition to clean energy.

People

Endesa accepts the challenge of becoming a more inclusive company by enhancing its commitment to diversity, development and striking a work-life balance to generate long-term value. This commitment is transferred to the supply chain and the communities in which it operates through sustainable initiatives.

Endesa makes significant efforts to serve those who work for the company, promoting their level of satisfaction, diversity and inclusion, talent development and work-life balance. In the new Sustainability Plan, Endesa has updated its objectives in this area and increased its ambition as regards training objectives to promote the development of its employees.

Endesa is committed to social and economic growth in the locations where it operates through a model of creating shared value through active listening to the main stakeholders with a view to detecting opportunities and needs in the environment.

Furthermore, the company promotes its responsible supply chain through awareness of the entire comprehensive procurement process with objectives that integrate the best environmental, safety and human rights criteria.

Nature

Endesa reflects its staunch commitment to the protection of biodiversity, the correct environmental management and the reduction of its consumption and pollutants in a number of objectives.

By raising awareness and performing actions to protect biodiversity in projects, Endesa is committed to achieving no net loss of biodiversity by 2030. The objectives of reducing hazardous and non-hazardous waste, the responsible use of water in the electricity generation process, as well as sustainable mobility and energy efficiency initiatives make it possible to continue to reduce the environmental footprint. With a view to reducing emissions, the company has updated its ambitious fleet electrification plan with a target of almost 60% by 2025 (compared to 10% in 2022).

Growth accelerators

Innovation, digitalization, circular economy and sustainable finance are considered key elements in ensuring the sustainable growth of the company, which sets ambitious targets for these accelerators.

In relation to the circular economy, objectives for the implementation of new use models based on cultural change, extension of useful lives and new life cycles are worth particular mention.

In sustainable finance, the new plan includes the target of 87% gross debt linked to sustainable factors by 2025.

ESG Pillars

Occupational health and safety is one of the core pillars in the company's strategy, along with the promotion of best practices in Good Governance and the guarantee of respect for human rights.

The staunch commitment to the people's health and safety is reflected in accident reduction objectives and inspections, while, in terms of Good Governance, the new Plan ensures compliance with the company's ethical commitments and responsibilities, the implementation of good practices and the promotion of transparency in relations and communications with all its stakeholders.

The breakdown of the objectives defined in the new Sustainability Plan for the 2023-2025 period can be consulted at the start of each chapter of this report.

1.4.3. Our respect for human rights

1.4.3.1. Human Rights Policy



2-23

Endesa's Human Rights Policy was first approved in 2013. It has since been updated and was approved once again by the Board of Directors on 21 December 2021. This Human Rights Policy follows the recommendations of the United Nations Guiding Principles on Business and Human Rights and includes Endesa's commitment to and responsibilities in relation to all human rights.

This policy focuses on creating sustainable value throughout the value chain, in both its business activity and the operations carried out by both Endesa's management staff and employees. It includes the commitments to the Sustainable Development Goals as a framework for avoid risks of human rights violations, paying particular atten-

tion to the most vulnerable stakeholders, such as people with disabilities, indigenous and tribal peoples, children and the elderly. The Company encourages its contractors, suppliers and trade partners to adhere to the same principles, focusing particularly on situations involving conflict and high risks.

The policy consists of twelve principles covering two major areas: employment practices, and communities and society. These principles are inspired by the Universal Declaration of Human Rights and the conventions of the International Labour Organization in relation to human and social rights and have been identified with independent experts.

Endesa's Human Rights Policy



The Human Rights Policy is available for consultation on the website.⁶

Endesa started implementing pioneering due diligence exercises in 2017 to ensure implementation and monitoring

of the commitments in its Human Rights Policy, following the recommendations of the guiding principles. These due diligence exercises have resulted in action plans to address the opportunities for improvement identified.

⁶ <https://www.endesa.com/content/dam/endesa-com/home/sostenibilidad/plandesostenibilidad/documentos/pol%C3%ADtica-de-derechos-humanos/politica-de-derechos-humanos-endesa-2021-en.pdf>

1.4.3.2. Whistleblowing and complaint mechanisms

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Endesa's Human Rights Policy establishes that when any person related to ENDESA, whether an employee or a third party, considers that there are circumstances that breach the provisions of the policy itself, they may report this situation using any of the following mechanisms:

- Through the Whistleblowing Channel that the company makes available to all its stakeholders on its website or, in the case of Endesa employees, through the company's intranet⁷.
- By email, to Endesa's Whistleblowing Inbox: eticaycumplimiento@endesa.es
- By writing to the following address: Endesa, S.A. General Audit Manager, Ribera del Loira, 60 - 28042 Madrid.

In the treatment of these communications, the Audit function will act to protect the informants from any form of retaliation, being understood as such any act that may give rise to the mere suspicion that the person in question may be subject to any form of discrimination or penalty. In addition, the confidentiality of the identity of the informants is guaranteed, unless otherwise stipulated in the applicable legislation.

For issues relating to the workplace, Endesa has the necessary mechanisms to establish a continuous dialogue

with the various trade union organisations through which they can transmit complaints or claims to the company. Likewise, through the *Open Power* strategic positioning, ENDESA seeks to establish an increasingly continuous and close dialogue with civil society organisations, which are facilitated through the channels mentioned above, and through which complaints or suggestions on issues relating to human rights can also be received.

In any case, these notifications will be assessed to determine whether there has been a breach of the principles included in the Policy, applying the corresponding procedure set forth in the Code of Ethics and in the scheme of penalties established in the Company's Collective Bargaining Agreement. Likewise, Endesa is committed to developing the appropriate remediation mechanisms, without prejudice to allowing access to other judicial and non-judicial mechanisms that may exist.

Additionally, within the former Due Diligence Action Plan, a specific channel (sostenibilidad_csv@enel.com) was created to facilitate the reception of queries, complaints or requests for clarification on any projects that might be developed. Information on the existence of this channel will be available, as well as in the usual ENDESA communication channels, on the *panel sites* located in all the renewable plant works.

1.4.3.3. Cases of human rights violations

In 2022, Endesa did not receive any complaint related to human rights via the Whistleblowing Channel. In 2021, there was 1 claim that was closed without identifying any breach.

⁷ <https://secure.ethicspoint.eu/domain/media/en/gui/102504/index.html>

1.4.4. The Sustainable Development Goals

Commitment to the United Nations Agenda



As a key player in establishing a new, global and sustainable energy model, Endesa subscribes to the main international agreements promoted by the United Nations for sustainable management. Thus, it is staunchly

committed to the Ten Principles of the Global Compact, the Guiding Principles on Business and Human Rights and the Seventeen Sustainable Development Goals.

1.4.4.1. Contribution to the SDGs



On 25 September 2015, the UN approved the 2030 Agenda for Sustainable Development so that countries and their societies could make progress towards the construction of a more sustainable world that leaves no one behind. If this is to be achieved everyone must play their part. Endesa wants to be an active agent in this transformative vision towards sustainability so, since announcing its specific contribution to Agenda 2030 in 2016, the Company has continued to progress with regard to our commitment to goal 13 of climate action to which it also contributes with specific actions in relation to SDGs 7, 9 and 11:

- **SDG 13** (Climate Action): Decarbonisation of the energy mix by 2040, setting ambitious targets to reduce

Scope 1 specific GHG emissions (CO₂eq) compared to 2017 by around 80% by 2030 and 100% by 2040. Furthermore, reduce Scope 1&3 specific emissions linked to the retail sale of electricity (generation and purchase of electricity for third parties) and reduction of scope 3 specific emissions generated as part of the retail sale of gas to end customers.

- **SDG 9** (Industry, Innovation and Infrastructure) and **SDG 11** (Sustainable Communities and Cities): Investment of approximately €1,400 million in digitalization during the 2023-2025 period to transform future energy and a plan to roll out electric charging stations to bring the total to 66,000 stations (public and private) in 2025.

- **SDG 7** (Affordable and clean energy): More than 4,400 MW of growth in renewable energy in the 2023–2025 period. Furthermore, Endesa indirectly contributes to training and education programmes focusing on energy, accessibility and the promotion of energy efficiency, reaching 4.1 million beneficiaries between 2015 and 2030.

Endesa also indirectly contributes to **SDG 4** (Quality education), as a result of establishing a public commitment to reaching 0.9 million beneficiaries between 2015 and 2030 and SDG 8 (Decent Work and Economic Growth) where the company established a public commitment to reaching 2.1 million beneficiaries by 2030 during the same period, all as an integral part of the social initiatives organised by the Company.

SDG 12 (Responsible Production and Consumption) is another key concept in the strategy, especially when it is combined with innovation and is introduced into the value chain from the design stage. Under the strategy,

Endesa expects 91% of the generation fleet to be circular by 2030 (measured as reduction in materials and fuel consumption over the life cycle compared to 2015 excluding nuclear technology) having achieved almost 70% by the end of 2022.

Changing energy model is not a path that Endesa can travel alone, and with this in mind, partnerships are now more relevant than ever. This has traditionally been the case, thus contributing to **SDG 17** (Partnerships for the goals) and Endesa considers this as a key part of continuing to lead the decarbonisation challenge facing the sector.

These SDGs are considered a priority for Endesa; therefore, it places greater emphasis on achieving them, although it also takes decisive action in relation to all SDGs, setting targets and reporting on them since they were introduced. To this end, Endesa's 2023–2025 Sustainability Plan sets out the roadmap for the coming 3 years for contributing to the 2030 Agenda, thus bringing its sustainability strategy in line with this universal framework.

1.4.4.2. The ten principles of the Global Compact

In 2002, Endesa was one of the first Spanish companies to adhere to the UNGC incorporating the principles in its Corporate Integrity Rules and Sustainability Policy and Strategy.

The Global Compact requires participating companies to prepare an Annual Progress Report detailing the work done to integrate the ten principles into business strategies and operations, which must be public and available to stakeholders.

In 2022, Endesa maintained this commitment and participated in the *Early Adopter* programme of the UN Global Compact in Spain, forming part of a group of pioneering companies joining this programme on a voluntarily basis, with a view to adding value and optimising communication about their progress in Sustainability.

Endesa played an active part in the UN's Global Compact in Spain, serving as the Treasurer on its Executive Committee, and has especially contributed to the promotion of the Sustainable Development Goals and the Guiding Principles on Business and Human Rights.

Signing up to the Global Compact has been viewed positively by its stakeholders, as well as sustainable investment funds and sustainability rating agencies. This helps encourage dialogue and collaboration between all the social agents, for which the Global Compact is a highly useful tool. Endesa has also participated in the Contigo somos+ programme to raise awareness of the Global Compact among its collaborating companies and encourage even more companies to join this global movement to achieve sustainability.

1.4.4.3. The Guiding Principles on Business and Human Rights

Endesa has a permanent commitment to respecting and promoting human rights. This commitment is reflected in its corporate policies and is manifested through its adherence to the United Nations Global Compact, which incorporates support and respect for the protection of human rights and non-complicity in its violation within its first two principles. Historically, Endesa has been a trendsetter in initiatives to ensure respect for human rights in its activities

and those of its supply chain, continually rolling out processes to identify risks and their potential impact in the area of human rights.

Following the approval of the Guiding Principles of Business and Human Rights by the United Nations, Endesa decided to formally adapt its historical commitment to respect and promote human rights to this new framework, integrating it into the management of business activity.

1.4.5. Valuable 500

In 2020, coinciding with the 75th UN General Assembly, Endesa announced its adherence to the Valuable 500 initiative, thus becoming the first energy company in Spain to do so. This global initiative that puts disability on the agenda of leading companies by promoting inclusion internally and externally, involved a commitment to incorporating disability on the Board of Directors agenda, making a public commitment and communicating this internally and externally. Endesa also defined an action plan, to be implemented over a period of three years, which revolved around four pillars:

- **Awareness-raising and training on disability:** Awareness-raising actions to raise awareness, both internally and externally, amongst all staff and specific groups.
- **Improving employability:** Development of new internal initiatives in addition to technological solutions to improve the employability of people with disabilities at the company.
- **Reduction of barriers and improved accessibility:** Analysis of all situations that may occur involving both internal and external parties to the company's facilities, with a view to eliminating any possible accessibility barriers.
- **Improvement of products and services:** Study and analysis of existing solutions to improve the inclusion of our customers.

This Action Plan, developed employing a multidisciplinary and collaborative approach, focussing on the participation of employees with disabilities as the main pillar of the search for solutions, with the commitment to the Plan having been assumed by the CEO, is supervised each year by the Sustainability and Corporate Governance Committee.

Thanks to Endesa's staunch commitment to diversity and inclusion and with the firm aim of creating an inclusive environment for both its workers and its stakeholders, the company has completed 100% of the actions included in the action plan in the first two years of its duration. Furthermore, continuous learning in the implementation of actions has made this a dynamic plan, meaning that in addition to the actions included in the action plan, others have been developed that enrich it and guarantee its continuity.

These actions propose solutions such as raising awareness among the company's entire workforce, direct procurement commitments, improvements in both physical and digital accessibility, adaptation of protocols and procedures and analysis of customer service channels.

In 2023, different actions will continue to be performed to promote the integration of people with disabilities and make Endesa a more diverse and inclusive company.

1.4.6. Significant events in the period

1.4.6.1. Russia-Ukraine conflict

On 24 February 2022, the Russian president announced "a special military operation" in Ukrainian territory, which led a conflict to break out between the two countries.

The invasion of Ukraine and the response of the international community to it is having effects in numerous areas, including raw materials markets, with an increase in prices, financial markets, the system of international sanctions for individuals and legal entities and the security of infrastructures and essential services. While the conflict remains active, its impacts as well as the consequences of the embargoes imposed on Russia, are having a progressively greater impact on the world economy, and particularly Europe's own.

Also as a result of the rise in raw material prices and the increase in inflation expectations, long-term euro interest

rates are going up sharply, which will make the financing of public and corporate debt more expensive.

Raw materials markets

The recovery of demand following the pandemic and the Ukraine-Russian conflict, with the subsequent restrictions on the marketing of Russian crude and oil products has generated a deficit between the supply and demand of these products in Europe. This has led to a rise in prices and certain difficulties supplying specific products, especially gasoil, in which Russia is the leading source of supply of imports to the European Union. Endesa has sealed its fuel oil and gasoil supply needs for the Non-mainland Ter-

territory (TNP) plants with companies of acknowledged solvency and with their own refinancing capacity. However, it could be the case that existing market tensions hinder these supplies in the future.

The different administrations and industrial sectors have been working on reducing general demand for natural gas and energy to mitigate tensions on the supply side. Saving natural gas has helped to avoid shortages during the winter months, as well as substantially reducing public and private spending; however, there are other energy saving opportunities that must remain a priority for all stakeholders. To this end, short-term measures may carry the risk of focusing on mitigating the consequences of the crisis, rather than tackling the root of the problem: speeding up the energy transition and reducing the European Union's external dependence on energy and raw materials. To this end, the commitment to renewable energy must remain a top priority, in line with Europe's determination to achieve its long-term climate goals.

With regard to gas, Endesa does not have any counterparties that are possibly affected by the sanctions, nor has it taken out gas supply contracts with Russia; hence, the company's gas supply is guaranteed. However, the gradual reduction of Russian gas export volumes towards Europe led to an ongoing rise in gas prices on European markets, particularly the *Title Transfer Facility* (TTF). In this regard, Endesa has contracted positions on this index as a result of its strategy of hedging expected revenue from the sale of gas, as well as the costs of its long-term supply contracts, and the rise on commodities markets has caused Endesa to have greater liquidity needs arising from the net position subject to the margination of financial instruments on Organised Markets (see Note 41.3 of the 2022 Management Report).

With respect to uranium (UF₆), Endesa has sealed contracts with various uranium suppliers to compensate the possible cessation of supply from a Russian supplier, having now secured its refuelling requirements for 2023 and 2024. Moreover, through Enusa Industrias Avanzadas, S.A., S.M.E., it analysed the impacts on orders for the supply of nuclear fuel from Russia from 2024, although this company is passing on the manufacturing orders to other suppliers.

Management of the supply chain

In terms of supply chain management, the sector was already grappling with multiple challenges before the disruptions and tensions generated by this conflict. Aspects such as the scarcity of raw materials and fluctuations in their prices, labour shortages, logistics bottlenecks and the evolution of trade policies, have had impacts including but

not limited to increased costs and shortages of essential electrical components and raw materials, the widening of the gap between supply and demand for electrical equipment and components, project delays and cancellations as well as the apparent slowdown in the transition towards a clean energy model. All this means the energy sector is having to review its supply chain strategies and specifically the management of risks in this area. The digitisation of supply chain management, increasing the size of safety stocks, or monitoring inventory levels more frequently are some of the most common measures being taken. These will become even more important as the momentum to meet climate goals by the US increases, which is expected to increase demand for the critical minerals needed to generate more renewable energy.

Against this backdrop, the firm commitment to the circular economy can help to boost the safety, sustainability and resilience of the energy sector and its supply chain, with a series of clear benefits: reduction of emissions, reduction of costs and risks, improvements in efficiency and the possibility of generating new revenues. The new reporting requirements in this area to be developed under the EU's Environmental Taxonomy will also help speed up this strategy.

National regulatory measures

Amid this unfortunate situation in the energy market, on 28 December 2022, Spanish Law 38/2022 of 27 December was published in the Official State Gazette, ushering in temporary energy taxes and taxes on credit institutions and lending institutions, creating a temporary solidarity tax on large fortunes, and amending certain tax regulations. Furthermore, on 28 December 2022, Royal Decree Law 20/2022, of 27 December was published, on measures in response to the economic and social consequences of the war in Ukraine and to support the reconstruction of the island of La Palma and other situations of vulnerability (see Note 6 of the 2022 Management Report).

Endesa's strategy

In a scenario of constant change, also characterised by high regulatory uncertainty and a context of high volatile prices, Endesa constantly monitors the macroeconomic and business variables to obtain the best estimate of the potential impacts in real time, also taking into account the various recommendations of the national and supranational supervision bodies.

Considering this scenario, and in line with the recent recommendations of the European Securities and Markets Authority (ESMA) of 14 March, 13 May, and 28 October

2022, Endesa has been keeping close track of the situation and ensuing crisis to manage the potential risks.

For such purpose, the analyses performed aim to assess the indirect impacts of the war on business activities, on the financial position and on economic performance, with special reference to the widespread increase in raw material prices and, if appropriate, the lower availability of material supplies in the areas affected by the conflict:

These difficulties have also increased with a higher level of technological risks, to which companies and authorities are exposed, which has likewise led to the adoption of adequate defence measures and maximum internal controls to protect digital infrastructures.

As for Endesa's medium and long-term strategy, it has not been affected by the war in Ukraine. Endesa remains committed to the transition to low-carbon energy as the best way of reducing energy dependence and promoting long-term sustainability. If possible, the war in Ukraine has strengthened this vision and, in fact, planned investments in renewable energies have increased at the same time as progress is expected to reduce scope 3 emissions linked to gas with a plan, still under consideration, to divest around 50% of the gas portfolio (both in supply and customer demand). This will allow Endesa to meet its emissions targets by 2030 as well as full decarbonisation by 2040.

1.4.6.1.1 Our humanitarian response to the conflict

In addition to the actions taken by Endesa described above to address the potential business impact of the conflict, Endesa is also providing humanitarian support. Endesa's commitment to the communities is reflected not only in the social development actions it carries out in the exercise of its activities, but also in the provision of solutions that alleviate critical situations derived from extraordinary events that occurred in the surrounding area, in this case, beyond our borders, which have a major impact on people's safety and well-being. To this end, the company has launched a series of initiatives to mitigate the humanitarian crisis caused by the war in Ukraine, aimed at refugees. Highlights:

- Opening of a channel for Endesa employees to make donations, in collaboration with Enel Cuore, the Enel Group Foundation, which committed to doubling the proceeds donated by all the group's employees. Its objective was to donate the total proceeds to UNHCR and *Save the Children* to meet the basic needs of refugee families as a result of the conflict. Endesa raised nearly 50,000 euros thanks to the contribution of

nearly 500 employees. Enel Cuore ultimately contributed one million euros to these NGOs.

- Shipment of sanitary and hygienic material for refugees in countries bordering Ukraine. Managed by the Endesa Foundation in collaboration with Volunteering and Strategy and the Voluntare Network, 91 volunteers from the company were tasked with collecting, inventorying and packaging nearly 5,000 products that amounted to approximately 2 tonnes of medical material, medicines and hygienic material.
- Campaign to collect non-perishable food at the headquarters in Madrid, in collaboration with the contractor responsible for Endesa's canteen in Madrid (Mediterránea) and Caritas. Around 200 kg of non-perishable food was collected for shipment to refugees in countries on the border with Ukraine.
- Promotion of employability for refugees in Spain through the provision of training courses for the employment of Ukrainian refugees in Spain through the "Companies for Ukraine" platform organised by the CEOE Foundation.

1.4.7. Participation in forums and associations

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Endesa proactively participates in various forums and associations aimed at promoting sustainable development. Participation in these types of organisations allows Endesa to show its commitment to sustainability, interact with the

main agents of change generating shared value between the company and its environment, learn and share good practices, as well as strengthening relationships with stakeholders.

1.4.7.1. Participation in sustainability forums and associations

Details of the main sustainability forums and associations in which Endesa participated in 2022:



Consejo Empresarial Español para el Desarrollo Sostenible

Association that acts as the focal point of the World Business Council for Sustainable Development (**WBCSD**) and incorporates the leaders of the main Spanish sustainable companies.

Endesa's position:

Founding member.

Endesa's participation in 2022:

- Participation in the publication of the 2050 Vision: The Moment of Transformation – CEO Toolkit.

UN Global Compact

Multi-stakeholder association which acts as the focal point for the UN Global Compact in Spain.

Endesa's position:

Member of the Executive Committee. Treasury.

Endesa's participation in 2022:

- Promotion of the Ten Principles of the UN Global Compact.
- UN Sustainable Development Goals
- Human Rights work group.
- Business & Human Rights Accelerator.
- Training programme for SMEs on "Sustainable suppliers".

Club de Excelencia en Sostenibilidad

Association of large companies and national partner of CSR Europe.

Endesa's position:

Founding Partner.

Endesa's participation in 2022:

- Energy efficiency.
- Sustainable mobility.
- Socially responsible investment.
- Responsible procurement.
- Responsible communication.
- Circular economy.
- Corporate governance.
- Human resources.
- Business management of biodiversity.
- Integration of CR in the company.

Forética

Multi-stakeholder association and national partner of WBCSD and CSR Europe.

Endesa's position:

Promoter Partner.

Member of the Board of Directors:

Deputy Secretary-General (until September 2022).

Endesa's participation in 2022:

- Climate change.
- Integrity, good governance and transparency.
- Circular economy.
- Social impact.

Foro de Empresas

Public-private meeting space for a more sustainable and innovative city.

Endesa's position:

Associate company.

Endesa's participation in 2022:

- Electric mobility.

Seres

Private foundation aimed at bringing about a more significant role for business in the improvement of society.

Endesa's position:

Patron of the Foundation.

Endesa's participation in 2022:

- Participation in different work groups.

Voluntare

Corporate volunteer network.

Endesa's position:

Managing partner.

Endesa's participation in 2022:

- Contribution to local development.
- Corporate Volunteer Programme.

It should be noted that Endesa also participates in other forums and associations whose mission is to advance the management of a specific sustainability issue, such as the fight against climate change or social action.

Participation in sector/business forums and associations

Similarly, Endesa participates in forums and associations aimed at promoting the interests of the business sector in general or the energy sector in particular, among which the following stand out:

1.4.7.2. Participation in forums and initiatives for the promotion of human rights

2-28



Confederación Española de Organizaciones Empresariales (CEOE)

National business association. Spain

Endesa's position:

Member of the industry, international relations, health and consumption, economic and financial committees.

Endesa's participation in 2022:

- Participation in the various committees.

Aeléc

Association of the electricity sector. Spain

Endesa's position:

Executive partners.

Endesa's participation in 2022:

- Participation in working documents, committees on the various energy areas, forums and meetings.

Confederación de Empresarios de Andalucía (CEA)

Spain

Endesa's position:

Executive partners.

Endesa's participation in 2022:

- Representation, promotion and defence of the general interests of the electricity sector in Andalusia. Consultation and collaboration with the Administrations.

Associação Industrial Portuguesa

Portuguese Business Association with the status of a chamber of commerce. Portugal

Endesa's position:

Vice Presidency of the Executive Directorate.

Endesa's participation in 2022:

- Strengthening the development of Institutional and Commercial relations, in Portugal, with AIP associates.
- Participation on committees.

Association Française Indépendante de l'Electricité du Gaz

AFIEG brings together French companies and subsidiaries of European operators in the electricity and gas sectors.

Endesa's position:

Vice presidency and members of the Board of Directors.

Endesa's participation in 2022:

- Dialogue with the General Directorate of Energy and Climate to present initiatives.
- Response to public consultations of the Energy Regulation Commission (CRE)
- Presentation of suggestions to the Ministry of Ecological and Solidarity Transition.
- Participation in forums on access to consumer data in France.
- Participation in work groups on biogas and CEE.

Endesa considers the management of respect for human rights to be a strategic issue that is a key part of its strategy for sustainability and relations with stakeholders. To this end, the company actively participates in the different debates and discussion forums that take place in Spain on this matter. Thus, for example, it is worth highlighting Endesa's participation in the Human Rights Working Group of the UN Global Compact in Spain, which aims to share good practices among the business sector on this matter and design methodologies that help companies, especially SMEs, to integrate human rights into their business strategies. Furthermore, Endesa actively participated in the consultation process developed by the Government of Spain for the preparation of the National Business and Human Rights Plan approved by the Council of Ministers in 2017. This plan,

which reflects Spain's commitment to protecting human rights against any impact that business activity may have on them, responds to the recommendations made within the framework of the European Union through the renewed EU Strategy for 2011-2014 on corporate social responsibility and its Action Plan on Human Rights and democracy 2020-2024.

Additionally, Endesa regularly participates in forums aimed at promoting Human Rights and specially to disseminate the approach of the United Nations Guiding Principles in the academic field.

At the end of 2022, Endesa joined the UN Business and Human Rights Accelerator Programme to share best practices and collaboratively develop the company's capabilities in terms of human rights management.



1.4.7.3. Participation in environmental forums and associations



Grupo Español Crecimiento Verde

Association created to promote public-private collaboration and jointly advance in the environmental challenges we are currently facing.

Endesa's position:

Founding Partner.

Endesa's participation in 2022:

- Environmental working groups
- Natural Capital and Biodiversity.

Asociación Española de Normalización (UNE)

Endesa's position:

Committee Participant.

Endesa's participation in 2022:

- Involvement in the creation of the technical standardisation committee CTN 328 on Biodiversity, the first technical standardisation body in this field in Spain. Set up to represent the vision and interests of Spanish institutions in international and European standardisation and to accommodate international initiatives that may arise.

CONAMA

Continuous working groups to prepare documents through the technical committees of experts.

- Adaptation to Climate Change.
- Business and Biodiversity
- 2021-2030 emission rights trading.
- Directive on Industrial Emissions in the taxonomy of sustainable investments.
- Disclosure of Non-financial Information.
- Energy and City:

Endesa's position:

Participant.

Endesa's participation in 2022:

- Make progress with knowledge on mitigating/adapting to climate change, biodiversity and the environment in general in line with a sustainable energy transition through the sharing of participants' experience and ideas.

Natural Capital Factory

Endesa's position:

Participant.

Endesa's participation in 2022:

- Platform that brings the Spanish community together around approaches to natural capital, with the aim of ensuring that nature is included in organisations' decision-making.

Asociación Española de Normalización

Endesa's position:

Committee Participant.

Endesa's participation in 2022:

- Participation in committees on renewables, climate change, environmental management and energy efficiency.

Fundación Biodiversidad

Endesa's position:

Signatory.

Endesa's participation in 2022:

- Endesa is a signatory to the Pact for Biodiversity led by the Biodiversity Foundation.
- Endesa regularly participates in the European Business Awards for the Environment through its innovative projects in the area of Biodiversity.

Iniciativa Española Empresa y Biodiversidad

Endesa's position:

Participant.

Endesa's participation in 2022:

- Endesa has been a member since June 2013 of this public-private platform promoted by the Biodiversity Foundation of the Ministry for the Ecological Transition and the Demographic Challenge.

Club de Excelencia en Sostenibilidad

Endesa's position:

Participant.

Endesa's participation in 2022:

- Environment Committee
- Participation at different events and presentations of corporate examples of excellence in sustainability.

1.4.7.4. Participation in climate change forums and associations

To highlight the strategic vision, which goes beyond Net Zero Emissions, Endesa closely monitors the lobbying activities of the following associations and business groups,

actively participating to ensure alignment with and the ambition of climate objectives.



Grupo Español Crecimiento Verde

Association created to promote public-private collaboration and jointly advance in the environmental challenges we are currently facing.

Endesa's position:

Founding Partner.

Endesa's participation in 2022:

- Environment and climate change work groups..

Confederación Española de Organizaciones Empresariales (CEOE)

National business association.

Endesa's position:

Member of the Industry, International Relations, Health and Consumption, Economic and Financial Committees. Sustainable Development and Ecological Transition Committee.

Endesa's participation in 2022:

- Sustainable Development and Ecological Transition Committee.

Aeléc

Association of the electricity sector.

Endesa's position:

Executive partners.

Endesa's participation in 2022:

- Environment Committee. Climate change working group.

PARTICIPATION IN FORUMS AND INITIATIVES:

Sumant Esforços a favor del Clima

Voluntary agreements to reduce greenhouse gas emissions.

Endesa's position:

Participant.

Endesa's participation in 2022:

- Verification of Endesa Distribución's activities in Catalonia.

Plataforma Española para la Acción Climática

Endesa's position:

Participant

Endesa's participation in 2022:

- Constitution of the platform, which was created with the purpose of promoting public-private collaboration against climate change and contributing to a green and decarbonised economy. Participation in forums and surveys..

Carbon Disclosure Project (CDP)

Endesa's position:

Participant.

Endesa's participation in 2022:

- Participation in the climate change and water initiative.

Comunidad #PorElClima

Platform to promote the implementation of the Paris Agreement.

Endesa's position:

Participant/Award winner.

Endesa's participation in 2022:

- Network for action against climate change.
- Annual publication of best climate change practices.

Nazca

Non-State Actor Zone for Climate Action (NAZCA).

Endesa's position:

Participant.

Endesa's participation in 2022:

- Launched at the UN Climate Change Conference in Lima in December 2014 (COP20), this initiative records the commitments for action by companies, cities, regions, sub-national governments and investors to tackle climate change.

1.4.7.5. Transparency in institutional relations

Endesa manages relations with the institutions according to the principles established in the regulatory provisions and its Code of Ethics, providing its vision or positioning and offering comprehensive, transparent information for making the most appropriate decisions.

In this regard, particularly and as established in its Code of Ethics: "Endesa does not finance parties, their representatives or candidates in Spain or abroad, nor does it sponsor congresses or parties whose sole purpose is political propaganda. Endesa refrains from lobbying politicians directly or indirectly (e.g., by lobbying for the award of public concessions, accepting tendering suggestions, consultancy contracts, etc.)". For further information, see section 3.7.2.2.1. *Code of Ethics and Zero Tolerance Plan Against Corruption*.

Endesa participates in business and employers' associations which, among other things, represent their members in public regulatory processes and, in general, within the framework of the consultation processes of energy and business policy initiatives developed by public institutions. In 2022, annual contributions paid to the organisations referred to in the form of membership fees totaled 4.01 mil-

lion euros. In particular, the three most important contributions corresponded to "Association of Electric Power Companies - AELEC" (1.93 million euros), "Nuclear Forum" (0.28 million euros) and "Spanish Confederation of Business Organisations - CEOE" (0.21 million euros).

The institutional dialogue with the business and employer associations in which Endesa participated in 2022 focused on supporting the consultation and regulatory development processes in the following areas:

- **Policy development:** aimed at promoting a sustainable energy model, including, among other topics, energy efficiency, the growth of renewable energy, the development of smart grids and digitisation. The contribution in 2022 was 2.48 million euros.
- **Business regulation:** related to increasing business competitiveness, including, among other topics, industrial legislation, tax regulation and labour law issues. The contribution in 2022 was 1.53 million euros.

The following table shows the amounts by type of contribution made between 2019 and 2022.

Contributions and other expenses (millions of euros)

	2019	2020	2021	2022
Lobbying, interest representation or similar	0	0	0	0
Local, regional or national political parties / representatives or candidates / political campaigns	0	0	0	0
Business and employers associations	3.09	3.34	3.49	4.01
Other	0	0	0	0
Total Contributions and Other Expenses	3.09	3.34	3.49	4.01

In Europe, the supervision of this type of activities is carried out through voluntary registration on the platform created for this purpose by the European Commission - (<http://ec.europa.eu/transparencyregister>), with which Endesa has been registered since 2011. The register aims to provide citizens with a single, direct point of access to information about who carries out activities aimed at influencing the EU decision-making process, the interests pursued and the resources invested in these activities.

1.5. Our commitment to sustainable finance

The scope of the information provided in this chapter covers both Endesa, S.A. and its investee companies in Spain and Portugal. The scope is the same as in the Legal Documentation reports. For further information, see sections

1.1.2.6. *Organisational structure and 2. Report boundary (Appendix I: Methodology for preparing the report)*. Possible variations on the scope described here are presented throughout the chapter, where appropriate.

1.5.1. Sustainable finance

Having put the worst of COVID-19 behind us, the war in Ukraine has affected an economy that was still in recovery, in particularly affecting the energy markets. The European Union has promoted measures to maintain the fight against climate change, establishing new international standards in financial matters that encourage investments in environmentally sustainable activities. With this in mind, the “*Green Deal*” has seen more than one trillion euros of sustainable investments over a period of ten years being mobilised, while the “*Next Generation*” funds have mobilised investments of more than 800 billion euros.

Despite the geopolitical context, Endesa has reaffirmed its commitment to sustainability by keeping sustainable finance at the core of its financial strategy, which will contribute to achieving the goals that will help to achieve the SDGs. Endesa continues to set the benchmark in this field through leadership in the development of innovative financial instruments, diversifying its portfolio of sustainable financial products and maintaining an active agenda for the dissemination of sustainable finance amongst its multiple stakeholders.

In 2022, Endesa continued to make significant efforts to make progress in sustainable finance, setting a new record of 13,790 million euros in relation to operations formally arranged in relation to sustainability. This has made it possible for Endesa to maintain its position of leadership in sustainable finance and continue to define new milestones in this area, including the following:

- The inclusion of a new sustainability KPI for sustainable financing transaction (direct, scope 1 greenhouse gas emissions measured in gCO₂eq/kWh as at 31/12/2024), having taken out two long-term bank loans amounting to 575 million euros in March 2022.

- The most important operation consists of the increase in the limit on the Promissory Note Program, linked to the renewable capacity KPI, from 4 billion euros to 5 billion euros.
- The formalisation of a new financing operation linked to sustainability arranged by the European Investment Bank (EIB) in Spain worth 250 million euros to finance, in this case, investments in quality and improvements to the distribution network.
- The linking of most credit facilities and bank guarantees to sustainability criteria.
- Continuing to expand the other types of financial instruments with the formal arrangement of interest rate derivatives linked to sustainability for the amount of 850 million euros.
- First and innovative “*Circular Reverse Factoring*” facility, linking discounts on invoices to supplier compliance with sustainability targets, with a view to transferring these concepts to other smaller companies, thus promoting sustainability in the supply chain.

During 2022, the markets continued to demonstrate that companies with better ESG attributes benefit from access to better financing conditions. Endesa currently has one of the lowest average costs for debt among the leading integrated energy companies, which helps to strengthen its competitive position.

The weight of sustainable finance increased to account for 64% of Endesa’s gross financial debt at the end of 2022. The new 2023–2025 Strategic Plan increases the company’s ambition, setting a target of 87% by the end of 2025.

1.5.2. European Union (EU) taxonomy

Endesa's commitment and position

Endesa welcomes the development of the EU taxonomy, as it provides a science-based, standardised classification system for identifying environmentally sustainable economic activities, acting as an important enabler for supporting sustainable investment and accelerating the decarbonisation of the European economy, while creating security and transparency for investors and helping companies to create a roadmap for achieving net-zero emissions.

Endesa is fully committed to reporting on the application of the European Union Taxonomy Regulation (Article 8 of the Regulation and subsequent delegated acts that further develop on the content, methodology and presentation of the information to be disclosed by both non-financial and financial institutions). Although the Taxonomy Regulation establishes the requirement for companies to declare compliance with this taxonomy starting from January 2022, Endesa has been a pioneer in this field and began reporting on its implementation at the *Capital Market Day* held in 2021. This approach is in line with the approach taken by the Enel Group, that Endesa forms part of, which in turn provided information in its 2020 sustainability report and at its *Capital Market Day* in 2020 and 2021. In particular, as part of the most recent update to the 2022 Strategic Plan, Endesa announced a CAPEX alignment of >80% for the 2023-2025 period as regards its contribution to mitigating climate change.

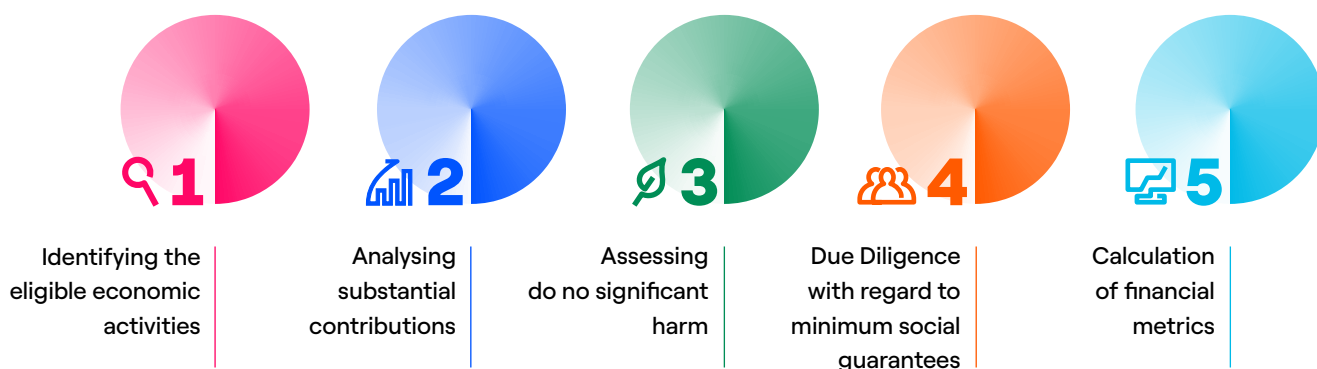
In relation the Climate Delegated Act, which establishes the criteria for verifying the contribution to mitigating and adapting to climate change, Endesa welcomes the different thresholds defined in the EU Taxonomy Regulation

based on climate and environmental science, such as the general life cycle intensity limit of 100 gCO₂eq/kWh to measure substantial contributions to mitigating climate change established for most power generation technologies, as it is the result of a robust and scientific analysis process.

However, certain activities that may not qualify for the EU taxonomy are critical to promoting the well-being of European citizens, especially in the short and medium term, in addition to contributing to the long-term sustainable development of Europe. As for the energy sector, there important sustainability issues that the European Commission failed to take into consideration when drawing up the technical selection criteria, as they fell outside the main scope of the EU Taxonomy Regulation, including energy security, grid reliability or the energy transition; these factors are critical to the well-being in Europe and are duly addressed by other EU and Member State policies, funds and regulations.

The EU taxonomy regulation is still in the development stage and important delegated acts were still pending at the time that this document was published, including those providing details of the criteria for the remaining four objectives and those identifying the economic activities that do not have a significant impact on environmental sustainability and economic activities that have a significant adverse impact on environmental sustainability. The completion of the entire regulatory process will make it possible to cover all available economic activities at a global level and thus reduce the current uncertainties surrounding their implementation.

Implementation process at Endesa



Endesa has implemented a five-step process to analyse the applicability of the European Union (EU) Taxonomy across its entire value chain. This process involved relevant functions at the corporate level and all lines of business. These five steps consist of:

1. **Identifying the eligible economic activities:** All activities within Endesa's portfolio included in both the Climate Delegated Act and the Complementary Delegated Act have been identified. The process has been undertaken only considering the goal for mitigating climate change, as this is the most material goal for Endesa among the six goals identified in the EU Taxonomy Regulation, as well as because of the absence of detailed financial data in the accounting and information reporting systems to perform an exhaustive analysis of Endesa's contribution to the goal of adapting to climate change. In any case, adapting to climate change has been analysed from the perspective of "do no significant harm". More information about Endesa's climate change adaptation measures can be consulted in the "Zero Emissions Ambition" chapter.
2. **Analysing substantial contributions:** The eligible activities identified in the previous step were analysed in depth to ensure that they comply with the specific technical criteria established to measure the substantial contribution to mitigating climate change. The analysis has been performed following the approach applied in both the Climate Delegated Act and the Supplementary Delegated Act, namely:
 - **Technological analysis for power generation activities.** The threshold of 100 gCO₂/kWh measured on a life cycle basis was observed pursuant to the following technology-based approach:
 - **Coal and liquid fossil fuels:** These technologies are not included in the EU taxonomy.
 - **Gas and nuclear:** In July 2022, the Parliament and the Council of the European Union approved the proposal to include nuclear energy and gas in the EU taxonomy, allowing investments in these energy sources to be considered sustainable pursuant to a set of strict criteria defined by the Commission. In line with the Complementary Delegated Act, Endesa's approach is as follows:
 - **Gas:** Both potential compliance with the 100gCO₂/kWh threshold applicable to this technology and potential compliance with the alternative criteria set out in the Delegated Act have been checked in all gas-fired power plants.
 - **Nuclear power:** The eligibility of the three different activities in relation to the production of electricity using nuclear sources identified in the Delegated Act has been analysed.
 - **Wind, solar and battery storage:** These are exempt from the carbon intensity threshold check on account of their substantial contribution to climate change.
 - **Hydroelectric power:** The carbon intensity threshold has only been verified for power plants whose power density is less than 5W/m² or that were not run-of-the-river plants or hydro electricity generated by pumped storage. All other power plants are exempt from the threshold verification.
- **Analysing electricity distribution activities.**
 - The Spanish electricity grid belongs to the interconnected European grid.
 - The infrastructure dedicated to creating a direct connection or expanding an existing direct connection between a substation or grid and a power production plant that is more greenhouse gas intensive than 100 gCO₂e/kWh measured on a life cycle basis has been identified and excluded from the eligible-aligned DSO activities.
- **Analysing product clusters for the Endesa X business:** An exhaustive analysis has been performed on Endesa X's portfolio, classifying the eligible activities in sectors identified in the Climate Delegated Act, such as construction and real estate, transport or professional, scientific and technical activities.
- **Analysing supply for energy retail activities:** Retail energy sales are not explicitly considered in the Climate Delegated Act and therefore the taxonomy alignment calculation has not been included. In any case, taking into account the role played by this activity in the energy transition towards a zero emission economy at integrated companies such as Endesa, an additional analysis has been performed to assess its positive impact on the overall results considering this activity as if it were considered eligible in the Climate Delegated Act.
3. **Assessment of the Do No Significant Harm (DNSH) to other objectives:** An analysis has been performed on the existing environmental procedures to verify compliance with the qualitative DNSH criteria for each technology (in relation to power generation activities), for distribution activities and at a product cluster level (for Endesa X activities), adapted to the

specific requirements defined for each environmental objective:

- **Adaptation to climate change:** Analysis of global procedures (including emerging and restoration procedures), physical climate risk assessments and adaptation solutions and plans implemented encompassing all applicable activities from energy generation, distribution and Endesa X.
- **Sustainable use and protection of water and marine resources:** Analysis of water-related procedures, authorisations, environmental impact assessments, national regulations and water management plan. The analysis was limited to power generation activities, as does not apply to other lines of business.
- **Transition to a circular economy:** Analysis of waste management plans, procurement requirements and circular economy projects, plus plans that encompass all applicable generation, energy distribution and Endesa X activities.
- **Preventing and controlling pollution:** Analysis of global procedures and national regulations encompassing all applicable energy generation and distribution activities. Furthermore, specific pollutants, including electromagnetic radiation and PCBs for distribution, in addition to air quality emissions for power generation activities, were subject to an additional analysis.

- **Protection and restoration of biodiversity and ecosystems:** Analysis of global procedures and national regulations encompassing all applicable energy generation and distribution activities.

4. **Due diligence in relation to minimum social guarantees:** It has been ensured that Endesa's Human Rights Due Diligence process encompasses the entire spectrum of Endesa's activities, while remaining fully aligned with the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights.

Endesa's commitment to respecting human rights is based on the United Nations' "Protect, Respect and Remedy" Framework, which is clearly reflected in Endesa's Human Rights policy, initially adopted in 2013 and updated in 2021, to stay apace with the evolution of international reference frameworks and operational, organisational and management processes. The policy's content reflects, as a minimum, the recognised and acknowledged international human rights, as expressed in the International Bill of Human Rights and the principles relating to fundamental rights set out in the conventions of the International Labour Organization on which the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy is based.

The following table sets out the approach in relation to the minimum safeguard criteria:

Minimum safeguard criteria

Policy	<ul style="list-style-type: none"> • The United Nations' "Protect, Respect and Remedy" Framework, supported by its guiding principles on business and human rights and the OECD guidelines for multinational enterprises, represent the main international reference standards that underpin Endesa's commitment to human rights. Furthermore, the commitment is transparently reflected in a specific human rights policy updated in 2021. • Endesa has made the commitment to monitoring the implementation of the policy through a specific due diligence process⁽¹⁾ in line with the UN Guidelines and in line with the OECD Due Diligence Guidance for Responsible Business Conduct has developed a specific human rights due diligence process.
Corruption	<ul style="list-style-type: none"> • As reflected in the Human Rights Policy, Endesa rejects corruption in all its forms, both direct and indirect, considering it as being one of the factors undermining institutions and democracy, ethical values and justice, and the well-being and development of society. • To this end, the company has reiterated its commitment to fighting corruption in the form of its "Zero Tolerance Plan Against Corruption", which is one of the pillars on which Endesa's Anti-Bribery Management System and Code of Ethics are based.
Taxation	<ul style="list-style-type: none"> • Endesa has a tax strategy in place to ensure fair, responsible and transparent taxation, with a view to guaranteeing coherent and uniform tax management at all entities that belong to the company. Tax management activities are based on the concurrent objectives of: <ul style="list-style-type: none"> — the correct and timely calculation and payment of taxes due and the fulfilment of the corresponding obligations. — the mitigation of tax risk, defined as the risk of infringing tax laws or abusing the principles and purposes of tax regulations.
Fair competition	<ul style="list-style-type: none"> • The company promotes the principle of fair competition and refrains from collusive or predatory conduct and abuses of dominant positions, as reflected in Endesa's Code of Ethics.

⁽¹⁾ In the context of the Guiding Principles on Business and Human Rights (principles 17 to 21), this term refers to a continuously evolving management system implemented by a company, depending on the sector in which it operates, its operational contexts and its organisational structure, to ensure that it is not involved in infringements of human rights. This involves "identifying, preventing, mitigating and reporting" potential negative impacts arising from the Company's business activity.

5. **Calculation of financial metrics:** The corresponding financial metrics have been associated with each economic activity based on the classification process performed in steps 1-4, by gathering the relevant financial information from the company's accounting system. In addition, a number of proxies have been made for specific activities (as described in the section on the calculation of financial metrics).

As part of this process, Endesa has classified all its economic activities throughout its value chain in line with the following three categories: eligible-aligned, eligible-non-aligned, non-eligible.

Eligible-aligned: These are economic activities that simultaneously fulfil the following three conditions:

- They have been explicitly included in the EU Taxonomy Regulation on account of their substantial contribution to mitigating climate change.
- They satisfy the specific criteria developed by the EU taxonomy regulation for the specific environmental objective in question.
- They satisfy all the "do no significant harm" criteria and the minimum social guarantees.

Eligible-non-aligned: These are economic activities that meet the first condition indicated below, but fail to fulfil the second or third condition or either of them:

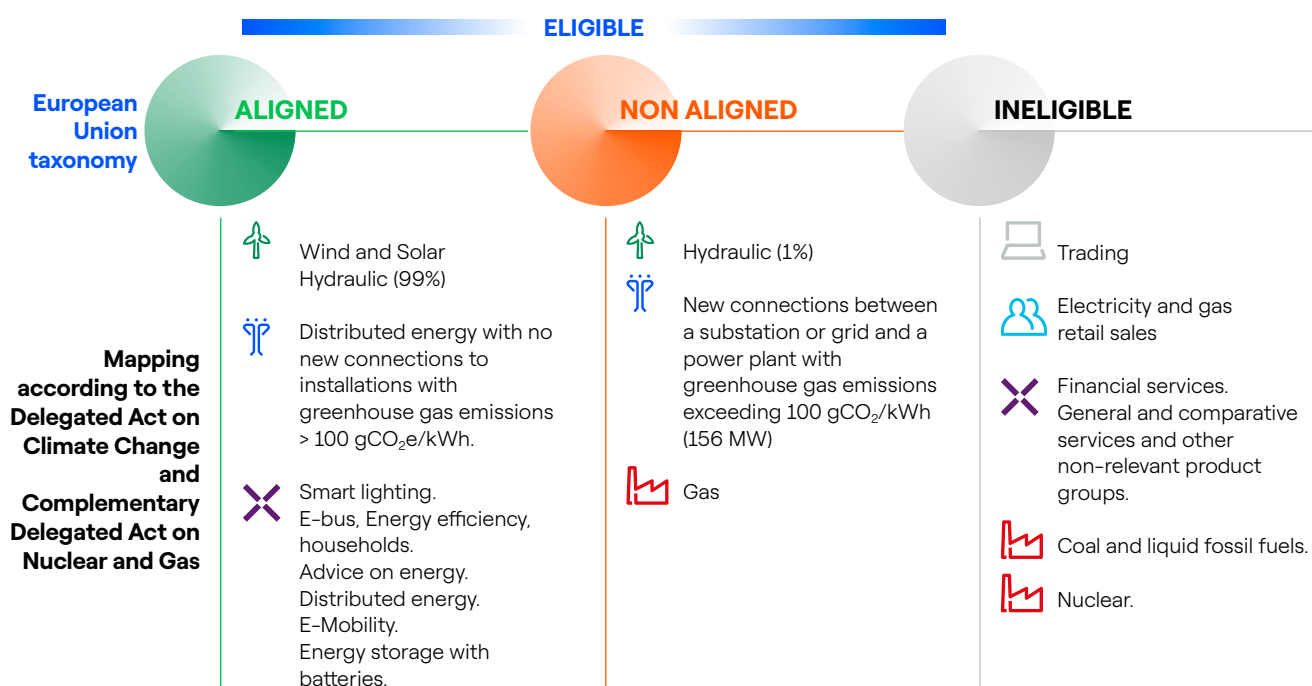
- They have been explicitly included in the EU Taxonomy Regulation on account of their substantial contribution to mitigating climate change.
- They satisfy the specific criteria developed by the EU taxonomy regulation for the specific environmental objective in question.
- They satisfy all the "do no significant harm" criteria and/or the minimum social guarantees.

Non-Eligible: These are economic activities that have not been identified by the EU taxonomy as a substantial contributor to mitigating climate change and therefore no criteria have been developed to this end. The approach taken by the European Commission is that these activities might:

- Not have a significant impact on mitigating climate change, or they could be included in the EU Taxonomy regulation at a later stage.
- Cause a very significant negative impact on climate change, meaning they cannot be considered eligible under any circumstances.

As a result, the existence of this third category means it is impossible to achieve a business model that can be qualified as fully aligned with the criteria of the EU taxonomy, even though these non-eligible activities might not cause any harm to the EU's environmental objectives.

Eligibility of Endesa's activities



Bearing all the above in mind, in 2022, the eligibility analysis was carried out pursuant to the process and the new definition for the three categories described above in line with the final version of the Climate Delegated Act published in

the Official Journal of the European Union in December 2021 and the Complementary Delegated Act published in July 2022. The following three tables provide a summary of the outcome of this analysis:

Eligible – aligned activities

Business Line	Activity	Description of the activity (as per the EU taxonomy)	Condition for being considered eligible-aligned
Electricity generation	Electricity generation using wind power	Electricity generation using wind power (4.3) – Construction and operation of electricity generation facilities that generate electricity using wind power.	100% of the installed capacity is eligible-aligned on account of its: <ul style="list-style-type: none"> Contribution to mitigating climate change, as no specific technical selection criteria are required. Overall compliance with DNSH criteria for the following applicable objectives: adaptation, circular economy and biodiversity. Overall compliance with minimum social guarantees.
	Electricity generation using solar photovoltaic energy	Electricity generation using solar photovoltaic technology (4.1) – Construction and operation of electricity generation facilities that generate electricity using solar photovoltaic power.	100% of the installed capacity is eligible-aligned on account of its: <ul style="list-style-type: none"> Contribution to mitigating climate change, as no specific technical selection criteria are required. Overall compliance with DNSH criteria for the following applicable objectives: adaptation, circular economy and biodiversity. Overall compliance with minimum social guarantees.
	Electricity generation using hydropower	Electricity generation at hydro plants (4.5) Construction and operation of electricity generation facilities that generate electricity using hydropower.	99% of the installed capacity is aligned with the requirements on account of its: <ul style="list-style-type: none"> Contribution to mitigating climate change as it includes all run-of-the-river water plants, all reservoir power plants with an energy density of more than 5W/m² and all reservoir power plants off less than 5W/m² with a life cycle GHG emissions intensity of less than 100gCO₂e/kWh, as certified by G-RES. Overall compliance with DNSH criteria for the following applicable objectives: adaptation, water and biodiversity. Overall compliance with minimum social guarantees.
	Electricity storage (batteries)	Electricity storage (4.10) Construction and operation of electricity storage using batteries.	100% of the installed capacity is eligible-aligned on account of its: <ul style="list-style-type: none"> Contribution to mitigating climate change, as no specific technical selection criteria are required. Overall compliance with DNSH criteria for the following applicable objectives: adaptation, circular economy and biodiversity. Overall compliance with minimum social guarantees.
	Transmission and distribution of electricity	Transmission and distribution of electricity (4.9) Operation of distribution systems and the corresponding infrastructure.	Distribution System Operators (DSOs) in Spain are eligible-aligned on account of their: <ul style="list-style-type: none"> Contribution to mitigating climate change as Spain's distribution system belongs to the European interconnected system. Overall compliance with DNSH criteria for the following applicable objectives: adaptation, circular economy, pollution and biodiversity. A number of infrastructures run by these DSOs have been excluded (consult eligible-non-aligned activities).
Endesa X	Smart lighting (cities)	Installation, maintenance and repair of energy-efficient equipment and installation and replacement of efficient light sources (7.3 d).	All activities are aligned with the requirements on account of their: <ul style="list-style-type: none"> Contribution to mitigating climate change, as no specific technical selection criteria are required. Global compliance with DNSH criteria for adaptation and pollution objectives. Overall compliance with minimum social guarantees.
	E-bus (cities)	Urban and suburban transport, passenger transport by road (6.3 a).	All activities are aligned with the requirements on account of their: <ul style="list-style-type: none"> Contribution to mitigating climate change, as no specific technical selection criteria are required. Overall compliance with DNSH criteria for the following applicable objectives: adaptation, circular economy and pollution. Overall compliance with minimum social guarantees.
	Energy Efficiency (cities)	Installation, maintenance and repair of energy-efficient equipment (7.3 a-e).	All activities are aligned with the requirements on account of their: <ul style="list-style-type: none"> Contribution to mitigating climate change, as no specific technical selection criteria are required. Overall compliance with the DNSH criteria in relation to the adaptation objective. Overall compliance with minimum social guarantees.

Eligible – aligned activities

Business Line	Activity	Description of the activity (as per the EU taxonomy)	Condition for being considered eligible-aligned
Endesa X	Household	Installation, maintenance and repair of energy-efficient equipment (7.3 a-e). Installation, maintenance and repair of instruments and equipment for measuring, regulating and controlling the energy functioning of buildings (7.5) installation, maintenance and repair of multi zone thermostats, smart thermostat systems and sensor equipment, including motion and daylight control (7.5 a); Installation, maintenance and repair of renewable energy technologies (7.6) installation, maintenance and repair of solar photovoltaic systems and auxiliary technical equipment (7.6 a).	All activities are aligned with the requirements on account of their: <ul style="list-style-type: none"> • Contribution to mitigating climate change, as no specific technical selection criteria are required. • Global compliance with DNSH criteria for the adaptation and pollution objective. • Overall compliance with minimum social guarantees.
	Energy advice (companies)	Professional services related to the energy performance of buildings (9.3).	All activities are aligned with the requirements on account of their: <ul style="list-style-type: none"> • Contribution to mitigating climate change, as no specific technical selection criteria are required. • Overall compliance with the DNSH criteria in relation to the adaptation objective. • Overall compliance with minimum social guarantees.
	Energy distributed (companies)	Installation, maintenance and repair of energy-efficient equipment (7.3). Installation and replacement of energy-efficient light sources (7.3.d) Installation, replacement, maintenance and repair of heating, ventilation and air conditioning (HVAC) and water heating systems, including equipment related to urban heating services using high-efficiency technologies. (7.3.e). Installation, maintenance and repair of renewable energy technologies (7.6) Installation, maintenance and repair of photovoltaic solar systems and auxiliary technical equipment (7.6.a).	All activities are aligned with the requirements on account of their: <ul style="list-style-type: none"> • Contribution to mitigating climate change, as no specific technical selection criteria are required. • Global compliance with DNSH criteria for the adaptation and pollution objective. • Overall compliance with minimum social guarantees.
	Battery energy storage (companies)	Installation, maintenance and repair of renewable energy technologies. Installation maintenance and repair of solar photovoltaic systems and auxiliary technical equipment (7.6) - Installation, maintenance and repair of thermal or electrical storage units and auxiliary technical equipment (7.6 f).	All activities are aligned with the requirements on account of their: <ul style="list-style-type: none"> • Contribution to mitigating climate change, as no specific technical selection criteria are required. • Overall compliance with the DNSH criteria in relation to the adaptation objective. • Overall compliance with minimum social guarantees.
	E-mobility	Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings) (7.4). Installation, maintenance and repair of infrastructure for personal mobility (6.13).	All activities are aligned with the requirements on account of their: <ul style="list-style-type: none"> • Contribution to mitigating climate change, as no specific technical selection criteria are required. • General compliance with DNSH criteria for all objectives. • Overall compliance with minimum social guarantees.

Eligible – non-aligned activities

Business Line	Activity	Description of the activity (as per the EU taxonomy)	Condition for being considered eligible-non-aligned
Electricity generation	Electricity generation using hydropower	Electricity generation at hydro plants (4.5) Construction and operation of electricity generation facilities that generate electricity using hydropower.	1% of installed capacity is considered eligible non-aligned as the technical criteria regarding power density and GHG intensity over the life cycle could not be verified.
	Electricity generation using gaseous fossil fuels	(4.29) Construction or operation of electricity generation facilities that use gaseous fossil fuels	100% of the installed capacity is eligible-non-aligned as all power plants exceed the threshold of 100 gCO ₂ eq/kWh measured on a life cycle basis, and the alternative criteria are not met either.
Infrastructure and networks	Transmission and distribution of electricity	Transmission and distribution of electricity (4.9) Operation of distribution systems and the corresponding infrastructure.	Infrastructure dedicated to creating a direct connection or expanding an existing direct connection between a substation or grid and an energy production plant that is more greenhouse gas intensive than 100 gCO ₂ e/kWh measured on a life cycle basis.

Non-eligible activities

Business Line	Activity	Description of the activity (as per the EU taxonomy)	Condition of non-eligibility
Electricity generation	Electricity generation using coal and liquid fossil fuels	Operation of electricity generation facilities that produce electricity from coal and liquid fossil fuels.	This activity has been excluded from the EU taxonomy regulation.
	Electricity generation using nuclear power	Operation of electricity generation facilities that generate electricity using nuclear power.	The nuclear activities undertaken by Endesa have not been explicitly mentioned in the Complementary Delegated Act, and do not fall within the three specific activities related to nuclear energy identified in said Delegated Act.
Energy and commodity management	Energy wholesale	Activities related to the wholesale of electricity and related activities.	The activity has not been addressed in the Climate Delegated Act.
Marketing	Sale of electricity and gas (end customer)	Retail electricity and gas sales.	The activity has not been addressed in the Climate Delegated Act.
Endesa X	Other activities	Financial services, general and comparative services and other non-relevant product groups.	The activities have not been addressed in the Climate Delegated Act.

Process for calculating financial figures

The following considerations have been implemented as part of the process for calculating financial metrics:

- The three financial metrics required under the EU Taxonomy Regulation (revenue, investments and fixed operating costs) have been calculated in line with the eligibility analysis described above.
- Although not strictly necessary, Endesa has also performed an assessment in terms of EBITDA, as it believes that this metric reflects the effective financial performance of public utility companies like Endesa. This metric is based exclusively on revenue, and in the case of Endesa, is strongly influenced by commercial activities with a high volume of revenue (such as the wholesale market) that do not contribute proportionally to the growth of gross operating profit as is the case with other commercial activities.
- Financial information has been gathered from the digital accounting system in place or management system for business activities. However, a small number of proxies were also carried out to generate more detailed figures, to exclude a number of specific activities from the overall calculation of eligible-aligned activities (such as non-aligned hydropower generation or eligible-non-aligned infrastructure in the eligible-aligned distribution system).

For example, the following proxies have been used:

- Hydro: the figures corresponding to the revenue of eligible-non-aligned hydroelectric power plants have been calculated taking their production multiplied by the average unit revenue for 2021 and 2022. This approach has also been applied to investments, fixed operating expenses and EBITDA.
- Distribution: the figures corresponding to the revenue of the new connections between a substation or grid and a production point with greenhouse gas emissions of more than 100 g CO₂e/kWh, eligible non-aligned have been calculated taking their power (in MW) multiplied by the average unit revenue (k€/MW) for 2021 and 2022. This approach has only been applied to revenue, EBITDA and investments.
- The financial indicators subject to analysis include transactions with third parties and transactions between segments and activities.
- Financial metrics are represented considering all electricity and gas sales as “non-eligible”. An additional analysis has been performed in the final section of the chapter as a result of whether this business activity was considered as being aligned with the EU taxonomy.
- The figures for 2021 have been reclassified to reflect the following methodological changes:
 - Electricity generation using gaseous fossil fuels: This has been considered as eligible-non-aligned after applying the criteria set out in the Complementary Delegated Act, having been previously considered as non-eligible.
 - Electricity transmission and distribution: Minor adjustments have been made to the criteria for

identifying infrastructure dedicated to creating a direct connection or extending an existing direct connection between a substation or grid and power plant with greenhouse gas emissions exceeding 100 gCO₂/kWh, calculated on a life-cycle basis.

- Retail electricity sales: At present, these are considered as non-eligible (previously considered eligible) as no explicit mention has been made to them in the Climate Delegated Act.
- Endesa X: Cogeneration from gaseous fossil fuels, as part of distributed energy solutions, is now considered eligible-non-aligned applying the criteria set out in the Complementary Delegated Act, whereas it was previously considered non-eligible.
- CAPEX: Including the costs accounted for on the basis of IFRS 16 Leases, paragraph 53(h), as required under Commission Regulation (EU) 2021/2178.
- Total revenue/OPEX/EBITDA/CAPEX corresponds to the turnover/OPEX/EBITDA/CAPEX (measured in €) of each specific activity. The proportion of individual KPIs corresponds to each individual economic activity divided by the total, contributing to achieving climate change mitigation targets. This is the only aim of the analysis of compliance with the EU Taxonomy Regulation reported in the table, on account of the materiality of the subject and the absence of comprehensive financial information on certain activities in Endesa's accounting information. Furthermore, the criteria for the remainder of the environmental objectives have not yet been made available.

Statement on the adaptation of Endesa's activities to the EU Taxonomy Regulation

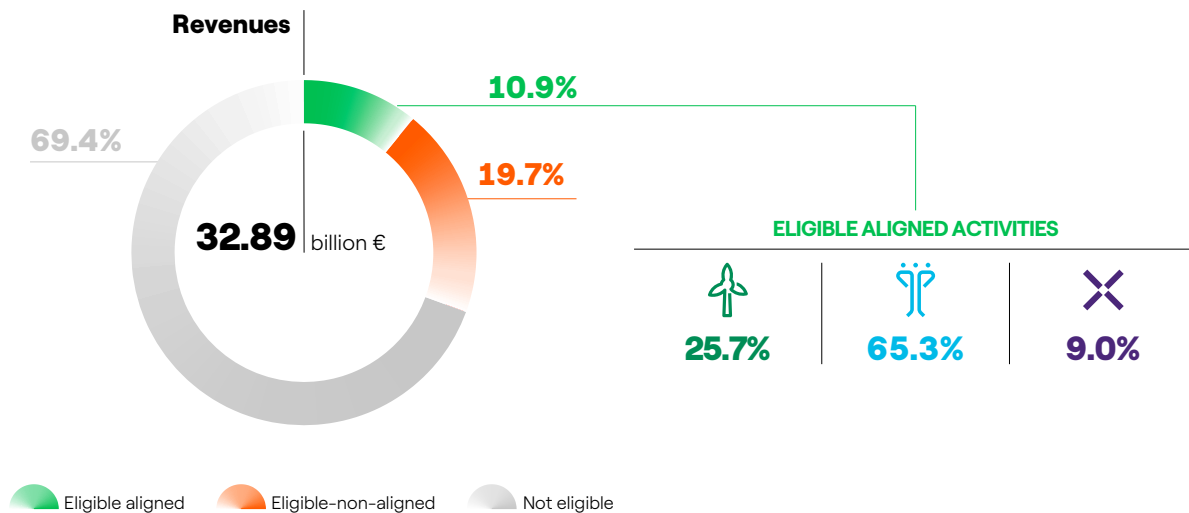
General results

In 2022, the alignment of Endesa's economic activities to the EU taxonomy, as a result of its contribution to the goal of mitigating climate change without causing damage to other environmental objectives and respecting the minimum social guarantees, was as follows:

Revenue:

- 10.9% of revenue was generated by eligible business activities aligned with the EU taxonomy, compared to 17.5% in 2021.
- There was a high increase in absolute terms in turnover in 2022 compared to 2021. This increase was mainly based on an increase in eligible-non-aligned activities such as power generation from gaseous fuels and non-eligible activities such as trading and retailing of electricity and gas, mainly due to the in-

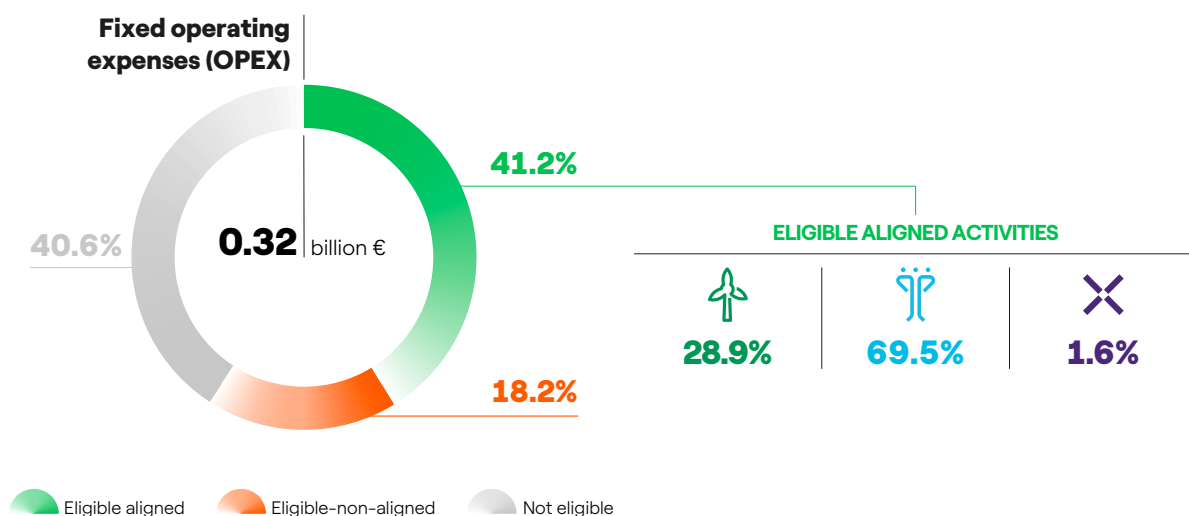
crease in prices due to the market situation (energy price of €168/MWh in 2022 vs €113/MWh in 2021) and higher production with CCGT technology. Revenues from non-eligible activities (generation from fuel-oil and coal) also increased in 2022 while the turnover for aligned eligible activities decreased in 2022 due to lower hydroelectric production and lower revenues from distribution activities. For these reasons, turnover decreased by 6% in 2022.



Fixed operating expenses (OPEX):

- 41.2% of operating expenses were generated by eligible business activities aligned with the EU taxonomy, compared to 38.4% in 2021.

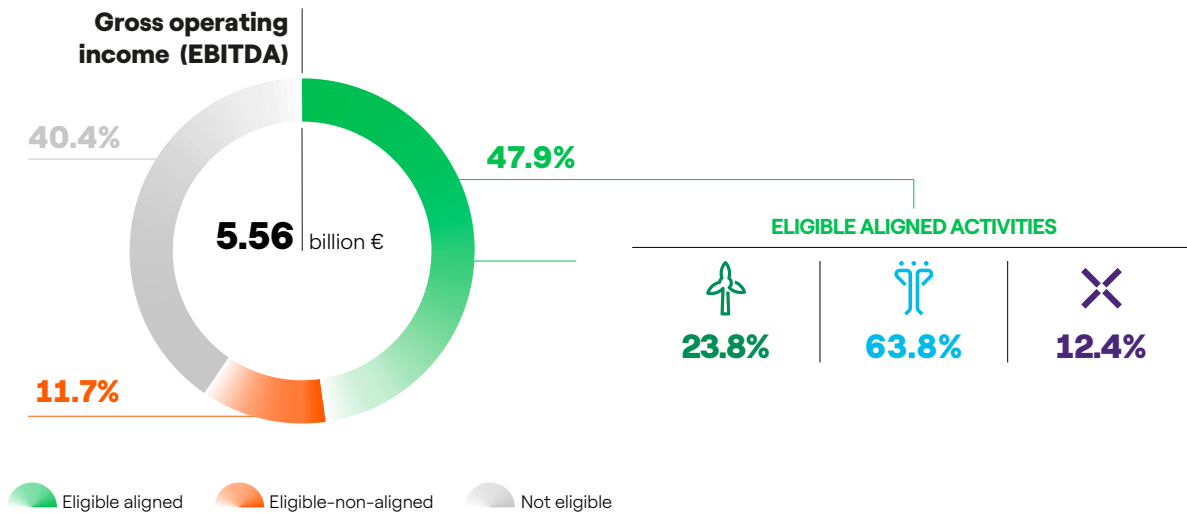
- Regarding OPEX, no substantial changes were identified to report between the 2022 and 2021 figures.



EBITDA:

- 47.9% of EBITDA was generated by eligible business activities aligned with the EU taxonomy, compared to 66.7% in 2021.
- The percentage of EBITDA for aligned eligible activities decreased in 2022 compared to 2021. In absolute terms,

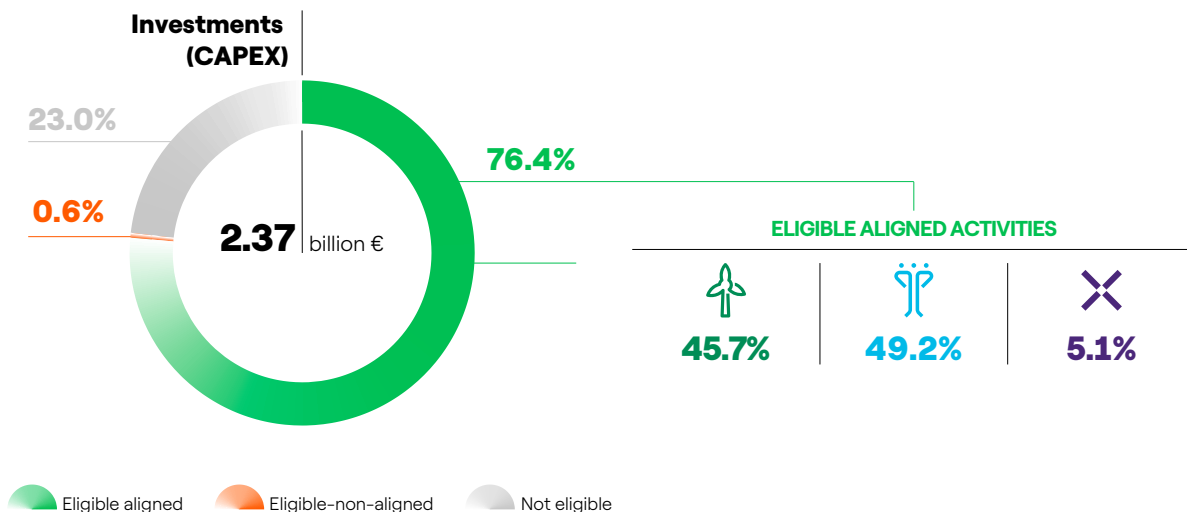
EBITDA increased compared to the previous year, but this was due to an increase in eligible-non-aligned activities mainly due to higher production from gaseous fuels and non-eligible activities such as trading and retailing of gas and electricity.



Investments (CAPEX):

- 76.4% of investments was generated by eligible business activities aligned with the EU taxonomy, compared to 70.4% in 2021.

- The increase in the percentage of CAPEX in 2022 compared to the 2021 figure was mainly due to an increase in investments in renewable generation, mainly in photovoltaic technology.



Overall results including energy retail activity

The EU climate delegated act does not explicitly include a segment referring to retail energy sales (with NACE code D35.1.4); it has thus been inferred that this activity does not contribute substantially to mitigating climate change. However, retail energy sales are a key part of the energy value chain and the exclusion of retail energy from the definition of a sustainable energy system hampers the key role of EU market liberalisation and, ultimately, the efforts and value of final decarbonised energy consumption. Endesa considers electrification, powered by renewable energy, as the most efficient and cost-effective solution for tackling climate change, as it is clean, affordable and high-performance, ensuring the path to a truly clean energy system. However, sustainable electrification of energy end-uses requires not only clean technologies in terms of power generation, but also retail energy companies to deliver renewable electricity to end customers to satisfy their energy demand.

Based on the foregoing, Endesa is convinced that the EU taxonomy should explicitly consider retail energy as an eligible activity for which alignment should be based on the same criteria as electricity production activities. In this way, energy sales to end customers would be linked to the source of production, encouraging retail compa-

nies to sell energy generated using sustainable sources. This fact is even more relevant in relation to integrated utilities, which, although they operate in the energy production and retail segments with different companies within the same Group, develop a business model following a comprehensive and unique vision of the entire energy value chain.

Consequently, Endesa here presents an additional vision of the general results considering retail energy activity as eligible and determining its alignment applying the same criteria as applied for energy production. Endesa has relied on the Guarantee of Origin instruments available in Spain, as they provide consumers with transparency on the proportion of electricity that retailers obtain from renewable generation, thus complying with existing EU taxonomy criteria relating to energy production activities.

The volume of energy sales was calculated considering the amount of energy sold at a retail level in Spain using Guarantees of Origin (based on data from national authorities), applying the average volume per unit. This approach has also been adopted for Capex, Opex and ordinary gross operating profit (EBITDA). To avoid duplication, eligible revenue per sector is net of cross-sectoral trade.

Overall results including retail energy

	Unit	2021	2022
Revenues			
Eligible aligned	%	30.9%	24.2%
Eligible non-aligned	%	60.3%	61.0%
Non-eligible	%	8.8%	14.8%
Total	€M	20,898.72	32,896.05
OPEX			
Eligible aligned	%	38.9%	41.2%
Eligible non-aligned	%	22.1%	18.2%
Non-eligible	%	39.0%	40.6%
Total	€M	378.34	324.00
EBITDA			
Eligible aligned	%	64.9%	45.8%
Eligible non-aligned	%	12.6%	14.8%
Non-eligible	%	22.4%	39.4%
Total	€M	4,278.25	5,564.87
CAPEX			
Eligible aligned	%	71.7%	78.6%
Eligible non-aligned	%	7.7%	7.4%
Non-eligible	%	20.5%	14%
Total	€M	2,384.28	2,365.82

In APPENDIX VIII. Breakdown of activities considered environmentally sustainable by European Taxonomy, describes the level of eligibility and alignment of each of Endesa's

economic activities with the EU taxonomy, as a result of their contribution to mitigating climate change.

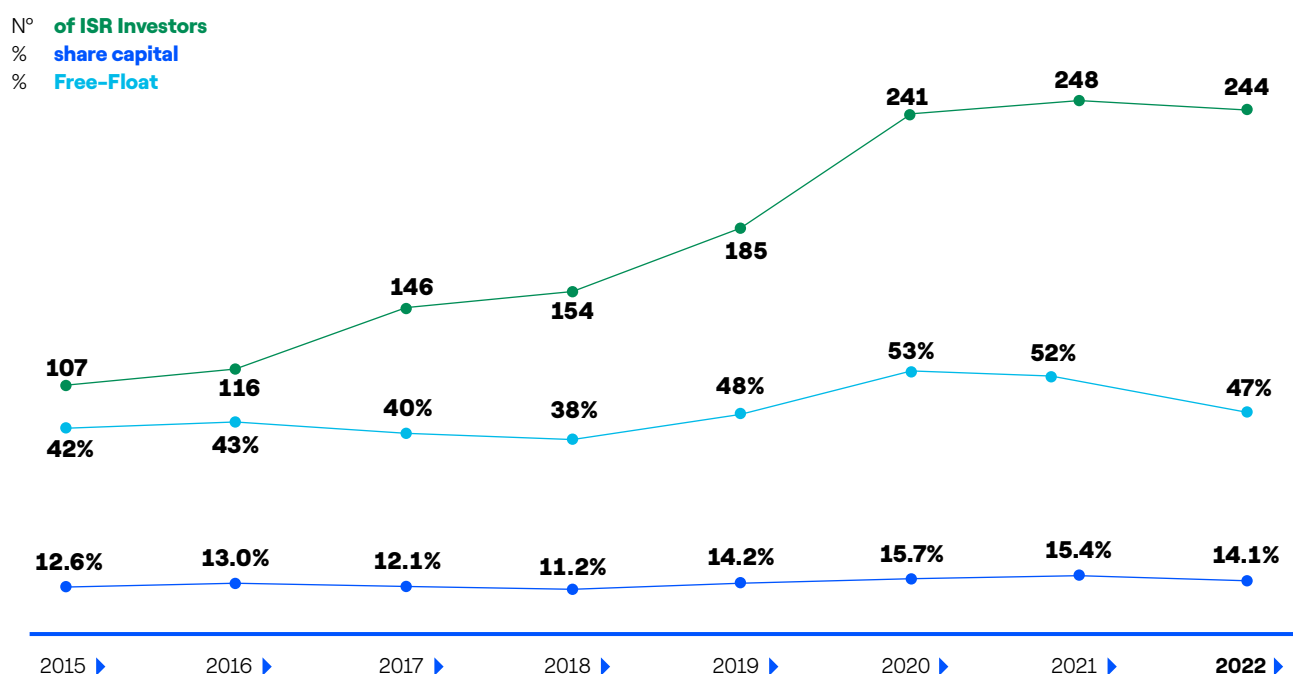
1.5.3. Sustainability indices and ratings

Endesa works actively to be a benchmark company for investors who take into account social, environmental and good governance considerations in their investment policies, generating a long-term relationship with them.

For the seventh consecutive year, in 2022 Endesa carried out a study to identify shareholders, with a special focus on those institutional investors who have a responsible investment policy and are active in non-financial matters. This

study established that Endesa has at least 244 socially responsible investors (of which 201 are located abroad and 43 are in Spain), accounting for 14.1% of share capital and 47.3% of floating capital overall. In compliance with Spanish legislation regarding identification of shareholders, the analysis was conducted at the level of "investment advisor". It is not permitted to delve down to the level of the investment fund.

Presence of socially responsible investors in Endesa's shareholder structure⁽¹⁾



⁽¹⁾ Since 2020, the study has encompassed foreign and domestic institutional investors. In the past, only foreign institutional investors were taken into consideration.

Endesa is aware that a prominent presence in the main socially responsible investment indices helps attract this type of investor and therefore the company pays great attention to this. Additionally, to obtain financing on favourable terms it is becoming increasingly important to be well rated by the various agencies and indices, as it is becoming generally accepted that genuine integration of sustainability into the management of the company reduces the risks associated with financing. Furthermore, presence on these indices serves as a way of recognising

the sincere and rigorous commitment that Endesa has assumed regarding the integration of social, environmental, ethical and good governance aspects in terms of business management and decision-making processes, achieving a high level of performance. Finally, and even more importantly, it allows Endesa to step up its commitment by accurately identifying areas for improvement in terms of including sustainability in the company's management, i.e. it serves as a tool for continuous improvement in its approach to sustainability management.

In 2022, Endesa maintained its leadership in the most important sustainability indices and ratings. The main accomplishments achieved in 2022 include the following:

- Renewed inclusion in the DJSI World for the 22nd consecutive year and inclusion in the DJSI Europe for the first time in history, achieving its best historical score and sitting in 4th position as regards electricity utilities at the time the index was published.

- Renewed presence in the Euronext Vigeo World 120 and Euronext Vigeo Euro 120 indices, maintaining 1st position for electricity and gas utilities, with Enel.
- Renewed inclusion in the FTSE4Good indices, maintaining 1st position for conventional electricity companies, with Enel.
- Renewed highest AAA rating on the MSCI ESG rating.

Results in the main sustainability ratings

	Rating	Ranking	Scale (low high)
S&P CSA ⁽¹⁾	89	4 / 250 Electric utilities	0 100
Vigeo Eiris ESG	75 (Advanced)	1 / 65 Electric utilities and gas ⁽²⁾	0 100
FTSE Russell ESG	4,9	1 / 41 Electric utilities ⁽²⁾	0 5
MSCI ESG	AAA (8,9 Industry-Adjusted Score)	Top 12% / 136 Utilities	CCC AAA
Sustainalytics ESG Risk	17.2 (Low risk)	14 / 300 Electric utilities	100 0
ISS ESG	B (Prime Status)	8 / 130 Electric utilities	D- A+
CDP	Climate: A- Water: B	—	D A

⁽¹⁾ CSA - Corporate Sustainability Assessment.

⁽²⁾ Rank shared with Enel Spa.

Inclusion in sustainability indices

**S&P Dow Jones
Indices**
A Division of **S&P Global**

EURONEXT
INDICES EUROZONE120

V.E
VIGEO.EIRIS

FTSE4Good

Corporate ESG
Performance
RATED BY
ISS ESG
Prime

STOXX

**ESG Leaders
Indices**

ECPI Sense in
sustainability

Bloomberg
Gender-Equality
Index
2023

2.



Materiality

2.1. Sustainability context	80
2.2. Materiality analysis and results	81
2.2.1. Methodology for the materiality analysis	81
2.2.2. Traditional materiality	82
2.2.3. Double materiality	86



The scope of the information provided in this chapter covers both Endesa, S.A. and its investee companies in Spain and Portugal. The scope is the same as in the Legal Documentation reports. For further information, see sections

1.1.2.6. *Organisational structure and 2. Report boundary (Appendix I: Methodology for preparing the report).* Possible variations to the scope described here are presented throughout the chapter.

2.1. Sustainability context

Endesa, whose vision is to lead a just energy transition through its sustainable business model, must overcome challenges in economic, environmental, human rights and other social aspects at a global level affecting the sector and regions in which it operates.

The company has identified and analysed the main ESG current and potential macro trends with a view to identifying risks and harnessing opportunities. It should also be noted that the recent global pandemic has revealed several realities as regards the scope of the systemic risks we face and the poor resilience of current operating models. As regards environmental matters, two issues are worth mention: climate change and nature. Including the conservation of biodiversity is considered critical as part of a comprehensive vision that accompanies climate mitigation and adaptation strategies, generating the need for a comprehensive and coordinated approach.

Socially, the role of sustainability is essential in order to develop increasingly complex strategies that allow leadership

in a turbulent environment such as the one we are seeing. Elements such as adapting to new work models resulting from the pandemic, the impact of the digital transition or expanding control of the supply chain are considered strategic to business action in coming years.

Finally, as regards the keys that will define the sustainable governance agenda, the need to continue considering sustainability as the best solution for addressing the great social and political challenges in a scenario in which different economic, geopolitical or social crises have been able to divert their attention is worth note. From this perspective, consideration must be given to the cascading of ESG standards to supply chains as well as the adaptation to new reporting frameworks and mandatory standards, where data quality becomes a main issue.

Addressing these challenges requires global coordination: no country or company can solve them alone, meaning it is essential to create a collaborative environment in which companies like Endesa must provide solutions.

2.2. Materiality analysis and results

3-1 3-2

2.2.1. Methodology for the materiality analysis

2-4

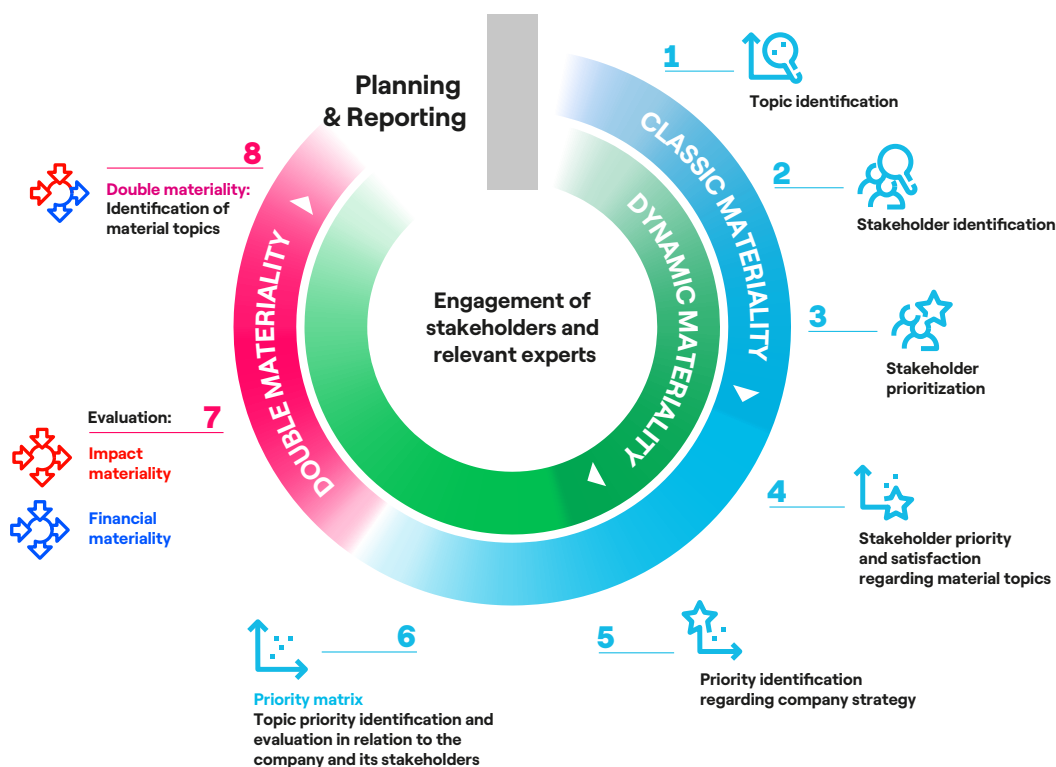
The materiality analysis makes it possible to identify the most relevant aspects related to the sustainable business model for Endesa and its stakeholders. As part of a continuous dialogue through the different communication channels and monitoring the expectations of the company's stakeholders, Endesa understands the evolution of the main sustainability issues and identifies objectives aimed at creating long-term value, anticipating risks and transforming them into opportunities. This continuous process is known as dynamic materiality and facilitates the comprehensive analysis of:

- **Traditional materiality:** Analysis of the significance of issues for stakeholders and their perception of the company's performance, as well as the significance of the issue in the company's strategy, represented through the prioritisation matrix.

- **Double materiality:** Combination of two perspectives:
 - Impact materiality: Assessment of the current and/or potential impacts of the company on people or the environment in the short, medium or long term.
 - Financial materiality: impact, from a financial perspective, that social, environmental and governance aspects have or could have on the company's value in the short, medium or long term.

The materiality analysis is reviewed and approved by the Sustainability and Corporate Governance Committee, as part of the highest governing body at the organisation.

The eight main phases, reflected below, have been developed considering the most recent publications by the international and European reference standards: *European Financial Reporting Advisory Group (EFRAG)*, *Global Reporting Initiative (GRI)*, *AccountAbility AA1000APS*, *Sustainability Accounting Standards Board (SASB)* and *SDG Compass*.



2.2.2. Traditional materiality

2-29

2.2.2.1. Identification of issues and stakeholders

With a view to ensuring the current reference context is taken into consideration, Endesa reviews sustainability issues bearing in mind the company's conduct policies and principles, the interests of sustainability ratings agencies, sectoral benchmark studies, company's strategic orientation and the information provided by the organisation's internal experts. This identification of issues, reviewed every two years, ensures alignment with new trends by generating a more in-depth understanding of them at up to three levels. Issues can be divided into three categories: business and governance, social and environmental.

Organised into a three-level structure like the issues, Endesa identifies and reviews all its stakeholders every two years with a view to involving all its stakeholders in the materiality analysis. The top-level stakeholders are: business community, customers, financial community, institutions, civil society, media, employees and suppliers.

The different internal areas at the company responsible for relations with each stakeholder participate in the materiality analysis by reviewing and identifying new stakeholders aligned with the context in which Endesa operates.

2.2.2.2. Prioritisation of stakeholders

Continuous dialogue with stakeholders makes it possible to assess expectations correlated with the social, environmental and governance priorities for the company and the business strategy in the annual materiality analysis.

2-29

Each year, Endesa undertakes, with the participation of all the company's units, the prioritisation of the company's stakeholders based on the parameters of influence, dependence and tension. This means that the company can assess the relevance of each of its stakeholders to improve the orientation of its sustainability strategy.

RELEVANCE

PARAMETERS

Influence

Importance of the relationship for the company.

Dependency

Importance of the relationship for the stakeholders.

Voltage

Status of the relationship with the stakeholders.

2.2.2.3. Assessment of the priority and fulfilment of stakeholder issues

2-12

2-29

Once the issues and stakeholders relevant to the company have been identified, the next stage of the materiality analysis involves the assessment of the priorities and fulfilment of issues in the opinion of stakeholders. This prioritisation allows us to identify the X axis of the prioritisation matrix, thus establishing which sustainability aspects are most important to stakeholders.

To guarantee the objectivity of the analysis, Endesa prioritises direct consultation with its stakeholders so that,

through different consultation techniques, the company can guarantee participation and take into account the opinions of all its stakeholders.

To this end, Endesa has assessed the priority and satisfaction of its stakeholders through more than 500 online surveys of suppliers and contractors, employees and customers and almost 30 individual interviews with representatives of the business community, civil society and the financial community. These studies have been undertaken with a

documentary review of the main sustainability trends, institutional information, presence in sustainability indexes, as well as other documents and internal company reports.

Below are the main channels of communication with stakeholders, the issues considered as being the highest priority for them and their relevance.

Endesa Stakeholders

Relevance



Customers



Business community



Financial community



Employees



Institutions



The media



Suppliers



Civil society



PARAMETERS

Influence: Importance of the relationship for the company.

Dependency: Importance of the relationship for the stakeholders.

Voltage: Status of the relationship with the stakeholders.

Main communication channels

- Sales offices
- Sales managers
- Website channel
- Customer service centres
- Forums and working groups
- Mobile App
- Social networks
- Surveys

- Direct contact
- Meetings and working groups
- Forums and conferences

- CNMV
- Corporate website
- Activities of the investor relations area (Roadshows)
- Shareholders' office
- General Shareholders' Meeting
- Communications with proxy advisors

- Corporate channels (intranet, social networks, newsletters, etc.)
- Forums and working groups
- Contact mailboxes
- Interviews and meetings with Senior Management
- Surveys

- Direct contact
- Forums and conferences
- Working groups

- Direct contact
- Press conferences
- Forums and conferences
- Social networks

- Direct contact
- Website channel
- Committees
- Forums and conferences
- Working groups

- Direct contact
- Working groups
- Forums and conferences
- Website channel
- Social networks
- Ethics channel
- Sustainability mailbox

Priority themes for the stakeholder

- Commitment to the customer
- Good governance and ethical conduct
- Decarbonisation of the energy mix

- Decarbonisation of the energy mix
- Occupational health and safety
- Good governance and ethical conduct

- Products and services for electrification and digitalisation
- Employee management, motivation and development
- Decarbonisation of the energy mix

- Employee management, motivation and development
- Good governance and ethical conduct
- Commitment to the customer

- Decarbonisation of the energy mix
- Infrastructure and networks
- Preservation of ecosystems and environmental management

- Decarbonisation of the energy mix
- Good governance and ethical conduct
- Creation of economic and financial value

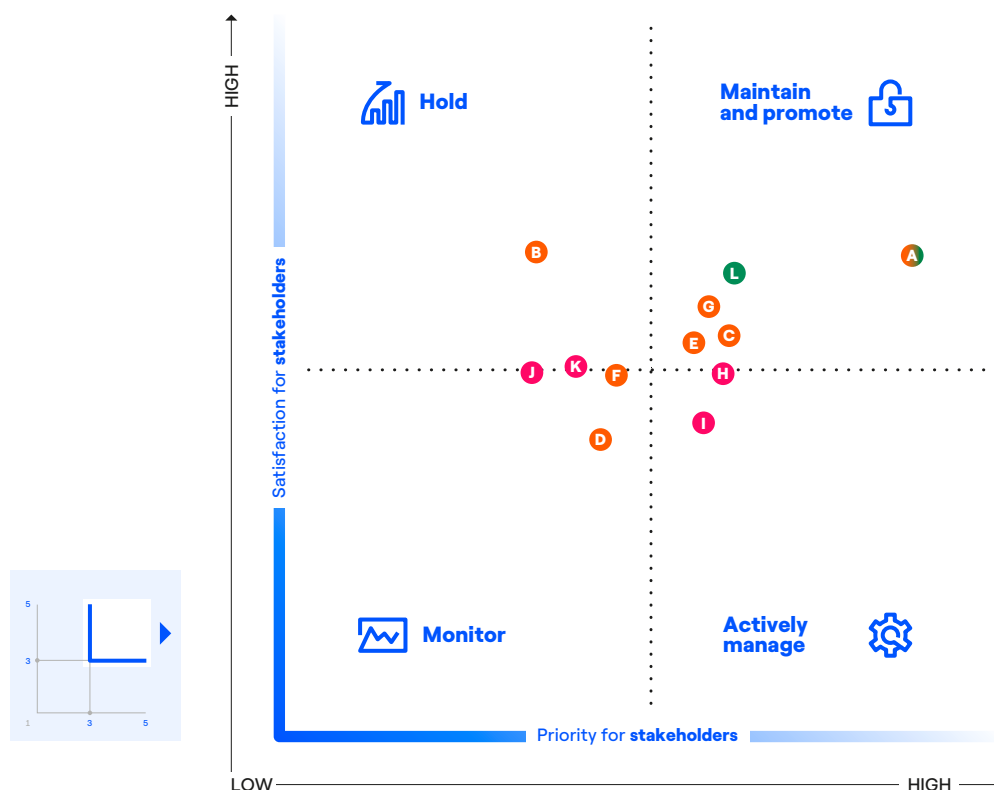
- Good governance and ethical conduct
- Commitment to the customer
- Preservation of ecosystems and environmental management

- Decarbonisation of the energy mix
- Preservation of ecosystems and environmental management
- Infrastructure and networks

As part of its 2022 materiality study, Endesa also analysed the level of stakeholder satisfaction regarding the different sustainability issues with a view to establishing the issues on which the company should focus more intensely. The

results are reflected in the matrix below by the crossing the stakeholder priority assigned and their perception of performance.

Satisfaction for stakeholders



Business & Governance

- A** Decarbonisation of the energy mix
- B** Creation of economic and financial value
- C** Good governance and ethical corporate conduct
- D** Commitment to the customer
- E** Grid development
- F** Innovation, circular economy and digital transformation
- G** Products and services for electrification and digitalisation

Social

- H** Occupational health and safety
- I** Employee management, development and motivation
- J** Involving local and global communities
- K** Sustainable supply chain

Environmental

- A** Decarbonisation of the energy mix
- L** Preservation of ecosystems and environmental management

The consultation performed shows that there is no major difference in priority allocated by stakeholders to different issues and their perception of the company's performance, meaning that no relevant criticalities have been identified. In any case, among the aspects that Endesa should actively manage, the management, motivation and development of employees is worth note, which, despite having seen an increase in stakeholder satisfaction over the past three years, has experienced a negative shift given the increase in this priority amongst them.

Also worth particular note is the issue of the decarbonisation of the energy mix, which is considered as being a

major priority and with the company's performance perceived as being positive by stakeholders on account of its efforts and ambition to this end. As is only natural given its consideration as a strategic pillar for Endesa, occupational health and safety must remain a focus for the company's management.

Endesa includes these results in its planning process and defines objectives and actions aimed at continuing to improve its performance in the different sustainability issues analysed, with a view to successfully responding to the expectations of its stakeholders.

2.2.2.4. Priority assessment of issues for the company's strategy

2-12

To complete the prioritisation matrix, Endesa assesses the priority of sustainability issues in relation to the company's strategy, generating the values that constitute the Y axis of the matrix.

These values bear in mind the lines of action defined in the company's Strategic Plan, as well as the direct participation of the Executive Management Committee, including the representation of the CEO, through a dedicated survey that includes their assessments.

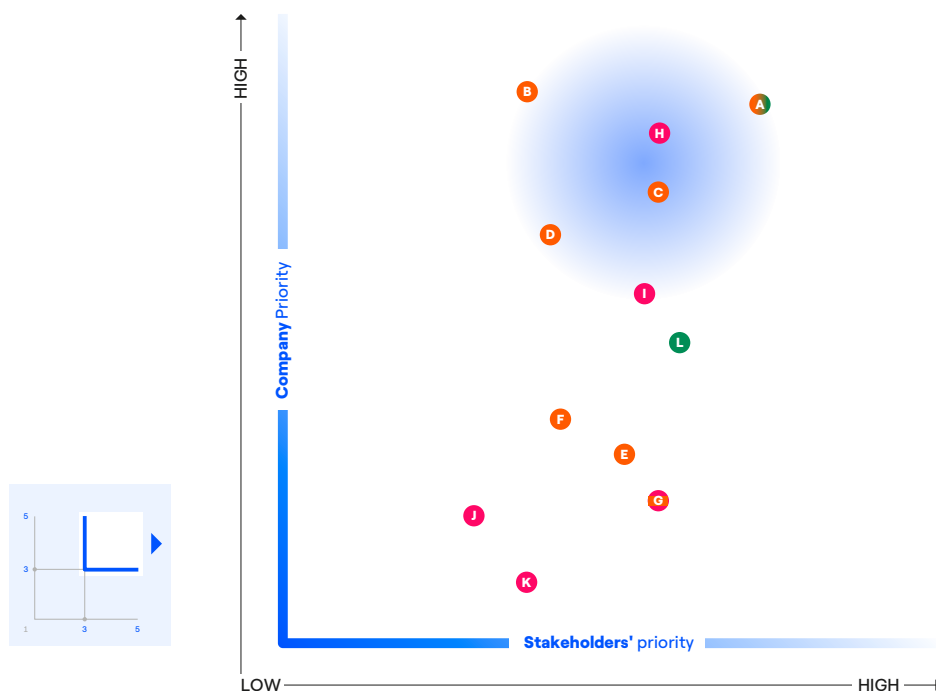
2.2.2.5. Prioritisation matrix

2-12

The combined analysis of the priority for stakeholders and the relevance assigned to each issue in the company's strategy generates in the prioritisation matrix, which makes it possible to identify the most relevant is-

ssues and support the identification and definition of objectives to be included in the Strategic Plan and the Sustainability Plan. The results of the 2022 analysis are reflected below:

Priorities for the company and stakeholders: Materiality Matrix



Business & Governance

- A** Decarbonisation of the energy mix
- B** Creation of economic and financial value
- C** Good governance and ethical corporate conduct
- D** Commitment to the customer
- E** Grid development
- F** Innovation, circular economy and digital transformation
- G** Products and services for electrification and digitalisation

Social

- H** Occupational health and safety
- I** Employee management, development and motivation
- J** Involving local and global communities
- K** Sustainable supply chain

Environmental

- A** Decarbonisation of the energy mix
- L** Preservation of ecosystems and environmental management

The results of the 2022 analysis see the issues of the decarbonisation of the energy mix and occupational health and safety as the highest priority issues for stakeholders and the company's strategy, which is also reflected in the huge public commitment assumed by Endesa in relation to both issues.

Regarding decarbonisation of the energy mix, stakeholders maintain their demand to continue increasing the weight of renewables and the conversion of old power plants to new activities.

The importance assigned to customer commitment and good governance and ethical corporate conduct in 2021 remain the same, highlighting the need to continue caring for the company's relationships with customers, first and foremost, as well as continuing with the promotion of internal policies and their periodic assessment to combat any form of corruption.

In relation to social issues, occupational health and safety remains the highest priority, maintaining the importance assigned by stakeholders in 2021 and confirming its position, once again, as one of the most priority issues for the company, a sign of its strong commitment in this area.

In 2022, there was an increase in the importance for stakeholders of the management, development and motivation of employees, with sustainable supply chain once again being considered highly satisfactory by stakeholders regarding Endesa's performance in this area.

The conservation of ecosystems and environmental management was assigned a similar level of importance and satisfaction for stakeholders as in 2021. The need for the recognition of the protection of natural capital or the creation of monitoring systems is worth particular note, and given the increase in environmental regulations, the issue is expected to become more relevant in the future.

2.2.3. Double materiality

2-14 2-16 2-25

As part of the materiality analysis process, Endesa includes a dual perspective whereby it combines impact materiality considering the most recent publications of the main international and European standards (EFRAG, GRI, Value Reporting Foundation and SASB) and financial materiality, in line with the interpretation of the draft EFRAG and SASB standards. This dual perspective makes it possible to identify potential impacts, risks and opportunities related to the company's activity and ensure comprehensive coverage through its sustainable business model, bearing in

mind that a sustainability issue is important for the company when it meets impact or financial materiality criteria, or the combination of both.

Through its different communication channels, Endesa listens to the concerns of its stakeholders regarding the real and potential negative and positive impacts listed below. These concerns are relayed to the Sustainability and Corporate Governance Committee as part of the company's highest governing body, forming part of the results of the materiality analysis.

2.2.3.1. Impact materiality

A sustainability issue is considered material from the perspective of its impact when it refers to actual or potential, positive or negative impacts that the company has on people or the environment in the short, medium or long term.

To identify these impacts, Endesa has taken into account the participation of its main stakeholders, with a view to understanding their concerns as part of a direct consultation process. With a view to identifying these impacts, as part of the 2022 analysis, Endesa has also used information from various internal and external sources at the company. Internally, it has received support from the Endesa areas, which, in turn, receive information from the management systems of each activity; while externally, the company has analysed information from its main competitors, analysts



and investors, as well as sector ESG reports, with a view to incorporating new impact identifications.




To identify risks and opportunities and take measures in relation to the list of impacts identified, the company has assessed their relevance, prioritising them based on a quantitative and qualitative analysis that includes: type, severity and impact management. The quantitative end result is a value on a scale of 1-100. As regards potential impacts, the value has been normalised taking into account the impact's probability of occurrence.





To prioritise impacts, they have been grouped by topics and organised from highest to lowest importance. To apply the principle of double materiality and identify which are relevant from an impact materiality perspective, Endesa has established a threshold that determines the most im-


portant impacts that its activities generate on people or the environment. As regards the issues into which its impacts have been grouped, Endesa, applying this threshold,





highlights those with the most relevant positive and negative impact, allowing the company to focus its information based on the topics in the following table:

Impact materiality						
Impact	Positive/ Negative	Theme	Current/ Potential	Time horizon	Impact management	SDG
Increased internal and external awareness of the principles of integrity and ethics in corporate conduct	Positive	Sound governance and fair corporate conduct	Current	Short-term	<ul style="list-style-type: none"> Endesa, as reflected in chapter 1.2. <i>Sustainability Governance</i>, has a sustainability management and governance system that encompasses all areas of the company, as expressed by the Sustainability and Corporate Governance Committee. The company has defined a Gender Diversity Action Plan which is monitored by submitting it to the Board of Directors Sustainability and Corporate Governance Committee, in line with the Diversity and Inclusion Policy, aimed at increasing the presence of women in the company, as well as their presence in positions of responsibility and guaranteeing equal pay. The company also respects and promotes a Human Rights Policy, a Code of Ethics, a Zero Tolerance Plan Against Corruption, and criminal risk prevention and antitrust programmes, ensuring awareness amongst employees. Furthermore, the Sustainability Plan includes objectives in this field that can be consulted at the start of the Good Governance chapter, including but not limited to, maintaining 40% of women on the Board of Directors, which was achieved in 2022. 	
Incomplete external stakeholder satisfaction on account of the lack of diversity on management bodies	Negative	Sound governance and fair corporate conduct	Potential	Long-term		
Extension of good practices to the supply chain to improve sustainability criteria	Positive	Sustainable supply chain	Current	Medium-term	<ul style="list-style-type: none"> In the new 2023-2025 Sustainability Plan, Endesa has maintained its commitment to increasing sustainability in its supply chain through objectives aimed at including voluntary and/or mandatory sustainability criteria in its tenders, as well as measurements of its suppliers' carbon footprint certification, increasing its ambition in this regard compared to the previous plan. Endesa also verifies aspects of safety, environmental and human rights in relation to 100% of its suppliers during the rating process, with a view to guaranteeing respect for human rights throughout the entire comprehensive procurement process. Furthermore, it undertakes due diligence to ensure that its activities are aligned with its Human Rights Policy and the United Nations Guiding Principles that it extends to its entire value chain. For more details about the actions carried out, consult chapter 3.6.3. <i>Fostering a responsible supply chain</i>. 	
Potential for human rights breaches in the supply chain	Negative	Sustainable supply chain	Potential	Long-term		

Impact materiality						
Impact	Positive/ Negative	Theme	Current/ Potential	Time horizon	Impact management	SDG
Reducing customers' greenhouse gas footprint by selling renewable energy	Positive	Customer engagement	Current	Medium-term	<ul style="list-style-type: none"> As part of an ambitious commitment to decarbonisation and clean electrification, the company spares no efforts in offering clean energy at affordable prices. This is reflected in the scope 1 and 3 specific emissions reduction target that includes emissions from electricity generation and distribution through third-party purchases. Endesa is also staunchly committed to the fight against poverty and to help the people who are in the most vulnerable situations due to unfavourable economic actions, carrying out various actions and initiatives aimed at groups and families affected by energy poverty, in collaboration with associations and social services, regardless of whether or not they are customers of the company. Among the most important, the social bonus and the agreements signed to avoid supply cuts to customers in this situation have been maintained. 	
Insufficiently satisfactory perception of the customer stakeholders regarding the commercial information provided in terms of transparency and inclusiveness	Negative	Commitment to the customer	Current	Short-term	<ul style="list-style-type: none"> With a view to improving the perception of its customer stakeholders, the company focusses its efforts on excellence in customer service as the main value in its relationship with customers, all with the aim of improving the main customer satisfaction indicators and guaranteeing the right of its customers to be informed about the characteristics of the products and services they consume, always in compliance with regulatory information requirements in the different phases of the business cycle. Further information in chapter 3.3. <i>Clean electrification</i>. 	
Boosting the energy transition and low-carbon technologies by increasing investments	Positive	Economic and financial value creation	Current	Medium-term	<ul style="list-style-type: none"> Endesa's activity as a producer and supplier of electricity contributes to the economic and social development of the countries in which it operates. Based on the information disclosed at the company's Capital Market Day, in November 2022, Endesa's gross investments amounted to Euros 2,500 million to continue improving and developing solutions in its different areas of action. Chapter 1.1. <i>Who we are and results in 2022</i> provides more information on this topic. 	
Insufficient speed implementing certain solutions as part of existing infrastructures due to limited investments in specific activities	Negative	Economic and financial value creation	Potential	Medium-term		

Impact materiality						
Impact	Positive/ Negative	Theme	Current/ Potential	Time horizon	Impact management	SDG
Contribution to the fulfilment of national and international climate objectives for reducing emissions through the increase of installed renewable capacity	Positive	Decarbonization of the energy mix	Current	Long-term	<ul style="list-style-type: none"> Endesa has an ambitious decarbonisation plan in place and is staunchly committed to fighting climate change, in line with the main international agreements, establishing the objectives reflected in its Sustainability Plan and that can be found in chapter 3.1. <i>Our zero emissions ambition</i> of this report. The most notable actions are: setting the target of achieving zero emissions in generation by 2040 thanks to 100% emission-free generation (closing coal facilities in 2027), zero Scope 1 and 3 emissions in electricity sales by 2040 and the end of the supply of gas to end customers by 2040 as well as setting the ambitious interim objectives in its roadmap to achieve zero emissions in the above scopes by 2040. 	 
Insufficient reduction of emissions derived from thermal generation in the closure process still in activity	Negative	Decarbonization of the energy mix	Current	Short-term		
Reduced employee turnover and improved talent retention through the implementation of hiring and compensation policies and benefits programmes	Positive	Employees management, development and motivation	Current	Medium-term	<ul style="list-style-type: none"> Endesa is committed to diversity as a key element of its people strategy and to training as an element for promoting employee development, accepting the challenge of becoming a more inclusive and conciliatory company to generate long-term value and increase employee satisfaction and retention. As part of the target of leading the energy transition without leaving anyone behind, Endesa has strived to relocate 100% of employees affected by this transition, imparting specific training in the recycling and improvement of skills, a project that came to an end in 2022. Furthermore, the company guarantees the well-being of all its employees, offering measures that make it possible to strike a work/life balance and personal development as reflected in the Sustainability Plan and specifically in Chapter 3.6. <i>People</i>. With a particular focus on the training of its employees, the company has adapted its training courses to ensure they can be accessed by people with disabilities, establishing annual training objectives for its employees that include a minimum of hours and encompass both technical and management skills. 	 
Failure to promote new job opportunities due to the absence of new training programmes on emerging issues	Negative	Employees management, development and motivation	Potential	Medium-term		

Impact materiality						
Impact	Positive/ Negative	Theme	Current/ Potential	Time horizon	Impact management	SDG
Extension of grid and microgrid solutions in rural and suburban areas through the creation of new grid connections A less reliable distribution grid due to possible delays in maintenance	Positive	Grid development	Current	Medium-term	<ul style="list-style-type: none"> Endesa, having updated its strategic plan, will allocate three quarters of the Euros 2.6 billion of investment in distribution to digitising the network and increasing its quality and resilience, whilst the remainder will be used to increase installations that enable distributed generation. With a view to guaranteeing the correct supply of energy to its customers, Endesa's distribution grid infrastructures are planned and operated to adapt to the capacity demanded by existing customers, to network extensions requested by new customers and to ensuring compliance with regulatory, legal and agreement actions. All improvements to the existing distribution grid as well as the implementation of new grid developments are associated with a series of interventions in the field, which are always carried out in line with current legislation. Further information in chapter 3.3. <i>Clean electrification</i>. 	
	Negative	Grid development	Potential	Long-term		
Promotion of social and economic development in areas in which the company operates by supporting startups and/or local SMEs aimed at promoting innovation and circular economy	Positive	Innovation, circular economy and digital transformation	Current	Short-term	<ul style="list-style-type: none"> Endesa is committed to innovation as a core vector for addressing present and future challenges that may arise in all areas of the company and to socioeconomic growth in the areas where the company operates. Similarly, it considers the development of the circular economy, as reflected in the specific chapter of this report, to complement the decarbonisation process and more effectively combat the current environmental situation. As part of the acceleration of sustainable long-term growth, the new 2023-2025 Sustainability Plan includes objectives for the development of the Circular Economy throughout Endesa's value chain. 	
Reduction in the global/local availability of raw materials due to insufficient implementation of circular economy practices in some activities	Negative	Innovation, circular economy and digital transformation	Current	Long-term		
Social and economic development in areas in which the company operates through economic investments aimed at an energy transition	Positive	Engaging local and global communities	Current	Short-term	<ul style="list-style-type: none"> The company promotes a continuous dialogue with its stakeholders and has a Creating Shared Value approach which involves trying to reconcile the objectives of the company with the priorities of the local community. This makes it possible to build a business model integrated with society, creating profitable solutions, resolving social needs and generating relationships that leave no one behind. Further information in chapter 3.6.2. <i>Engaging with local and global communities</i>. 	
Possible division within the local community due to insufficient socio-economic and environmental benefits in the development of new projects	Negative	Engaging local and global communities	Potential	Medium-term		

Impact materiality						
Impact	Positive/ Negative	Theme	Current/ Potential	Time horizon	Impact management	SDG
Protection and restoration of habitats and natural capital, particularly in protected areas and with regard to threatened species, due to the development of initiatives and the company's staunch commitment to biodiversity	Positive	Ecosystem preservation and environmental management	Current	Long-term	<ul style="list-style-type: none"> Endesa is aware of the importance of minimising the impact of industrial activity in the area in which it operates. To this end, the protection of biodiversity and the improvement and maintenance of natural ecosystems are priorities that have become an integral part of business strategy. Their consideration is included in decision-making for new projects and in the management and operation of assets. This is reflected in the objectives set out in the Sustainability Plan, details of which can be consulted in chapter 3.5. <i>Nature</i>. In addition to mandatory requirements, Endesa has a Biodiversity Conservation Plan, which is a voluntary instrument that implements all biodiversity projects and actions developed by the company. Likewise, Endesa considers environmental excellence as a core value of business culture, establishing the minimisation of the environmental impacts generated by its activity as one of its main areas of action, ensuring excellence in management through risk assessment and the certification of management systems. The company sets targets to improve air quality by reducing pollutants including NO_x, SO₂ or particulate matter, among others. 	 
Possible environmental damage affecting air quality due to uncontrolled air emissions caused by events resulting from the company's activity	Negative	Ecosystem preservation and environmental management	Potential	Medium-term		
Electrification of cities through electric mobility, energy equipment and electrification of industrial processes	Positive	Products and services for electrification and digitalization	Current	Medium-term	<ul style="list-style-type: none"> Endesa is committed to a sustainable business model based on platforms and the development of innovative products in areas where energy enables greater transformations: city, housing, industry and electric mobility, offering a wide range of products and services in these areas. Endesa is committed to achieving excellence in customer service as one of the core aspects of its relationship with customers, seeking maximum efficiency in the operation of its channels and service platforms. This commitment is reflected in ambitious targets in as regards customer satisfaction and effective resolution of customer complaints, supported by digital solutions that allow consumers to actively participate. Further information in chapter 3.3. <i>Clean electrification</i>. 	
Reduction of positive environmental impacts due to delayed response as regards the maintenance and repair of customers' renewable energy technologies	Negative	Products and services for electrification and digitalization	Current	Short-term		
Improvements in health at the company due to increased employee well-being and promotion of health	Positive	Occupational health and safety	Current	Short-term	<ul style="list-style-type: none"> Endesa considers occupational health and safety to be both a priority objective and an essential value to be preserved at all times for all those working at the Company, without distinguishing between its own personnel and those employed by its partner companies. The integration of Occupational Health and Safety into Endesa's strategy is reflected in the implementation of occupational health and safety policies in all the companies that make up the company, as well as in the implementation of specific work plans. The Sustainability Plan demonstrates this commitment, with further information in chapter 3.7.3. <i>Occupational Health and Safety</i> of this report. 	
Potential accidents as a result of increased business activity	Negative	Occupational health and safety	Potential	Short-term		

2.2.3.2. Financial Materiality

A sustainability issue is important from a financial perspective if it causes or is likely to cause a significant financial impact on the company's development, including short, medium or long-term financial flows, position and performance.



When identifying financial materiality, Endesa has relied on the interpretation of EFRAG's ESRS drafts, incorporating the strategic vision of its internal experts, with a high representation of the different areas of the company, as well as drawing on the information provided by the main analysts and investors, as well as ESG sector reports and regulatory standards.

Endesa has assessed the potential impacts identified with a view to developing actions that address or mitigate potential impacts or risks, or to benefit from certain opportunities in relation to a sustainability issue that has positive effects. This assessment has been carried out taking into account factors including but not limited to the type of capital allocated and, specifically, reliance on natural and social resources. In other words, how the im-


pact can influence the company's ability to continue using or obtaining the necessary resources as part of its activity process and how it can affect the company's ability to maintain the necessary relationships in its business processes. The result of this assessment is a quantitative value on a scale of 1-100.


In the same way as in the impact materiality, to prioritise impacts, they have been grouped by issues and organised from highest to lowest importance. To apply the principle of double materiality and identify which are relevant from a financial perspective, Endesa has established a threshold that determines which are the most important impacts that could affect the company's value in the short, medium or long term. In relation to the issues into which the impacts have been grouped, Endesa, applying its threshold, highlights the potentially most relevant positive or negative impact. In this way, the financial materiality and the list of potential associated impacts giving rise to risks and opportunities, is reflected in the following table:

Financial materiality						
Impact	Positive/ Negative	Issue	Current/ Potential	Time horizon	Impact management	Material for SASB
Recognition by investors and major ESG indices for the implementation of good corporate governance practices	Positive	Sound governance and fair corporate conduct	Potential	Short-term	<ul style="list-style-type: none"> The promotion of good governance practices is considered a cornerstone of the company's strategy. To this end, Endesa has a sustainability management and governance system in place, details of which are provided in chapter 1.2. <i>Sustainability governance</i>. Endesa continuously monitors developments in the main standards and regulations to ensure that its information offers the highest level of transparency required or recommended by these standards and regulations. As regards Endesa's position in ESG ratings, in 2022 the company consolidated its position at the top of the main ESG ratings worldwide, improving its score in many of them compared to previous years and achieving historical scores, as in the case of the DJSI. More information in section 1.5.3. <i>Sustainability indices and ratings</i>. 	
Low improvable ESG ratings due to a possible lack of transparency in the information relayed to the market	Negative	Sound governance and fair corporate conduct	Potential	Medium-term		



Financial materiality						
Impact	Positive/ Negative	Issue	Current/ Potential	Time horizon	Impact management	Material for SASB
Stable and sustainable collaborations and partnerships on account of the improvement of sustainability criteria in the supply chain	Positive	Sustainable supply chain	Potential	Medium-term	<ul style="list-style-type: none"> Endesa strives to raise awareness among its suppliers and contractors throughout the comprehensive purchasing process in the form of sustainability criteria, as well as by applying practices that improve their sustainability with a view to accompanying them and leaving no one behind (Circular Economy Academy, Circular Reverse Factoring, "Sustainable Suppliers" Programme of the UN Global Compact, etc). Each year, the company enhances its base of suppliers, with more than 1,630 rated in 2022, with a view to leading the energy transition. Furthermore, Endesa's strategy is to reorient suppliers who worked in coal-fired power plants towards other activities to improve their sustainability and ensure the fair transition. More information in chapter 3.6.3. <i>Fostering a responsible supply chain.</i> 	
Potential difficulty developing certain activities given the absence of sustainable suppliers	Negative	Sustainable supply chain	Potential	Medium-term		
Increased customer retention through high satisfaction with high-quality service	Positive	Customer engagement	Potential	Short-term	<ul style="list-style-type: none"> Excellence in customer service is a strategic objective as part of Endesa's relationship with its customers. To this end, it focuses its efforts on improving the main satisfaction indicators reflected in section 3.3.4.2 <i>Customer satisfaction</i> and sets targets that form part of the 2023-2025 Sustainability Plan. 	
High customer turnover due to an increase in the supply of sustainable energy by competitors	Negative	Customer engagement	Potential	Medium-term	<ul style="list-style-type: none"> This task, combined with clean energy at competitive prices and an effective response to complaints, helps to stabilise the company's customer portfolio. 	

Financial materiality



Impact	Positive/ Negative	Issue	Current/ Potential	Time horizon	Impact management	Material for SASB
Easier access to financial resources to ensure the energy transition thanks to new markets and sustainable financial products consistent with the company's investment framework	Positive	Economic and financial value creation	Potential	Short-term	<ul style="list-style-type: none"> The latest update to the company's Strategic Plan includes an ambitious commitment to decarbonisation, bringing forward the goal of zero generation emissions to 2040 as well as ending the distribution of gas to end customers the same year. All this thanks to an investment plan over the next three years of Euros 8,600 million. To this end, 80% of the Strategic Plan's CAPEX is allocated to aligned eligible activities. The results and the ambitious plan to lead the energy transition allow Endesa to maintain a high level of sustainable financing to achieve its objectives through financial instruments linked to sustainability. For more information see chapter 1.5.1. <i>Sustainable finance</i>. 	
Difficulty attracting capital due to a potential poor perception of the company's strategy ambition	Negative	Economic and financial value creation	Potential	Long-term		
Identification of possible changes in the availability of renewable sources by rapid real-time weather forecasting and monitoring of climate scenarios	Positive	Decarbonization of the energy mix	Potential	Short-term	<ul style="list-style-type: none"> As part of a 2023-2025 CAPEX plan in which 50% is allocated to renewable technologies, Endesa maximises the opportunities offered by climate change by setting ambitious goals aligned with the 1.5 °C scenario. With a view to mitigating impacts, the company is gradually integrating climate and transition scenarios, combined with the development of country-level energy system models. 	
Potential damage to or reduced efficiency of energy, distribution and supporting infrastructure assets on account of an increase in extreme weather events caused by climate change	Negative	Decarbonization of the energy mix	Potential	Long-term	<ul style="list-style-type: none"> As part of the management of meteorological and climatic phenomena, the best strategies are adopted for the purposes of prevention, protection and enhancement of resilience, with weather forecasting activities also carried out. What's more, best practices in physical events are implemented to ensure operations are restored quickly in case of adverse circumstances. For more information see chapter 3.1. <i>Our zero emissions ambition</i>. 	


Financial materiality						
Impact	Positive/ Negative	Issue	Current/ Potential	Time horizon	Impact management	Material for SASB
Greater possibility of promoting new job opportunities on account of the company's attractiveness as an employer amongst society	Positive	Employees management, development and motivation	Potential	Short-term	<ul style="list-style-type: none"> Endesa promotes its employees' development and generates new opportunities through training. A number of the objectives in this area are reflected in the company's sustainability plan and in chapter 3.6.1. <i>Empowering our people</i>. Factors such as innovation help the company to recruit external talent through collaborations with entrepreneurs and start-ups, harnessing their knowledge and the speed of their solutions. Endesa also has an area dedicated to attracting and retaining talent, whose actions are described in section 3.6.1.2.3. 	
Difficulties meeting employment needs in specific positions in the energy sector due to the shortage of technical profiles	Negative	Employees management, development and motivation	Potential	Medium-term		
Increased investments to improve the resilience of infrastructure and reduce the risk of future failures in the face of extreme situations caused by the effects of climate change	Positive	Grid development	Potential	Long-term	<ul style="list-style-type: none"> Endesa, as part of its strategy update for the 2023-2025 three-year period, has reported an investment of Euros 2,600 million to continue efforts to digitalise the network, considering this as a key asset in facilitating the energy transition. Thanks to this investment, it will be possible to improve service continuity and loss reduction aspects, as well as meeting the objectives set out in the 2023-2025 Sustainability Plan. For more information, see chapter 3.3. <i>Clean electrification</i>. 	
Lack of continuity in the service provided and/or sanctions for failure to restore service within the established deadlines due to breakages or damage to the grid caused by third parties	Negative	Grid development	Potential	Short-term		

Financial materiality

Impact	Positive/ Negative	Issue	Current/ Potential	Time horizon	Impact management	Material for SASB
Promoting the adoption of the circular economy and the reduction of material use in line with new regulations	Positive	Innovation, circular economy and digital transformation	Potential	Long-term	<ul style="list-style-type: none"> Endesa identifies the circular economy as a driver of long-term growth and as a key element for guaranteeing the energy transition through the implementation of new models of use. This enables the company to increase its independence from certain raw materials. Endesa also has a resilient and sustainable supply chain that integrates the circular economy perspective, fosters innovation and shares the company's objectives. 	
Delays in business development due to slowdowns and disruptions in the raw material supply chain	Negative	Innovation, circular economy and digital transformation	Potential	Medium-term	<ul style="list-style-type: none"> All procurement processes are governed by a system of standards and control points to establish trusting and stable relationships. For more information see chapter 3.4.3. <i>Circular Economy</i> and 3.6.3. <i>Fostering a sustainable supply chain</i>. 	
Compliance with the sustainability strategy through local recruitment thanks to a highly qualified workforce amongst the community in which the company operates	Positive	Engaging local and global communities	Potential	Short-term	<ul style="list-style-type: none"> As part of the methodology for creating shared value in the surrounding area of its local operations, Endesa integrates social and environmental factors and proactively engages with communities through active listening. This enables the company to identify the main needs, which it can then integrate into action plans. 	
Possible conflicts and opposition by certain groups in local communities of the implementation of solutions that encourage the energy transition	Negative	Engaging local and global communities	Potential	Medium-term	<ul style="list-style-type: none"> For further information see chapter 3.6.2. <i>Engaging with local and global communities</i>. 	

Financial materiality

Impact	Positive/ Negative	Issue	Current/ Potential	Time horizon	Impact management	Material for SASB
Creation of a solid compliance strategy in relation to environmental matters, sometimes going above and beyond regulatory requirements, anticipating the development of national and international legislation and/or standards	Positive	Ecosystem preservation and environmental management	Potential	Long-term	<ul style="list-style-type: none"> Endesa has a Biodiversity Conservation Plan, which is an integral part of its biodiversity policy, setting goals and describing the main strategic lines for protecting biodiversity, natural capital and ecosystem services, anticipating potential needs or requirements. By implementing structured policies and procedures, the company is able to identify, manage and mitigate the associated risks. Further information in chapter 3.5. <i>Nature</i>. 	
Increased operating costs, possible penalties or loss of authorisations caused by stricter and emerging legislation on activities, products and/or services aimed at reducing the environmental impact on nature and communities	Negative	Ecosystem preservation and environmental management	Potential	Medium-term		
Increased activity due to changes in consumer behaviour in favour of the adoption of more sustainable, electrified and digitised solutions	Positive	Products and services for electrification and digitalization	Potential	Medium-term	<ul style="list-style-type: none"> The company is committed to an investment plan adapted to the new energy context, creating value for customers through a comprehensive range of sustainable products and services at affordable prices. – Furthermore, it respects quality standards at all times and strives to guarantee high customer satisfaction, as reflected through the objectives in its Sustainability Plan. This is possible thanks to the strength of Endesa's supply chain and respect for the standards set by the company. Consult further information about mitigating the potential impact in chapter 3.6.3. <i>Fostering a responsible supply chain</i>. 	
Disruption in the development of new or existing facilities due to delays and the rising price of raw materials, products and spare parts	Negative	Products and services for electrification and digitalization	Potential	Medium-term		

Financial materiality						
Impact	Positive/ Negative	Issue	Current/ Potential	Time horizon	Impact management	Material for SASB
Decrease in the number of occupational accidents involving employees and contractors due to increased social and cultural awareness of health and safety issues	Positive	Occupational health and safety	Potential	Short-term	<ul style="list-style-type: none"> The protection of health and safety, both of its own and sub-contracted staff, is a priority value as part of Endesa's corporate culture, as reflected in its management policy and internal procedures set out in chapter 3.7.3. <i>Occupational health and safety</i>. The company has medium-term strategic health and safety plans that are renewed annually or as a result of changes in accident rates. 	
Possibility of an increase in occupational accidents due to a lack of compliance with the company's health and safety regulations by third parties	Negative	Occupational health and safety	Potential	Short-term		

The identification and assessment of the impact of double materiality under the methodology set out above forms part of the company's risk control and management process (Enterprise Risk Management [ERM]), as an additional element in the identification and quantification of the main risks and uncertainties associated with Endesa's activity.

The description of the potential or actual negative impacts set out in this section has been prepared using the sources indicated above, which are subject to subjective assessments by third parties; certain aspects of these may not be shared by Endesa. In any case, Endesa always undertakes its activities under the strictest compliance with current legal obligations and in line with the most advanced man-

agement standards, implementing measures to avoid any potential negative impact and maximise the positive impact. Therefore, under no circumstances should this description of impacts be taken as a declaration of recognition of responsibility by Endesa for the assessments, facts or situations reflected therein.

Based on the main actions included in the table above and the information contained in the reference chapters, Endesa has drawn up strategic actions with a view to mitigating any possible potential risk that may arise from the aforementioned negative impacts. As a result, and as part of the management of the company's ESG matters, Endesa is able to anticipate these potential risks, converting them into opportunities.



3.

Our performance

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3.1. Our zero emissions ambition



Line of action	2017 ⁽¹⁾	2020	2021	2022	2022-2024 target	2023-2025 Sustainability Plan (PES)		2030 target
						2023 target	2025 target	
Specific GHG emissions, Scope 1 (gCO ₂ eq/kWh)	443	183	186	205	145 gCO ₂ eq/kWh in 2024	<145 gCO ₂ eq/kWh in 2025		<95

⁽¹⁾ 2017 is included in order to highlight Endesa's significant efforts in decarbonisation.

Line of action	2020	2021	2022	2022-2024 target	2023-2025 Sustainability Plan (PES)	
					2023 target	2025 target
Specific scope 1&3 GHG emissions: Generation and purchases from third parties (gCO ₂ eq/kWh) (NEW)	—	—	213	—	<140 gCO ₂ eq/kWh in 2025	
Specific GHG emissions, Scope 3. Gas retail ⁽¹⁾ (Mt CO ₂) (NEW)	—	—	14.2	—	10.7 MtCO ₂ in 2025	
Peninsular CO ₂ -free production (% production)	70%	82%	73%	~ 92% by 2024	~ 91% by 2025	
Installed renewable capacity ⁽²⁾ (MW)	7,781	8,390	9,293	12,317 MW by the end of the 2022-2024 period	13,600 MW by the end of the 2023-2025 period ⁽³⁾	
Production from renewable sources ⁽⁴⁾ (TWh)	13.4	12.8	12.0	15.2	17.1	22.9
Mainland renewable capacity vs total mainland capacity ⁽⁵⁾ (%)	45%	49%	52%	56%	59%	66%
Installed fossil thermal capacity ⁽⁶⁾ (GW)	11.2	10.0	10.0	Reduction of ~2 GW in the period 2022-2024 vs. 2021	Reduction of ~1 GW in the period 2023-2025 vs. 2022	
CAPEX aligned with EU taxonomy (% eligible aligned)	—	—	76%	—	>80% in the 2023-2025 period	
CAPEX aligned with the SDGs (%)	—	—	87%	—	90% in the 2023-2025 period	
Installation of storage capacity (MW) ⁽⁷⁾	—	—	4	100 MW in the 2022-2024 period	>200 MW in the 2023-2025 period	
Maintain high efficiency in renewable power plants	E:94.2% H:98.5%	Wind: 94.5% Hydro: 98.6% Solar: 94.5%	Wind: 97.8% Hydro: 98.8% Solar: 97%	94.2% in wind power in the 2022-2024 period 98.6% in hydropower in the 2022-2024 period 94.0% in solar power in the 2022-2024 period	94.2% in wind power in the 2023-2025 period 98.6% in hydraulics in the 2023-2025 period 94.0% in solar power in the 2023-2025 period	
ISO 9001 quality certification for thermal and renewable generation assets	100%	100%	100%	Maintain 100% in the 2022-2024 period	100%	100%
Investment in digitisation of power generation assets ⁽⁸⁾ (€M)	18.0	20.0	20.5	€44 million in the 2022-2024 period	€49 million in the 2023-2025 period	

⁽¹⁾ The target does not include mergers and acquisitions.

⁽²⁾ Cumulative net installed capacity.

⁽³⁾ Does not include hybridisation with batteries or H2 projects.

⁽⁴⁾ Net production.

⁽⁵⁾ Net capacity. Linked to the publication in the Official State Gazette of the Resolution authorising Endesa Generación to close down C. T. As Pontes.

⁽⁶⁾ Gross Installed Capacity.

⁽⁷⁾ Hybridisation of batteries with renewables.

⁽⁸⁾ Including thermal + renewables.

Actions deserving special mention

- 1** Conectados a la red 20 nuevos parques (873,96 MW), a sumar a los 8.784 MW de potencia acumulados hasta 2021. Adicionalmente, se han conseguido 30,25 MW de mejora de eficiencia de 24 parques eólicos ya en servicio.
- 2** 100% renewable generation by 2040, including the following intermediate milestones: emissions below 145 gCO₂e/kWh in 2025 and less than 95 gCO₂e/kWh in 2030.
- 3** Establishment of an integrated zero emissions target for electricity trading in 2040 (own generation + purchases from third parties), including the following intermediate milestones: emissions below 140 gCO₂e/kWh in 2025 and less than 90 gCO₂e/kWh in 2030.
- 4** Exit from the business of commercialising natural gas to end customers in 2040, with a sales target equivalent to 10.7 MtCO₂ in 2025 and 6.6 MtCO₂ in 2030¹.
- 5** All targets are set according to the 1.5 °C scenario, including all greenhouse gas emissions (Scopes 1, 2 and 3) and are certified by SBTi at Enel Group level.
- 6** Obtaining for the fifth consecutive year the triple seal of the Carbon Footprint Register awarded by the Spanish Office for Climate Change.
- 7** Renewal for the sixth consecutive year of the “Leadership” rating in CDP Climate.

The scope of the information provided in this chapter covers both Endesa, S.A. and its investee companies in Spain and Portugal, the same as in the Legal Documentation reports. For further information, see sections 1.1.2.6. *Organisational structure* and 2. *Report boundary* (Appendix I: *Methodology for preparing the report*). Possible variations to the scope described here are presented throughout the chapter.

Data is also included relating to facilities over which Endesa does not have control in proportion to its shareholding, as is the case of nuclear facilities. Possible variations to the scope described here are presented throughout the chapter.

Management of climate change at Endesa

As a consequence of the work and ongoing dialogue with stakeholders, and aware of the economic, social and environmental repercussions of its activities, Endesa has put in place a sustainable development strategy aligned with implementation of the Group’s Strategic Plan that aims to generate sustainable value, based on the sustainability, environmental, biodiversity and human rights policies approved by its Board of Directors. From there, it promotes initiatives that contribute to achieving a more just, egalitarian and healthy society and, in particular, to the achievement of the SDGs, especially those related to Affordable and Clean Energy (SDG 7) and Climate Action (SDG 13). Endesa believes that the transition to a carbon-neutral economy by 2050 is technologically possible, economically viable and socially necessary. Endesa promotes the transparency of its disclosures on climate change and works to make visible to its stakeholders that it is addressing climate change with diligence and determination. To this end, the company has prepared the 2022 Sustainability and Non-Financial

Statement following the recommendations of the Financial Stability Board’s “Task Force on Climate-related Financial Disclosures” (TCFD) and the European Commission’s June 2019 “Guidelines on Climate-Related Reporting”, which, together with the “Global Reporting Initiative” (GRI) standard and the guidelines on the presentation of non-financial information, provide the main framework for the Group’s climate change information. Consequently, the structure of this chapter is fully aligned with the recommendations of the TCFD, successively addressing the recommended elements: corporate governance, strategy, risks, metrics and objectives.

Governance in the field of climate change is established at the highest level. The supervision and monitoring of the risks and opportunities related to climate change, and the approval of a business strategy consistent with them, is headed by the Board of Directors, with the senior management of the company taking care of its development and implementation.

¹ This target does not include mergers and acquisitions.

Endesa's strategy is aligned with the climate emergency and with the overarching climate ambition of limiting the temperature increase to 1.5 °C through the accelerated decarbonisation of its energy mix, which will be fully renewable in 2040 and contributing to the decarbonisation of other energy uses. As best evidence of this strategy, Endesa closed 2022 with an increase in its installed renewable capacity of 903.62 MW to 9,293 MW. In addition, Endesa, in its eagerness to increase its ambition, through its latest Strategic Plan 2023-2025, ratifies its energy transition strategy by increasing the installed capacity of renewable sources by 10% compared to its previous plan, thus reaching a renewable power portfolio of 13,900 MW in 2025, a figure that includes 241 MW of BESS (Storage Systems with batteries) and H2 (Hydrogen). In total, 50% more than at the end of 2022. The Strategic Plan 2023-2025 contemplates an average growth of 1,500 MW per year to a total of 4,400 MW at the end of this period, allocating 4,300 million euros.

This growth in renewables will be supported by a highly diversified portfolio of projects, for about 85 GW, of which 19 GW are in an advanced administrative state and more than 1,000 MW under execution, with special mention for the fact that 58% are solar, 20% are storage projects with batteries and 16% are wind. The 2023-2025 Strategic Plan includes 200 MW of battery storage, technology that is incorporated as a new feature with regard to previous plans and that is associated with the two major fair transition projects awarded to Endesa in 2022, in Pego (Portugal) for a total of 629 MW with a storage system with batteries with a capacity of 168.6 MW and Andorra (Aragon) for a total of 953 MW and the possibility of expanding up to 1,200 MW. As a supplementary contribution to economic decarbonisation, Endesa is committed to offering customers clean energy at affordable prices, as well as valuable energy services. These feature the growth of public and private charging stations for electric vehicles to 66,000 by 2025. To assess the resilience and flexibility of the climate change strategy, and to identify the risks and opportunities pre-

sented, Endesa uses climate and energy scenarios in the short (to 2025, corresponding to the Strategic Plan), medium (to 2030, corresponding to the deadlines for coverage of the Integrated National Energy and Climate Plan (PNIEC)), and long term (to 2050, the deadline to reach climate neutrality).

Endesa's measurement of its climate change performance demonstrates that the company is once again playing a leading role in the fight against climate change, demonstrating leadership and contributing significantly to compliance with Spanish and international commitments to the decarbonisation of the planet, and complying with the targets included in the Paris Agreement. The result of this recognition is the renewal of the "Leadership" rating for the sixth consecutive year in an index as prestigious as the CDP. Endesa, as a signatory through the Enel Group of the "Business Ambition for 1.5 °C" campaign promoted by the United Nations, has certified an emissions reduction target aligned with a maximum temperature increase of 1.5 °C compared to pre-industrial levels, in accordance with the criteria and recommendations of the Science Based Target Initiative (SBTi). It maintains a commitment to achieve a decarbonised generation mix by 2040, with an interim target of 95 gCO₂e/kWh by 2030, and to abandon the sale of natural gas to end customers by 2040 with an interim target of sales equivalent to 6.6 MtCO₂ in 2030, and having acquired in 2022 a target of zero emissions by 2040² from the distribution of electricity (including own generation and that generated by third parties), with an intermediate target of 90 gCO₂e/kWh in 2030, as well as a goal of zero emissions in 2040 for the rest of the company's emissions.

It should be noted that, in addition to the carbon price that the company uses for its business decisions, in 2022 an internal pricing system has been launched for the carbon footprint generated by employees in relation to the emissions associated with their work activity, including the way they move and the use they make of the offices.

² This target does not include mergers or acquisitions.

3.1.1. Commitment to climate change



The main objective of the Paris Agreement was to restrict the increase in global temperature to 2 °C, with the goal of not exceeding 1.5 °C more than the pre-industrial period. The Agreement introduces the condition of carbon neutrality, which had been achieved in the second half of the century.

COP26, held in November 2021, closed with the Glasgow Climate Pact which, based on the role of science and the inadequacy of the commitments presented, recognises the urgency of accelerating climate action. The agreements reached in Glasgow represented a major milestone by updating the target for limiting temperature increases, which was unequivocally set at 1.5 °C with respect to pre-industrial levels, in accordance with the objective of achieving climate neutrality by 2050.

In 2022 international negotiations on climate change reached their high point at COP27 in Sharm el-Sheikh, which took place against the difficult backdrop of the conflict in Ukraine, inflation and the energy crisis. It achieved progress on the agenda related to governance of the Paris agreement in relation to solidarity, with the signing of a number of alliances, but without showing more ambition with respect to mitigation. It should be mentioned that the final decision, known as the Sharm el-Sheikh Implementation Plan, maintains the ambition of the Glasgow Climate Pact of limiting the temperature increase to 1.5 °C, and recognises the role of renewable energy in the fight against climate change.

At European level, the energy crisis unleashed in 2022, caused to a large extent by the war between Russia and Ukraine, has added the need for energy independence as an additional reason to the emergency to abandon the use of fossil fuels as soon as possible, testing the coordination and capacity for consensus of European energy policy, the operability of the measures implemented, solidarity, and the ambition and climate leadership of the European Union. It has generated a scenario for the coming year based on three premises: The first is that the price crisis is far from abating; the second is that the probability of a supply crisis in the countries most dependent on Russia will continue; and the third is that during the year many extraordinary energy policy measures will be taken at European and national level to deal with both crises.

In this respect, progress was made in 2022 to process the legislative proposals of the "Fit for 55" package; and the EU RePower Plan has been adopted, aiming to eliminate dependence on Russian gas as soon as possible. The best summary of the progress made in climate regulation is that during the COP27 the European Commission announced that climate ambition would be above the 55% initially expected, reaching 57%

As regards Spain, the 2021-2030 National Integrated Energy and Climate Plan (PNIEC), currently under review, establishes ambitious objectives aligned with the European emission reduction objectives, including a target for renewables to account for 74% of total electricity generation by 2030, consistent with a path towards a 100% renewable electricity sector by 2050, and complemented by increasing additional storage power. Likewise, in terms of energy efficiency, which is one of the pillars of the PNIEC, an improvement target of 39.5% is set by 2030.

Also at the Spanish level, the National Climate Change Adaptation Plan (PNACC) 2021-2030 is the basic planning tool to promote coordinated action against the effects of climate change in Spain. Endesa has been working for over a decade on a range of projects to generate awareness about climate change and minimise the vulnerability of its facilities to it; share and exchange impressions of the results obtained; and foster ongoing learning about, and resilience to, climate conditions, enabling it to optimise the management of its businesses.

In recent years Endesa has geared its strategy in line with the context of climate emergency and the call to be more ambitious, establishing ambitious targets through the successive Strategic Plans prepared since the Paris Agreement was adopted. The results obtained by the company and the decarbonisation path of recent years provide us with an indication of its ambition in the decarbonisation area and of its continuing efforts to exceed the committed targets. In 2021, as part of its Strategic Plan, Endesa pledged to become a completely decarbonised generation company by 2040, bringing forward its previous objective by ten years. In this way, Endesa was contributing to the goal established at Group level by the parent company, Enel. The company was speeding up its exit from the generation business based on fossil fuels, as well as the sale of gas, to become a 100% renewable electricity company with no links to technologies producing emissions or fossil fuels.

In 2022, Endesa adopted additional more ambitious commitments, also encouraged by the need for energy independence from fossil fuels, maintaining the path towards a completely decarbonised mix, and extending

the zero emissions target to all its electricity sold, which includes both its own generation and that acquired from third parties.

Through the update of its Strategic Plan for the 2023-2025 period, Endesa has reaffirmed its energy transition strategy based on the increase in the installed capacity of renewable sources, to achieve a volume of renewable power of 13,900 MW by 2025 (this figure includes 241 MW of BESS and H2), 50% more than at the end of 2022.

With this, 91% of electricity production in the Iberian Peninsula will be emission-free, up from 60% at the close of this year. The new renewable capacity that will be added to Endesa's energy mix in this period will amount to 4,400 MW, which giving an average growth of 1,500 MW per year.

In the 7 years since the Paris Agreement was adopted in 2015, Endesa has reduced its emissions by 60% (76% since 2005, when the Kyoto Protocol came into force).

3.1.2. Governance of climate change management

3-3 Emissions Management Approach 2-18

Endesa is aware of the effects that climate change has on its business. It integrates this vision not only as an element in its environmental and climate management policy, but as a major component in decision-making at the business level and in the determination of its strategic plans. To address this, Endesa has integrated its Climate Change Action Plan into its Strategic Plan. In this respect, Endesa's Strategic Plan is geared and prepared for the fight against climate change. It is approved every year by the Board of Directors and developed and implemented by the company's Senior Management. Specifically, the CEO is ultimately responsible for the execution of the Company's Strategic Plan and therefore for the company's climate strategy.

Endesa establishes its strategic plans taking into account macro geopolitical, regulatory and technological trends, with particular emphasis on the markets in which it operates and considering the risks and opportunities it faces (taking into account operational, technological, market and transition aspects, and physical risks).

In addition to its responsibilities in the approval of the Strategic Plan that integrates the Action Plan on Climate Change, the Board of Directors is attributed the responsibility for determining the Risk Control and Management Policy, including risks relating to climate change. However, as an additional sign of a firm and

unavoidable commitment in this area, in February 2022 an amendment to the Regulation of the Board of Directors was approved which expressly includes the responsibilities of the governing body with regard to climate change.

Appointments and Remuneration Committee (ARC)

The Appointments and Remuneration Committee (ARC) is responsible for reporting on and/or proposing the appointments of directors and the Remuneration Policy to the Board of Directors for submission to the General Shareholders' Meeting. This Committee proposes carbon dioxide (CO₂) emission reduction targets to the Board of Directors of Endesa, S.A. It also monitors these targets, which are linked to the variable remuneration of the executive directors. Endesa has an incentive system in place for its executives related to the company's performance in climate change management. Currently, the Long-Term Incentive Plan, whose participants are the Endesa Executive Directors, as well as executives whose participation is considered essential to the achievement of the Strategic Plan, includes the following targets directly related to managing climate change:

Targets	Description
Net installed renewable energy capacity	The relationship between Endesa's net installed renewable capacity and its total net cumulative installed capacity for a particular period. This parameter will be weighted at 15% of the total incentive.
Carbon dioxide (CO₂) reduction targets	Reduction in Endesa's specific carbon dioxide (CO ₂) (gCO ₂ /kWh) emissions for a specific period. This is defined as the ratio between the absolute carbon dioxide (CO ₂) emissions from Endesa's electricity generation and its net total production for that year. This parameter will be weighted at 10% of the total incentive.

These objectives are reviewed annually, with each long-term Incentive Plan, with the latest objective set at the end of this Consolidated Management Report being that of the 2022-2024 Plan.

For more information see Note 47.3.5. Share-based payment schemes tied to the Endesa, S.A. share price, in the Notes to the Consolidated Financial Statements for the year ended 31 December 2022.

The Appointments and Remuneration Committee is also responsible for establishing the welcome programme for new directors, and refresher programmes when circumstances so advise. One such refresher programme was held in 2022 for the Sustainability and Corporate Governance Committee in relation to climate change.

Audit and Compliance Committee (ACC)

The Audit and Compliance Committee (ACC) is responsible for overseeing and monitoring the preparation and presentation of financial and non-financial information, auditor independence and the effectiveness of the internal control and risk management systems. In the area of risk management, the risk control and management model implemented at the company, which expressly includes the risks associated with climate change, is aligned with international standards, following a methodology based on the three-line model.

Sustainability and Corporate Governance Committee

The company has established a Sustainability and Corporate Governance Committee with responsibility for ensuring the strictest compliance with, and implementation of, actions and strategies to combat climate change. The main duty of this Committee is to advise the Board of Directors of Endesa, S.A. on supervision and monitoring of issues related to the environment, including climate change.

Among its responsibilities is the review of the company's environmental policies, the supervision of the objectives included in the Sustainability Plan, the periodic evaluation of the degree of compliance with them and reporting and reviewing the non-financial statement to verify that its content is in line with the Endesa Group's Sustainability Plan, and which includes information on the risks, opportunities and objectives of the Company in terms of climate change, prior to its review and reporting by the Audit and Compliance Committee and its subsequent formulation by the Board of Directors.

The modification to the Regulations of the Corporate Governance Committee in February 2022 has enhanced the powers of the Committee in relation to climate change, expressly including a duty to regularly review the climate change policies, and to ensure that the Non-Financial Statement includes information on the company's climate-change risks, opportunities and objectives. In 2022, the Sustainability and Corporate Governance Committee addressed questions relating to climate change at 4 of its 5 meetings.

3.1.3. Climate strategy

201-2

Endesa promotes a model based on the use of renewable energies, smart grids, efficient energy storage and the promotion of the electrification of demand, as vectors of competitive and efficient decarbonisation.

To guarantee the success of the company's commitment to carry out its activity in harmony with nature, Endesa works on four fronts that, together, address its main impacts:

- Climate action sets out the strategy, roadmaps and targets for reducing emissions and combating climate change, based on solid growth in renewable genera-

tion, a broad portfolio of energy products and services of value to our customers and the digitalization of distribution networks.

- A fair and inclusive transition of shared value with society and aligned with the goals of the Paris Agreement.
- Protecting biodiversity and natural capital to integrate biodiversity conservation and natural capital preservation into the decision-making process.
- The circular economy to integrate the sustainable use of resources by increasing the life of its assets and reducing the use of raw materials and waste generation.

One of Endesa's fundamental strategic pillars is the energy transition towards the total decarbonisation of electricity generation, with plans to achieve a complete end to coal-fired electricity generation activity by 2027. After the closure in 2020 of the Compostilla coal plants with 1,052 MW of installed power, Teruel with 1,098 MW, and in 2021 of Litoral de Almería, with 1,120 MW, in September 2022 a proposal for resolution was received for the closure of two of the four groups of the As Pontes thermal power plant, representing a total of 702.1 MW, conditioning the closure of the other two groups to variables with regard to power availability for the electricity system, and also leaving in operation groups 3 and 4 of the Alcudia thermal power plant that will operate a maximum of 500 hr/year from 17 August 2021 as a backup for the electricity system on the island of Mallorca.

Alongside the closure of the main greenhouse gas (GHG) emitting plants, a significant growth in renewable generation is taking place. The development and management of renewable energies by Endesa in Spain is carried out through Enel Green Power Spain (EGPE) (100% capital of Endesa).

- Endesa increased its renewable capacity in 2022 by 903.62 MW to 9,293 MW of which 4,668 MW are hydro, 2,882 MW wind power, 78 MW mini-hydro and 1,664 MW photovoltaic solar plants.

For more information on progress in climate transition, see chapter 3.2. *Just Energy Transition*.

3.1.3.1. Scenarios

201-2

Energy transition and climate change scenarios

Through the Enel Group to which it belongs, Endesa participated in a working group to develop specific recommendations to support the implementation of the TCFD guidelines regarding the use of scenarios for conducting analyses. The company has been involved in several scenario analysis initiatives, sharing its expertise to support an increasingly widespread and transparent implementation of these practices in a growing number of companies.

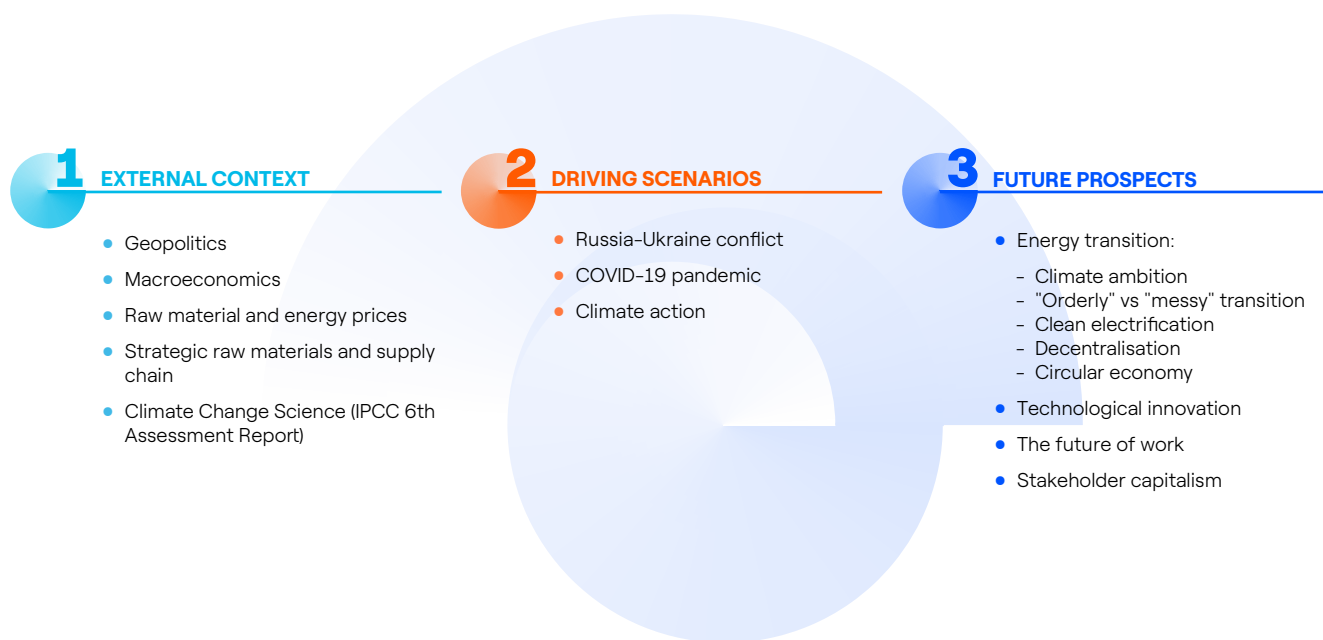
based on past trends, which therefore do not anticipate changes, nor incorporate assessments of risks or uncertainties. Instead, scenario development makes it possible to analyse and model plausible alternative futures, allowing different pathways, timelines, and options to be designed, and ultimately supporting the strategic decision-making process with the goal of maximising opportunities and mitigating risks. This aspect is particularly relevant in the event of potential significant shocks arising from the development of key uncertainties.

Scenario-based analysis

The scenarios are used in the processes of planning, strategic positioning and the assessment of the risks and of the resilience of the strategy. Strategic planning based on the use of scenarios is in line with the definition of alternative futures, defined on the basis of certain key variables such as, for example, compliance with the objectives defined in the Paris Agreement. With respect to the foresight approach, the scenarios offer greater flexibility and enable preparation to affront risks and take advantage of opportunities. The forecasting approach provides projections

Trend analysis

As part of the scenario definition process, medium and long-term trends were identified and analysed in depth, providing an overview of the current context and macro trends, scenario drivers and expected impacts on the energy sector. The work carried out is considered a reference to define actions aimed at guiding, preventing and adapting to the changes and developments of the main businesses, as well as how to take advantage of the opportunities associated with them.



Comparative scenario analysis

Performing a benchmarking (comparative analysis) of external scenarios constitutes a useful starting point for building robust internal scenarios. Many global, national and regional energy transition scenarios exist, published by different bodies and designed for multiple purposes, from governmental planning to support for business decision-making processes. The benchmarking activity consists of the analysis of scenarios prepared by organisations in order to compare the results with respect to the energy mix, emission levels and technology options, and to identify for each of them the main drivers of the energy transition.

The activity of comparative analysis of energy transition scenarios is carried out in three steps:

- **Context analysis of global and national scenarios:** Beyond the analysis of reports and databases, scenario analysis is reinforced by a constant dialogue with the analysts of the main agencies that design the scenarios.
The global energy scenarios are classified by scenario categories, depending on the level of climate ambition:
 - Business as usual/current policies: energy scenarios based on current policies. They provide a conservative benchmark for the future, representing the development of the energy system without additional climate and energy policies. These scenarios do not achieve the objectives of the Paris Agreement.
 - Aligned with the Paris Agreement (Paris Aligned): energy scenarios consistent with the Paris Agree-

ment, that is, which include an objective of limiting the average increase in global temperatures to below 2° C with respect to pre-industrial levels. To attain this objective, the scenarios of this category consider new ambitious policies to boost the electrification of demand and the development of renewable energy.

- Ambition greater than the Paris Agreement (Paris Ambitious): global energy scenarios that provide for a transition to net zero greenhouse gas emissions by 2050, consistent with the most ambitious objective of the Paris Agreement, i.e., to achieve a global average temperature increase of no more than 1.5 °C, taking into consideration various intervals of probability.

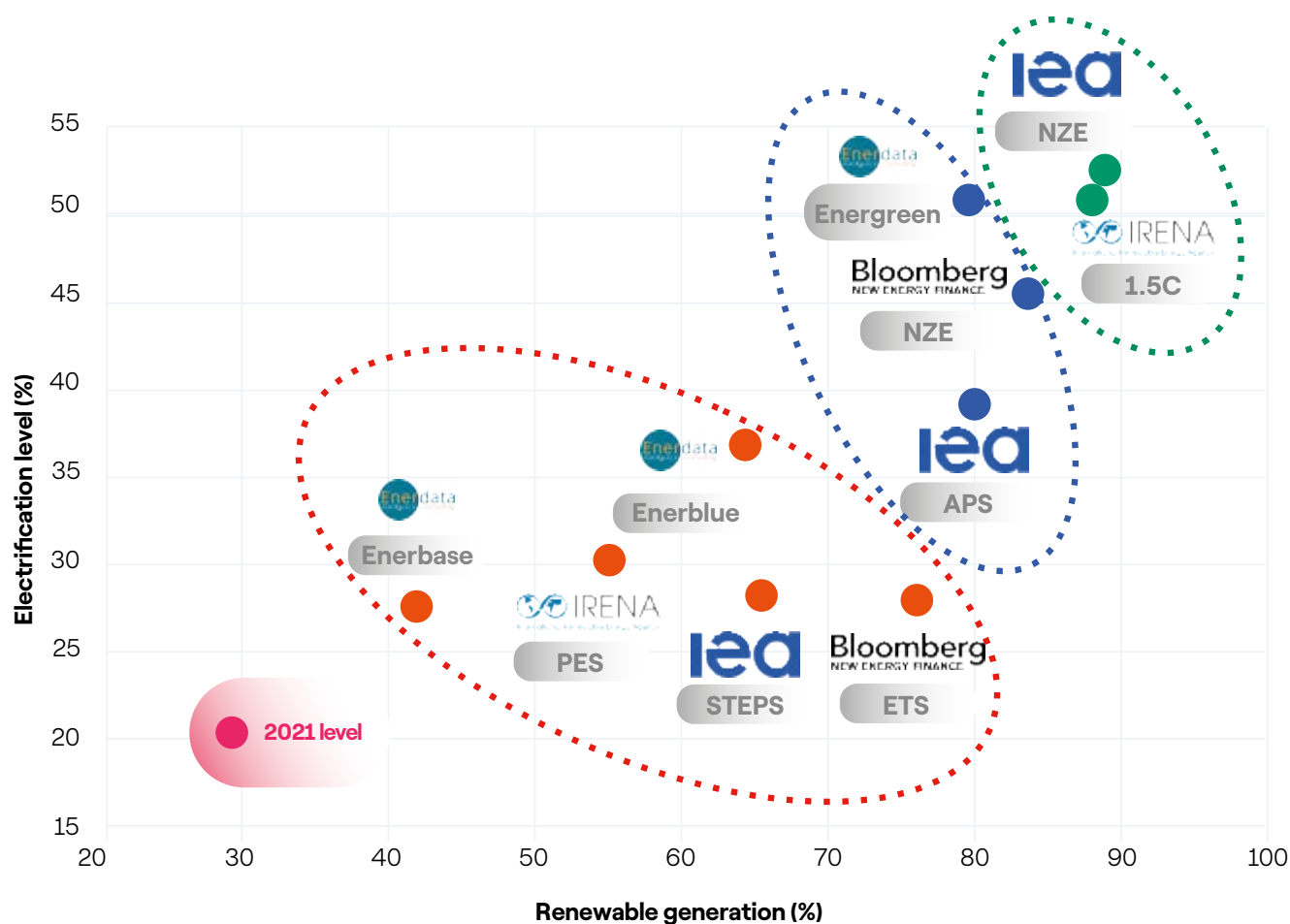
This classification of scenario categories is the result of the work developed over the years and enriched in 2021 through collaboration with a working group coordinated by the World Business Council for Sustainable Development (WBCSD), in which the company participated. The project aimed to develop a common and transparent approach to the use of public scenarios by companies in the energy system and support them in their use for the assessment of risks and opportunities related to climate change, as required by the TCFD. The final result of this work, completed in August 2022, consists of a report that contextualises the energy scenarios and describes the agreed definition for the different categories of scenarios, and an online platform that collects the variables of a wide set of scenarios.

- **Data collection and analysis, and identification of drivers of the energy transition:** Data collection covers all key energy system metrics, including but not limited to: Primary energy, total and sectoral final energy, total electrical capacity and by technology, total electricity generation and by technology, hydrogen production, fleet of electric vehicles, etc. Data analysis has enabled the agencies designing the scenarios of the key elements of the Business-as-usual scenarios to identify the drivers that enable an acceleration of the energy transition in the Paris Aligned and Paris Ambitious scenarios. As an example, comparing the level of electrification of demand and the share of renewables in the different scenarios, there is a unanimous consensus

among energy analysts that the main drivers to achieve more ambitious climate objectives are precisely these variables, both in the medium and long term. Specifically, in scenarios compatible with an increase in global average temperature that does not exceed 1.5 °C, the level of electrification of demand rises above 50% in 2050, compared with 20% in 2021; and additionally, the share of renewable generation must reach at least 88% of the global electricity mix, compared with 28% in 2021.^{3, 4}

- **Preparation of a summary document** of the analysis carried out as support to senior management for the selection of the scenario reference framework.

Global energy transition scenarios



Increase in temperature: ● 1,5 °C ● ≤ 2 °C ● > 2 °C

³ IEA, 2022, WEO: 52%; IRENA, 2022, World Energy Transition Outlook: 51%.

⁴ IEA, 2022, WEO, Net Zero Scenario: 52%; IRENA, 2022, World Energy Transition Outlook: 51%.

One climate scenario, several energy transition scenarios

An energy transition scenario represents how the contribution of the various energy sources could evolve within a specific economic, social, regulatory and political context and depending on the technological options available. Social and macroeconomic assumptions determine demand, while regulatory and cost constraints define the optimal mix of technologies needed to meet demand. Each scenario is associated with any changes in greenhouse gas emissions.

Each energy scenario represents, approximately, a specific climate trajectory defined by the Intergovernmental Panel on Climate Change (IPCC) and, consequently, a range of estimated temperature increases with a certain degree of probability in a given period of time.

In turn, various increases in global temperatures by 2100 (and, therefore, various future global warming scenarios) also modify the trends in the rest of the climate variables (e.g., precipitation, wind, etc.), causing changes in the intensity and frequency of physical manifestations (e.g., heat waves, extreme precipitation, etc.). It should be noted that these changes affect the entire planet, but the physical manifestations vary at regional and local levels.

A global energy transition scenario is aligned with the Paris Agreement when the overall result, in terms of the trend of greenhouse gas emissions, can be associated with an increase in global average temperature in line with the objective of keeping the increase in said temperature well below 2 °C compared to pre-industrial levels and continue with the action aimed at limiting this increase to 1.5 °C.

Long-term scenarios

In this way, Endesa's scenarios are built with a view to a general framework that can guarantee coherence between the energy transition scenarios and the physical scenario:

- The "energy transition scenario" describes how energy production and consumption change in the various sectors in a specific economic, social, political and regulatory context.

- Issues related to future trends in climate variables (in terms of frequency and intensity of acute and chronic phenomena) define the so-called "physical scenario".

The scenarios are constructed within a general framework that ensures coherence between transition assumptions and climate projections.

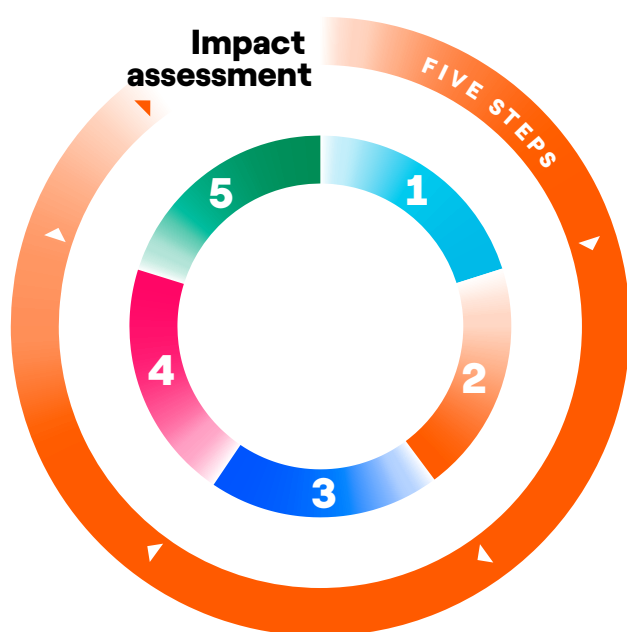
The scenarios allow an analysis of the impact of the modification of climate variables and the evolution of technological and regulatory aspects, in terms of:

- Physical phenomena:
 - Acute phenomena (also called extreme events): These are short-lived but high-intensity events, such as torrential rains, hurricanes, etc., with a potential impact on facilities (e.g., damage and service interruption).
 - Chronic phenomena: considering gradual changes in weather conditions, such as increased average temperatures, rising sea levels, etc., affecting the production of electricity generation plants and consumer profiles.
- Transition aspects: taking into account market, regulatory, technological and reputational aspects of the different sectors towards a green, decarbonised economy.

The aspects related to projections of climate variables, in terms of chronic phenomena and extreme events, define physical scenarios, and the aspects related to the industrial and economic transition towards decarbonised solutions define the transition scenarios. These scenarios are being constructed to forge a reference framework to ensure coherence between climate projections and transition hypotheses.

The adoption of these scenarios and their integration into the ordinary management of the company, as recommended by the Task Force on Climate-related Financial Disclosures (TCFD) allow an assessment of the risks and opportunities associated with climate change.

The process that translates the conclusions of the application of the scenarios into useful information for industrial and strategic decision-making can be summarised in five steps:



- 1** Identification of trends and business drivers (e.g. electrification of demand, heat waves, etc.)
- 2** Development of a **link function between climate/transition scenarios and operating variables**
- 3** Identification of risks and opportunities
- 4** **Calculation of Impact** (For example: Δ Margin, Capex damage)
- 5** Definition and implementation of **strategic actions** (e.g. assignment of capital, resilience plan)

3.1.3.1.1. Transition scenarios

A transition scenario represents a possible evolution of the energy mix in a certain economic, social and regulatory context, and according to the different technological options available. This corresponds to changes in greenhouse gas emissions, and therefore with a certain increase in temperature at the end of the century compared to pre-industrial values. It should be noted with regard to carbon dioxide emissions, that the scenario that will materialise is not deterministic. The IPCC itself always specifies for each climate scenario both the average values of global warming in 2100 and the very likely range, that is, the interval formed by percentiles 5–95.

The main assumptions established to define the transition scenarios are:

- The regulatory context on climate change, energy security and sustainable development, such as measures to reduce carbon dioxide (CO₂) emissions and fossil fuel consumption, to increase energy efficiency, electrification of demand, and penetration of electricity generation from renewable sources.
- The macroeconomic and energy context (e.g., in terms of gross domestic product, population and raw material prices), based on international references such as the International Energy Agency (IEA), Bloomberg New

Energy Finance (BNEF), International Institute for Applied Systems Analysis (IIASA)⁵, etc.

- The evolution of production, processing and energy consumption technologies, in terms of technical operating parameters and costs.

In 2022, the company revised the reference framework for medium-long term energy transition scenarios based on the three main factors of uncertainty regarding macroeconomic and energy developments: the achievement of the objectives of the Paris Agreement, developments in the geopolitical tensions of the Russia-Ukraine conflict, and the management of the COVID-19 pandemic.

The baseline scenario for long-term planning is a scenario that considers:

- Alignment with Paris, which aims to achieve the objectives of the Paris Agreement, i.e. that the increase in global average temperature remains below 2 °C compared to pre-industrial levels, which provides a higher level of climate ambition than business as usual, but without considering that the global Net Zero target will necessarily be reached by 2050, given the current level of ambition at the global level. Based on the Integrated Energy and Climate Plan 2021–2030 (PNIEC), which is currently under review, the baseline scenario constructed considers a level of electrification of final energy consumption of 32%

⁵ At IIASA, data was collated in relation to the demand for raw materials and the underlying population in the “Shared Socioeconomic Pathways (SSPs)”, in which different scenarios are projected that describe the socio-economic changes and the changes in the regulatory framework, in line with the climate scenarios. The data taken from the “SSPs” are used, together with the internal modelling, to support long-term forecasts such as, for example, those related to electricity demand and raw materials prices.

(compared to 24% in 2021), and a development of renewable capacity that can reach a coverage of 80% of electricity demand with renewable sources (compared to 53% in 2021).

- A long-standing local conflict, in which geopolitical tensions exacerbated by the Russia-Ukraine conflict are supposed to have protracted effects, resulting in an acceleration of electrification and the penetration of renewables, and an increased use of liquefied natural gas to increase the level of security of supplies in the new context, especially at European level.
- Coexistence with COVID-19 with a low or endemic COVID-19, high vaccination rate and no need for mass confinements.

The climate ambition that characterises the reference scenario assumes a growing electrification of demand and a greater penetration of renewables, following the policies implemented for energy security (e.g., REPowerEU, Inflation Reduction Act). In this scenario, at global level, governments, businesses, organisations and citizens participate effectively in the common effort to mitigate greenhouse gas emissions.

With respect to the assumption as a reference scenario for long-term planning that the most ambitious objective of the Paris Agreement is reached, i.e., that the global average temperature is kept below 1.5 °C, there is some uncer-

tainty about some countries maintaining inertial trajectories, delaying the decarbonisation process to reach net zero emissions by 2050.

Taking into account the aforementioned premises regarding the external context, Endesa has established a strategic approach aligned with the maximum ambition of the objectives of the Paris Agreement, i.e., consistent with an increase in global average temperature of 1.5 °C in 2100, as certified by the Science-Based Targets initiative (SBTi) for the objectives set at Enel Group level, to which Endesa contributes. Endesa has set itself the objective for 2040 that all its electricity generation will be renewable, and that all its electricity sold is of renewable origin.

The assumptions on the variations in raw material prices used in the reference scenario are in line with the external scenarios that ensure the objectives of the Paris Agreement. Until 2030, steady growth is expected in the price of carbon dioxide (CO₂), as a result of the progressive reduction in the offer of permits with respect to a growing demand, and a progressive reduction in the price of coal, due to decreased demand. With respect to gas, it is considered that the price tensions will be relaxed in the coming years as a result of a realignment between supply and demand at global level. Lastly, a progressive stabilisation of the price of oil is foreseen, for which a peak in demand with respect to 2030 is estimated.

Brent (\$/bl)	2022 ⁽²⁾	2030	API2 (\$/ton)	2022 ⁽²⁾	2030
ENEL Scenario	98.8	~68	ENEL BP	289.9	~75
Average benchmark ⁽¹⁾		~80	Average benchmark ⁽¹⁾		~75
Max Benchmark		~100	Max Benchmark		~80
Min Benchmark		~44	Min Benchmark		~65

Note: the scenarios used as a benchmark were published at different times in the year and could not therefore be updated in accordance with the latest market dynamics.

⁽¹⁾ Source: IEA – Sustainable Development Scenario and Net Zero Scenario, BNEF, IHS green case scenario, Enerdata green scenario.

⁽²⁾ Balance sheet data.

CO ₂ EU – ETS (€/ton)	2022 ⁽²⁾	2030	TTF (€/MWh)	2022 ⁽²⁾	2030
ENEL Scenario	80.8	~110	ENEL BP	120.5	~25
Average benchmark ⁽¹⁾		~125	Average benchmark ⁽¹⁾		~44
Max Benchmark		~166	Max Benchmark		~55
Min Benchmark		~100	Min Benchmark		~31

Note: the scenarios used as a benchmark were published at different times in the year and could not therefore be updated in accordance with the latest market dynamics.

⁽¹⁾ Source: IEA – Sustainable Development Scenario and Net Zero Scenario, BNEF, IHS green case scenario, Enerdata green scenario.

⁽²⁾ Balance sheet data.

In addition to the reference scenario, two alternative scenarios have been defined to perform strategic stress analysis, risk assessment and identification of business opportunities. The two scenarios are:

- “Slower Transition”: Characterised by a slower energy transition, in particular in relation to policies that should enable greater penetration of renewables and electrification of demand, such as electric mobility.
- “Accelerated Transition”: Characterised by an increase in ambition with regard to the baseline scenario, in particular as regards some characteristic variables of the energy transition, such as the level of electrification of demand, the penetration of green hydrogen or changes in customer habits towards more sustainable consumption models (e.g. a change in the use of transport, moving from private to public transport). In particular, it foresees an acceleration in the authorisation processes of renewable installations, an important incentive for the electrification of buildings and the full implementation of the national strategy on green hydrogen, which will accelerate the construction of renewable facilities associated with electrolyzers before 2030.

3.1.3.1.2. Physical scenarios

Three climate scenarios have been selected to assess physical risks in line with those published in the sixth report of the Intergovernmental Panel on Climate Change (IPCC)⁶. These scenarios are characterised by a level of emissions according to the so-called Representative Concentration Pathway (RCP), and each of them is related to one of the five scenarios defined by the scientific community as Shared Socioeconomic Pathways (SSP). SSP scenarios consider general hypotheses about population, urbanisation, etc. The three physical scenarios considered are:

- **SSP1 – RCP 2.6:** scenario aligned with a global temperature increase of below 2 °C by 2100 with respect to pre-industrial levels (1850-1900). IPCC projects an average temperature increase of ~+1.8 °C compared to the 1850-1900 period. For the analysis that takes into account both physical and transitional variables, the company associates the SSP1 – RCP 2.6 scenario with the “Paris” and “Accelerated Transition” scenario.
- **SSP2 – RCP 4.5:** compatible with an intermediate scenario that estimates an average temperature increase of around 2.7 °C by 2100 compared to 1850-1900. This scenario has been seen as the most representative of today’s global climate and geopolitical context. This

scenario projects global warming in line with the estimates arising from the current and envisaged policies at world level⁷. For the analysis that takes into account both physical and transitional variables, the company associates the SSP2 – RCP 4.5 scenario with the “Slower Transition” scenario.

- **SSP5 – RCP 8.5:** compatible with a scenario based on the premise that no specific measures will be taken to combat climate change. This scenario considers that the global temperature increase with respect to pre-industrial levels will be about 4.4 °C by 2100.

The SSP5 – RCP 8.5 scenario is considered the most unfavourable situation, having been used to assess the consequences of climate impacts in an extreme scenario. It is currently considered to have a low probability of occurring. The SSP1 – RCP 2.6 scenario is used to assess the consequences of climate impacts associated with an energy transition that achieves ambitious mitigation targets.

The work performed with climate scenarios considers both chronic phenomena and extreme events. For a description of specific complex phenomena, data and analyses provided by private, public and academic institutions are used.

The scenarios used are global, but to be able to define the effects of the specific areas in which Endesa engages in its activities, they must be analysed at local level. The work carried out by the Department of Earth Sciences of the International Centre for Theoretical Physics (ICTP) of Trieste, Italy, has allowed projections of the most important climatic variables to be carried out with a resolution equivalent to a grid with a resolution of between 12 and 100 km², for a time horizon between 2020 and 2050. The main variables considered are temperature, snow and rain precipitation and solar radiation. In order to achieve a more robust analysis, we are currently working on the basis of the regional climate model defined by the ICTP plus five other models selected from among the most representative of the reference climate models. Working with various models enables more robust analyses to be performed, based on average assumptions in individual models. For some specific climate variables, such as wind gusts, we work with entities specialised in the field. In 2022, analysis continued of projections for Spain based on the set of models mentioned above, which has provided a more accurately defined representation of the physical scenarios.

The ICTP also acts as a scientific support in the interpretation of any climate data considered.

The analysis of certain aspects depends not only on climate projections, but also on the characteristics of the territory, so it is necessary to carry out a more specific

⁶ IPCC Sixth Assessment Report (2021), “The Physical Science Basis

⁷ Climate Action Tracker thermometer, global warming estimates in 2100, considering the current “Policies & action” and “2030 targets only” (November 2021).

modelling to achieve a high-resolution representation. To achieve this, *Natural Hazard* maps are used in addition to the climate scenarios developed by the ICTP. The use of these maps results in the expected frequencies for a number of weather events, such as storms, hurricanes or floods, with high spatial resolution. The findings of this type of analysis using historical series are being used to optimise the insurance strategy. Work is currently under way to integrate these findings with climate scenario projections.

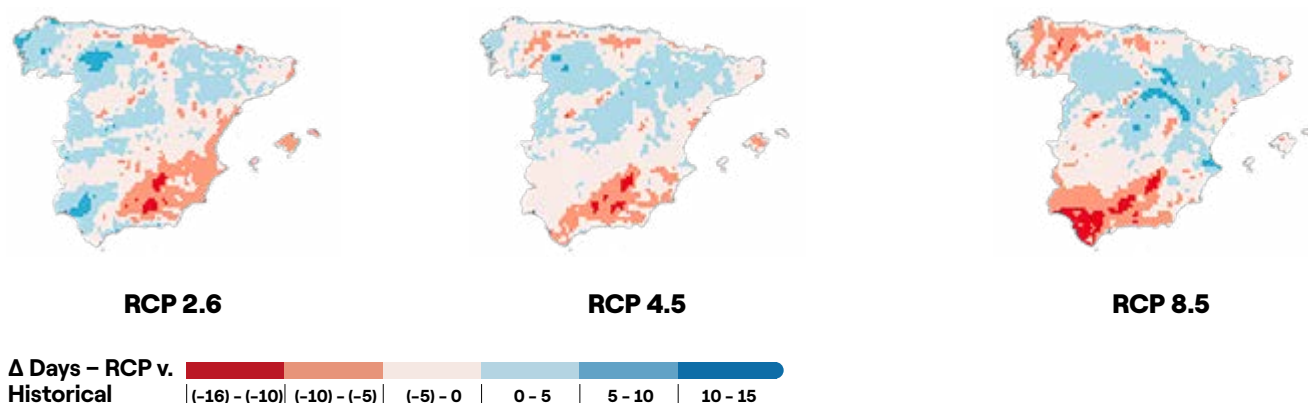
The company has equipped itself with tools and has acquired sufficient knowledge to work independently with the gross data published by the scientific community, which enables a global and high-level vision of long-term changes in the climate variables of interest. The sources used are the outputs of the climate and regional models of CMIP6⁸ and CORDEX⁹ (*Coordinated Regional Climate Downscaling Experiment*). CMIP6 is the sixth assessment of the *Coupled Model Intercomparison Project* (CMIP) of the *World Climate Research Programme* (WCRP) and the *Working Group of Coupled*

Modelling (WGCM). It provides gross climate data from global climate models, which are used to assess the standard metrics on a global scale, with a resolution of around 100 km x 100 km. CORDEX also fits into the scope of WCRP, providing regional climate projections with greater resolution.

The following conclusions about the territories in which Endesa operates can be drawn from this work:

- **Extreme events:** An analysis has been carried out of the phenomenon of torrential rains, calculated as the average annual millimetres in a certain reference¹⁰ period. As can be seen in the image, which compares the 2030-2050 period with respect to the historical period 1990-2020, this extreme event will suffer variations throughout the territory even in the RCP 2.6 scenario. Specifically, torrential rains will increase in the north, and decrease in the southeast. In the other scenarios, torrential rains will decrease throughout the country (in the RCP 8.5 scenario the reduction also affects the northwest).

Percentage variation of torrential rains in the different "Representative Concentration Pathway (RCP)" scenarios for the period 2030-2050 with respect to the historical series 1990-2020



In reference to the risk of fire, in all the scenarios studied the area of Spain that will suffer a greater increase, compared to the historical period, of the number of days per year with the Fire Weather Index

(FWI)¹¹ greater than 45, i.e., with extreme risk, is the south-central zone. This increase will be more pronounced in the worst-case scenarios (RCP 8.5) than in the RCP 2.6 scenario.

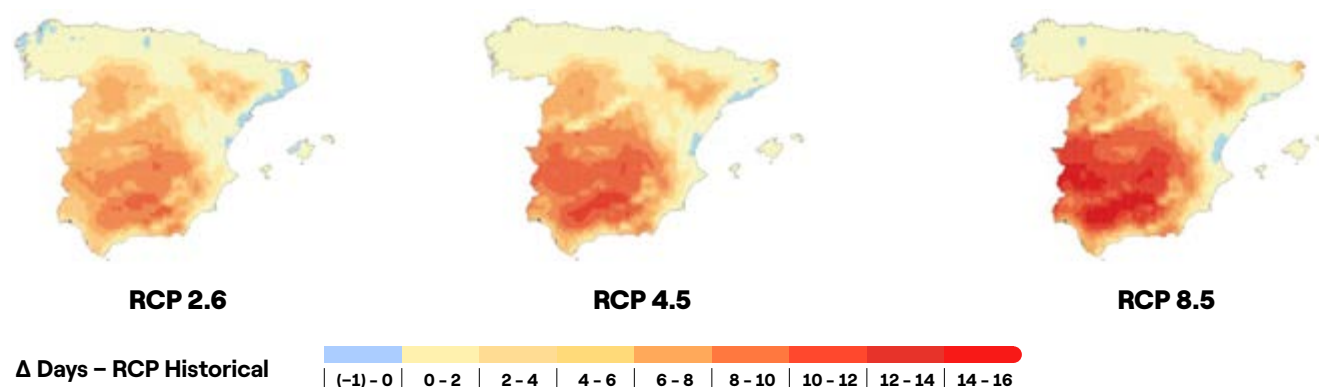
⁸ <https://www.wcrp-climate.org/wgcm-cmip/wgcm-cmip6>

⁹ <https://cordex.org/>

¹⁰ Rains are considered to be torrential when the sum of the daily rainfall is above the 95th percentile of the historical series in a given period.

¹¹ Fire Weather Index: Meteorological fire risk index, a widely used international indicator that takes into account aspects such as temperature, humidity, rainfall and wind to estimate fire risk.

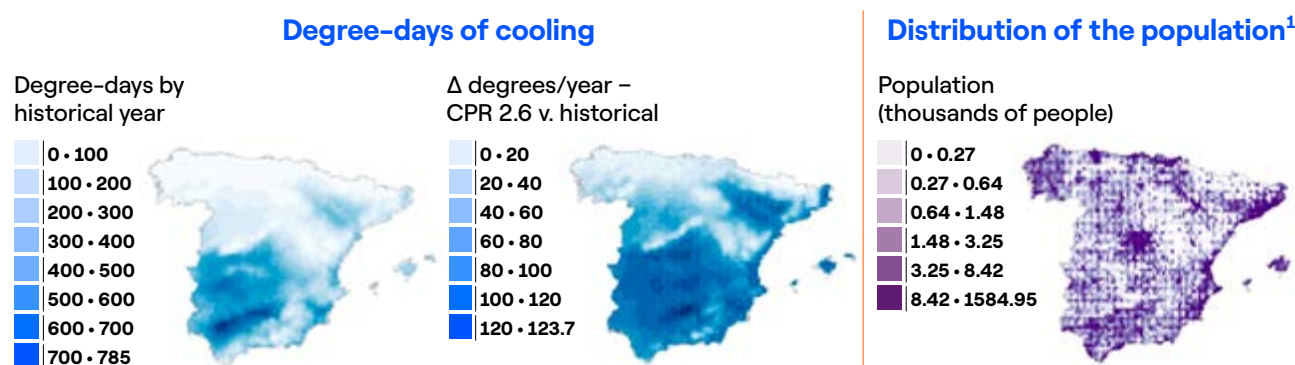
Percentage change in the number of days per year with FWI>45 for the different CPR scenarios (2030-2050) and with respect to the historical series (1990-2010)



- As regards heatwaves, as indicated in the analyses published above, it is expected that in the 2030-2050 period they will occur more widely and frequently, especially in the southern area of the country.
- Chronic phenomena: an updated and more detailed analysis of potential cooling and heating needs has been carried out, which has led to the conclusion that in the

2030-2050 period, compared to the 1990-2020 period, the *Heating Degree Days* (HDD)¹² are forecast to reduce in all scenarios, ranging from -8% in the RCP 2.6 scenario to -19% in the RCP 8.5 scenario. The results also foresee an increase in the *Cooling Degree Days* (CDD)¹³ in all scenarios, from +34% in the RCP 2.6 scenario to +61% in the RCP 4.5 and +87% in the RCP 8.5 scenario.

Cooling Degree Days (CDD) in the historical series 1990-2020 and expected variation in the RCP 2.6 scenario



⁽¹⁾ The image on the right represents the distribution of the population in the same period (1990-2020) and in the same grid as the climate models, and allows us to observe the most populated areas that have greater weight in the calculation of the indicator at the country level.

Changes in total rainfall in the basins of interest for Endesa's hydroelectric production have been analysed, and after the analysis carried out, the conclusions do not show significant variations when comparing the RCP 2.6 scenario (2030-2050) with respect to the period 1990-2009, presenting a general trend of slight decrease.

It should be highlighted that Endesa has always been a pioneer in the use of climate scenarios. In 2009, it launched its first project to analyse and evaluate the vul-

nerability of all its businesses and facilities globally, leading it to be chosen by the former Ministry of Agriculture and Fisheries, Food and Environment (now the Ministry of Ecological Transition and Demographic Challenge) to represent the energy sector in the ADAPTA I and II initiative. In subsequent years Endesa continued examine these matters in greater depth, participating in multiple international initiatives and developing projects related to different areas.

¹² Heating Degree Days (HDD): annual summation of the difference between the indoor temperature (estimated at 18 °C) and the outside temperature, considering every day of the year to have an outdoor temperature of less than or equal to 15 °C.

¹³ Cooling Degree Days (CDD): annual summation of the difference between the indoor temperature (estimated at 21°C) and the outside temperature, considering every day of the year to have an outdoor temperature of equal to or higher than 24°C.

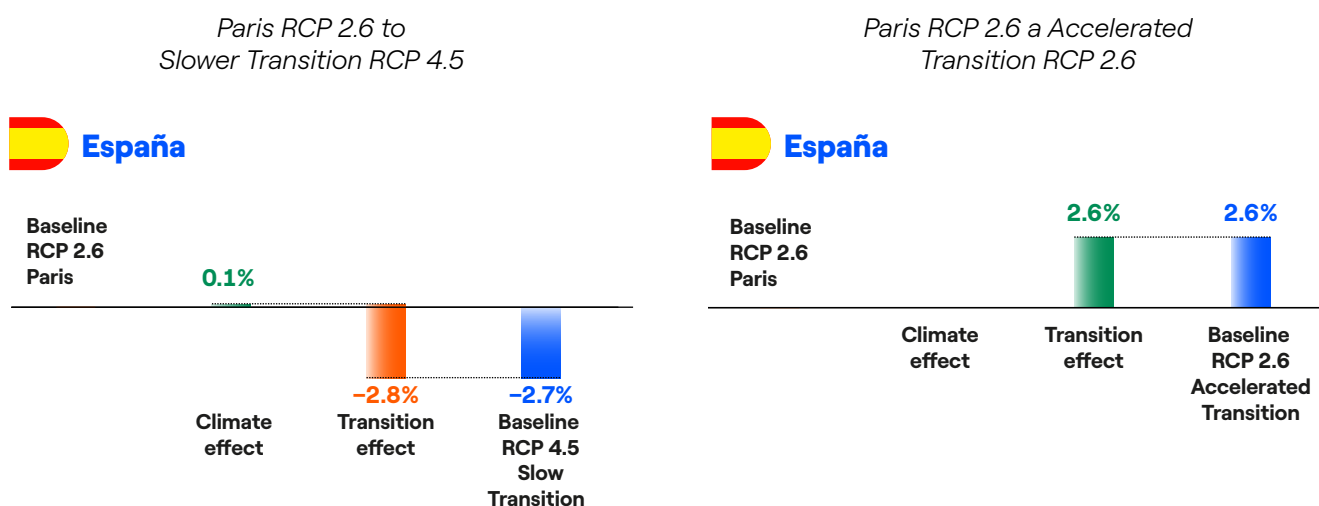
3.1.3.1.3. Joint effect on the transition scenarios and physical scenarios with respect to electricity demand

The country's demand can be quantified using integrated energy system models. This level of detail enables the specific effects of a change of temperatures on energy needs to be identified. To this end, the effect of a temperature increase, measured in Heating Degree Days (HDD) and Cooling Degree Days (CDD), on the total energy demand, not only electricity, for air conditioning and heating needs in the residential and commercial sectors has been included in the "Paris", "Slower transition" and "Accelerated transition" scenarios. The definition of a strategic baseline scenario aligned with compliance with the Paris Agreement and with the emission reduction commitments assumed at European level, has enabled associating HDDs and CDDs in line with the RCP 2.6 scenario to the "Paris" and "Accelerated transition" scenarios and those consistent with the RCP 4.5 scenario to the "Slower transition" ¹⁴. To further stress the analysis, the "Slower transition" scenario has also been associated with an RCP 8.5 scenario. Considering current policies and the important focus of the European Union to achieve carbon neutrality by 2050, the three scenarios ("Paris", "Slower transition" and "Accelerated Transition") converge with that result; although the "Slower transition" scenario is associated with a different, higher RCP scenario, which corresponds to a slower trend in the decrease of greenhouse gas emissions.

When analysing the effect of the transition scenarios independently, the greater speed in attaining carbon neutrality of the "Paris" scenario converts it into a more electrified scenario with respect to the "Slower Transition" scenario, which considers, for the 2030-2050 period, average values lower than electricity demand of around 2.7% in Spain. Furthermore, the faster penetration of green hydrogen, especially in the short term, and a higher electrification of buildings mean that in the "Accelerated Transition" scenario, electricity demand is 2.6% higher than in the "Paris" base scenario. When excluding electricity demand for hydrogen production, the total electricity demand differential is -1.6% in the "Slower Transition" scenario and remains unchanged in the "Accelerated Transition" scenario, as electricity demand for green hydrogen in both scenarios is equivalent to that considered in the "Paris" scenario, with only the speed of the technology's penetration affected.

The speed of the energy transition has an impact on the level of electricity demand that is much greater than the increase in temperature as a result of climate change. Decarbonisation policies, together with technological innovation and social responsibility, will play an active role in the development of electricity demand and the energy mix in general. In any case, the analysis performed makes it clear that the increase in temperature as a result of climate change involves an increase in electricity demand, although with a reduced impact.

Joint effect on the transition scenarios and physical scenarios with respect to electricity demand.



Average effect on electricity demand (2031-2050) of the three transition scenarios together with RCP scenarios 2.6 and 4.5.

¹⁴ European Commission – Fit for 55: <https://www.consilium.europa.eu/it/policies/green-deal/eu-plan-for-a-green-transition/>

In order to understand the impact of temperature in the transition scenarios, and at the same time to broaden the range of climate change scenarios, a sensitivity analysis has been carried out associating the “Slower Transition” scenario to the RCP 8.5 scenario instead of RCP 4.5. As-

suming an additional increase in temperature, in equal energy transition conditions, involves a lower variation than demand, of around -0.4% due to the temperature effect and -2.4% in total.

3.1.4. Risk management

201-2

Endesa has a General Risk Control and Management Policy, approved by its Board of Directors. This Policy lays down the basic principles and the general framework to control and manage risks of any kind that could affect the attainment of targets, ensuring that they are systematically identified, analysed, assessed, managed and controlled within the risk levels set. The General Risk Control and Management Policy identifies the different types of financial and non-financial risks (including operational, technological, legal, social, environmental, incorporating those related to climate change, political and reputational risks, including those related to corruption) faced by the company; contingent liabilities and other off-balance sheet risks are included among financial or economic risks.

For more information on risk management see the General Risk Control and Management Policy¹⁵ published on the company's website.

The process of identifying risks and opportunities includes those related to climate change: transition risks, related to regulation, new technologies, market changes and reputation, and those related to potential physical impacts related to climate change.

All organisational levels are involved in the risk identification and assessment process in a coordinated manner, led by the Company's Risk Control System. Each line of business and facility identifies and evaluates the risks and opportunities arising from its activities, also derived from its geographical location. Specifically for climate change, risks are assessed based on established risk tolerance levels, considering exposure (climate impacts that can affect facilities), sensitivity (potential effects and their implications for business or facilities), and vulnerability (ability to adapt to overcome the impacts of climate change considering financial, technological and knowledge requirements).

Climate change and energy transition will have an effect on Endesa's activities. As recommended by the Task Force on Climate-related Financial Disclosures (TCFD), to identify the different types of risks and opportunities and their impact on the company's various businesses, Endesa has defined a reference framework. Risks are classified into physical and transitional. Physical risks are in turn classified into extreme events and chronic events. The former are presented as a result of extreme intensity weather conditions, and the latter are related to gradual and structural changes in climatic conditions. Extreme events expose Endesa to potential unavailability, variable duration, at facilities and infrastructures, repair costs, customer complaints, etc. The chronic change in climatic conditions exposes Endesa to other risks and opportunities, such as changes in the production system of different technologies, as well as changes in electricity demand. In reference to the energy transition to a more sustainable model, characterised by a progressive reduction in carbon dioxide (CO₂) emissions, risks and opportunities are identified linked to both the regulatory and regulatory context, and the progress of technological development, electrification and consequent market developments.

In line with the climate and transition scenarios adopted to define risks and opportunities, changes in customer behaviour, industry strategies in different economic sectors and regulatory changes are beginning to be identified. Endesa is committed to playing an active role in the transition. It therefore defines facilitating measures in its Strategic Plan to make the most of the opportunities that arise, which are identified through analysis of scenarios. This means that approximately 90% of the investments set out in the 2023-2025 Strategic Plan are aligned with one of the United Nations Sustainable Development Goals.

¹⁵ <https://www.endesa.com/en/shareholders-and-investors/corporate-governance/corporate-policies>

The risk and opportunity framework in the table below highlights the relationships between physical and transition scenarios and factors that influence Endesa's businesses. Such effects are assessed in three time horizons:

- Short-term (by 2025, corresponding to the Strategic Plan), in which sensitivity analyses can be made from the Strategic Plan presented to markets on 23 November 2022.

- Medium term (by 2030, corresponding to the deadlines set out in the National Integrated Energy and Climate Plan (NECP)), in which it is possible to appreciate the effect of the energy transition.
- Long term (by 2050, deadline for achieving climate neutrality), in which chronic structural changes in the climate should start to be seen.

The scenario	Risk and opportunity category	Time horizon	Description	Management mode
Acute physical	Extreme events	From the short term (2023-2025)	Risk: extreme weather events because of their intensity.	Endesa adopts best practices to manage the recovery of activity in the shortest possible time. With regard to insurance risk management, the company runs a Loss Prevention programme for property risks, also aimed at assessing the main exposure factors associated with natural events. Changes to the climate expected to occur in the long term will also be considered in the evaluation in the future.
Chronic physical	Market	From the long term (2031-2050)	Risk/Opportunity: increase or decrease in production and electricity demand	Geographical and technological diversity allows the impact of variations (positive or negative) of a single variable to be reduced. To properly manage the impact of meteorological phenomena, meteorological forecasting activities, real-time monitoring and control of facilities, as well as long-term climate scenarios are implemented to assess possible chronic variations in the availability of renewable resources.
Transition	Policies and regulation	From the short term (2023-2025)	Risk/opportunity: price and CO ₂ emissions policies; incentives for the energy transition; review of market design and permitting procedures, and resilience regulation.	Endesa is minimising this risk exposure through the progressive decarbonisation of its production facilities. Endesa's strategic actions mitigate potential risks and take advantage of the opportunities associated with the energy transition. Furthermore, Endesa participates in public policy and regulatory definition processes, as well as in dialogue platforms with different stakeholders.
Transition	Market	From the medium term (2026-2030)	Risk/opportunity: Changes in the price of raw materials and energy; evolution of the energy mix; change in consumption in the residential sector, changes in the competitive situation of the market.	Endesa maximises opportunities through an energy transition-oriented strategy and its strong commitment to development of renewable production and the electrification of demand. Considering two alternative transition scenarios, Endesa assesses the effects of progress in terms of renewable penetration into the energy mix and the electrification of demand.
Transition	Products and services	From the medium term (2026-2030)	Opportunity: higher margins and greater investment capacity as a result of the transition, considering the penetration of new technologies for the electrification of demand, electric transport and distributed generation.	Endesa maximises opportunities with strong strategic positioning on new business opportunities and services. Furthermore, and considering alternative transition scenarios, Endesa assesses the impact of the different trends in terms of the electrification of demand.
	Technology	From the medium term (2026-2030)		Endesa maximises opportunities through strong strategic positioning in electricity infrastructure. Considering alternative transition scenarios and taking into consideration the trend in terms of the penetration of electrification technologies, Endesa assesses the opportunities to scale solutions related to the digitalization and resilience of the electricity grid.

3.1.4.1. Chronic and acute physical risks and opportunities

201-2

As regards the risks and opportunities associated with physical variables, taking the scenarios defined by the Intergovernmental Panel on Climate Change (IPCC) as a reference and based on the reference framework described above, an assessment is performed of the impact on electricity demand and on the different generation technologies for the different categories of physical risks.

3.1.4.1.1. Chronic physical changes and associated potential risks and opportunities

Chronic physical changes manifest in the long term, without the scenarios used for the analysis providing evidence of major changes before 2030, with variations potentially starting between 2031 and 2050. The main impacts as a consequence of chronic physical changes would be seen in the following variables:

- **Electricity demand:** variation of the average temperature level with a potential effect (increase/decrease) on electricity demand, as demand for climate control changes.

- **Thermoelectric production:** variation in the average temperature level of water bodies an impact on thermoelectric production as cooling conditions are affected.
- **Hydroelectric production:** variation in the average level of rain and snow and of the temperatures with a potential increase and/or reduction of hydroelectric production.
- **Photovoltaic production:** variation in the average level of solar radiation, temperature and rainfall with a potential increase and/or reduction in photovoltaic production.
- **Wind production:** changes in the average wind level with a potential increase and/or reduction in wind production.




















































The impacts of the most significant chronic physical changes have been identified for each generation technology, and analysis has begun to ascertain the impact on their productivity, considering the facilities individually. The table below reflects the importance of the impact associated with the main chronic climate changes for Endesa's facilities and their corresponding priority in the analysis:

Event		Priority					
		High priority	Low priority	Not important			
		Rain/snow	Wind	Solar radiation	Sea level	Air temperature	Temperature rivers/sea
Thermal							
Solar							
Wind							
Hydraulic							
Storage							
Distribution network							
Endesa X							

3.1.4.1.2. Extreme events and associated potential risks and opportunities

The intensity and frequency of extreme events can cause significant unexpected damage to installations and potential consequences arising from service interruptions. Extreme events (gales, floods, heat waves, cold waves, etc.) are characterised by their high intensity and infrequent occurrence in the short term, which increases in the long-term climate scenarios.

For the reasons already given, the risk associated with the occurrence of extreme events is currently being managed in the short term, while the methodology is being extended to longer time horizons (until 2050), in accordance with the climate scenarios selected (RCP 8.5, 4.5 and 2.6). The table below reflects the importance of the impact associated with the main extreme climate events for Endesa's facilities and their corresponding priority in the analysis:

Event		Priority						
		Heat wave Rain/snow	Floods/Extreme rainfall	Wet/heavy snow	Hail	Gale	Fire	Thunder- storm
 Thermal								Being evaluated
 Solar								
 Wind								
 Hydraulic								
 Storage								Being evaluated
 Distribution network								
 Endesa X								Being evaluated

Risk assessment methodology for extreme events

For the quantification of risk in the face of extreme events, Endesa uses a consolidated methodology of catastrophic risk analysis, used in the field of insurance and also in IPCC reports¹⁶. The methodology can be applied to the set of analysable extreme events, such as gales, heat waves, floods, etc.

- The probability of the event (**Hazard**), i.e., the theoretical frequency in a given period, the "return period". Risk maps are prepared which are associated,

for the different types of extreme event in each geographical point of the map, with the corresponding estimate of the frequency associated with the extreme event.

- Vulnerability**, which indicates the value lost or affected as a result of the extreme event, in percentage terms. This allows both the impacts on the facilities and the impact on service continuity, both generation and distribution, to be considered. Endesa performs vulnerability analyses of its facilities, allowing a matrix that relates installation types to the extreme events that may significantly affect them.

¹⁶ L. Wilson, "Industrial Safety and Risk Management". University of Alberta Press.
T. Bernold, "Industrial Risk Management". Elsevier Science Ltd.

Kumamoto, H. and Henley, E. J., 1996, Probabilistic Risk Assessment and Management For Engineers And Scientists, IEEE Press, ISBN 0-7803100-47
Nasim Uddin, Alfredo H.S. Ang. (eds.), 2012, Quantitative risk assessment (QRA) for natural hazards, American Society of Civil Engineers CDRM Monograph no. 5

UNISDR, 2011. Global Assessment Report on Disaster Risk Reduction: Revealing Risk, Redefining Development. United Nations International Strategy for Disaster Reduction. Geneva, Switzerland.

Managing the Risks of Extreme Events and Disasters to Advance Climate Change Adaptation - A Special Report of Working Groups I-II of the Intergovernmental Panel on Climate Change (IPCC). Cambridge University Press, Cambridge, UK, and New York, NY, USA.

- The **exposure** is the set of economic values in Endesa's portfolio that might be impacted in a non-negligible way by catastrophic natural events. Specific analyses are also carried out for this parameter for different generation technologies, for distribution infrastructures and for services provided to the end customer.

The set of three factors (hazard, vulnerability and exposure) constitute the main element for the assessment of the relevant risk as a consequence of extreme events. Endesa differentiates the risk analysis of the climate scenarios over the different time horizons. The following table summarises the scheme considered for impact assessment as a result of extreme events.

Time horizon	Probability of the event	Vulnerability	Exposure
Short term (1-3 years)	Probability maps based on historical series and weather models	The vulnerability is related to the type of event, and to technology, and is quite independent of the time horizon	Endesa values in the short term
Long term (until 2050 and/or 2100)	Probability maps and specific studies for the different IPCC RCP climate scenarios		Tendency of Endesa values in the long term

Insurance

Each year, Enel defines insurance coverage programmes for its different businesses, covering all of the company's subsidiaries, including Endesa. The two main programmes are:

- The **Global Property Programme**, which covers, as part of the policies' conditions, the costs of reconstructing the affected facility as well as the economic losses resulting from its non-operation, including costs that may be caused by the impact of extreme events on the company's facilities.
- The **Global Liability Programme**, the policy conditions of which cover damage to third parties for which Enel

has civil liability due to performance of its activities, including environmental damage.

Policy conditions are defined on the basis of an adequate risk assessment, including extreme events associated with climate change. As seen in past events, the impact on Endesa's activities of extreme events can be significant.

Endesa's preventive maintenance actions for its generation and distribution facilities are also important and essential. Such actions allow, firstly, to mitigate the impact of extreme events and, secondly, to optimise the costs of the overall insurance programmes.

3.1.4.2. Adaptation to climate change

Endesa, aside from that explained in the previous sections on risk quantification and assessment, implements procedures to effectively manage the extreme events and the chronic physical changes and to therefore reduce the impact on its businesses.

The adaptation solutions may include both actions implemented at short term and long-term decisions, for example, the planning of investments as a response to climate phenomena. The adaptation activities also include procedures, policies and best practices.

For new investments, it is now possible to act from the design and construction phase to reduce the impact of climate risks, for example, through a risk and vulnerability assessment in the design phase, and to take into account possible chronic effects such as, for example, the inclusion of climate scenarios in the estimates of long-term renewable resources.

Once the significant meteorological and climate phenomena have been identified, the activities to be performed to maximise the ability to adapt can be classified into:

- Management of adverse events: procedures for preparing for extreme events in advance (e.g., consultation of short-term weather forecasts and training) as well as procedures for restoring activity as quickly as possible (e.g., definition of operational and organisational procedures to be implemented in the event of critical events).
- Risk prevention: improvement of the resilience of facilities. Actions aimed at increasing the resilience of installations, such as, for example, the quantitative assessment of potential acute and chronic risks to better define both the requirements during the design phase and the actions to be carried out at existing facilities.

The following table provides a summary of the type of actions that Endesa implements to correctly manage adverse events and increase resilience to meteorologi-

cal phenomena and the evolution of these due to climate change.

Activity	A. Management of adverse events	B. Risk prevention
Generation	Existing facilities: <ul style="list-style-type: none"> • Management of incidents and critical events. • Site-specific emergency management plans and procedures. • Specific tools for forecasting imminent extreme events. 	Existing facilities: <ul style="list-style-type: none"> • Guidelines for risk assessment and design for hydraulic technology. • Feedback processes based on lessons learned from operation and maintenance to the development, design and construction phase. New facilities: In addition to the actions planned for existing facilities: <ul style="list-style-type: none"> • Assessment of climate change risks, included in the environmental impact assessment study (pilot).
Distribution	Existing facilities: <ul style="list-style-type: none"> • Strategies and guidelines on risk prevention, preparedness, response and recovery activities of the distribution network. • Guidelines for the management of emergencies and critical events. • Risk prevention and fire preparedness measures for electrical facilities (lines, transformers, etc.). 	New and existing facilities: <ul style="list-style-type: none"> • Guidelines for defining plans for increasing network resilience (for example, E-distribuzione "Network Resilience Enhancement Plan").
Supply	Existing facilities: <ul style="list-style-type: none"> • Management of critical events. 	Existing facilities: <ul style="list-style-type: none"> • Preliminary analysis of the impacts of climate change in the medium and long term.

3.1.4.2.1. Generation

The following procedures are worth particular mention:

- Improved cooling water management systems to compensate for possible flow reductions in rivers.
- Fogging Systems to improve airflow and offset power reduction as a result of increased room temperature at combined cycle generation facilities.
- Installation of pumps for drainage, periodic cleaning of canals and other actions to eliminate risks of landslides as a result of torrential rains or floods.
- Periodic re-evaluation for hydroelectric facilities in torrential rain and flooding scenarios. Scenarios are managed through mitigation actions and facility interventions.

Furthermore, a series of best practices have been adopted for the proper management of adverse weather phenomena, mainly in relation to maintenance, operation, safety of

dams and hydraulic infrastructures, and the management of critical events:

- **Weather forecasts** to monitor the availability of renewable resources and the occurrence of extreme events, with alert systems that guarantee the protection of people and facilities.
- **Hydrological simulations, surveying** (including with drones) and **monitoring of possible vulnerabilities** through "Geographic Information System" (GIS) digital systems and data obtained from satellites.
- **Advanced monitoring** of more than 100,000 parameters (with more than 160 million historical measures) taken in dams and hydraulic civil works.
- **Remote real-time monitoring** of electrical production facilities.
- **Adoption of specific guidelines** for the execution of hydrological and hydraulic studies in the initial stages of development, to assess risks in both the installation area and the surrounding area.

- **Monitoring of the changes in climatic parameters due to their possible effect on project design, for example,** the assessment of the rain system to design draining systems for photovoltaic facilities.
- **Estimation of extreme wind speeds** using updated databases containing a record of historical series of gales, in order to choose the technology of wind turbines most suitable for sites.

Endesa also applies specific procedures for emergency management with real-time communication protocols, the planning and management of all activities to resume activity under safe conditions in the shortest possible time, and predefined lists for damage assessment, so that it can act immediately against extreme events. One solution implemented for minimising the impact of weather events is the Lesson Learned Feedback process, through which information is transferred from the technical operations and maintenance units to the units that design new projects.

Analysis of future climate impacts to identify adaptation needs

An analysis of risks associated with acute and chronic climatic phenomena is being undertaken based on the mapping of relevant climatic events, with a view to estimating the impact they may have in the medium-long term on generation plants.

The analysis of acute phenomena has been split into two phases:

- Preliminary analysis of the hazard and exposure of all hydroelectric, wind and solar power plants with a view to grouping them based on their degree of vulnerability, as well as identifying the plants at highest risk, selecting 1 or 2 of these to define potential adaptation actions.
- Detailed analysis of the plants identified as being at higher risk, with a view to defining potential adaptation actions, as well as measures for the prevention of production losses.

The detailed analysis has been undertaken to ascertain the potential increase in the frequency and intensity of extreme events and identify the facilities exposed.

The detailed analysis has shown that, for the entire series of meteorological phenomena taken into consideration, a limited number of facilities are exposed to high risk in the long term. The meteorological phenomena subject to analysis include:

Torrential rain:

- In 2022, an analysis of a significant number of plants was undertaken, as a result of which, it was concluded

that there is a high correlation between the geomorphology of the location and the impact of the meteorological phenomenon on the facility, confirming the need to carry out a specific analysis for each site, especially for facilities most exposed to the phenomenon.

- More detailed analyses have identified potential measures for structural adaptations that would be useful in reducing the level of flood risk to an acceptable level; to proceed with their implementation, a cost-benefit analysis is required. These structural adaptation interventions would include, for example, the construction of mitigation hydraulic works (mainly embankments, reprofiling of channels, adaptation of drainage channels, expansion and lamination ponds) and the elevation of components at risk by earthworks and increasing the length of support structures in the case of photovoltaic panels.

Heat waves:

- In 2022, an analysis was performed of the impact of heat waves on photovoltaic installations; these critical events involve persistent high temperatures over a period of several days with no rainfall.
- Despite the increase in the frequency and intensity of this climate phenomenon, the conclusion was that there are no significant impacts on these facilities, there is simply a reduction in the performance of the inverter at certain times of the year and in specific locations.

Wind storms:

- In relation to the risk of wind storms, although the scenarios show an increase in the frequency of this phenomenon, the impact analysis shows there is high resilience by design, especially in the wind farms subject to analysis.
- The implementation of any adaptation measures would require specific assessments of the affected sites based on a cost-benefit analysis, considering the limited impact of the phenomenon.

Fire:

- In relation to the risk of fire, a study has been undertaken to identify the areas where the risk is highest; with a view to preventing and/or reducing response times, some potential adaptation measures to be adopted in the design and/or operation phase of the facilities have been identified, such as the elimination of plant life around the project site, the creation of fire breaks and additional coordination with local authorities on how to respond in case of fire.

The methodologies developed will be refined to apply them to the design and development of new facilities.

These analyses will make it possible to quantify the need for adaptation in terms of risk prevention (for example, the adoption of an adaptive design), and in terms of event management and residual risk management.

3.1.4.2.2. Distribution

A specific policy (Climate Change Risk Assessment) has been prepared for electricity distribution activities with a view to establishing the general criteria, methodology and requirements for the identification, analysis and assessment of risks inherent to climate change, both in relation to the facilities and the activities undertaken, to monitor the risk and actions to be implemented to mitigate their impact.

To manage extreme climate events, Endesa has adopted a "4R" approach, which defines the measures to be taken, both in preparation for an emergency and in the subsequent commissioning phase after having suffered damage to the facilities due to an extreme event. This management is coordinated through 4 phases of action:

- **Risk prevention:** includes actions that reduce the likelihood of losing network elements as a result of an event, and/or of minimising its impact, and actions aimed at increasing the robustness of infrastructure, as well as maintenance actions. The corresponding technical solution is chosen by referring to a catalogue that makes it possible to choose the solution to be implemented depending on the climate event and the geographical location of the facility.
- **Readiness:** includes all actions that aim to improve the immediacy with which a potentially critical event is identified, and ensure coordination with Civil Protection and local administration, as well as to organise resources once the service failure has occurred.
- **Response:** includes the phase of assessing the operational capacity to deal with an emergency once the extreme event occurs, considering both the ability to mobilise operational resources on the ground, and the possibility of performing remote-controlled feedback manoeuvres over back-up connections.
- **Recovery:** this is the last phase, which aims to return to the network service, as soon as possible, under normal operating conditions, in those cases in which the extreme event has caused service interruptions despite all measures taken preventively.

The distribution business has adopted various specific procedure and policies to integrate the different aspects and risks related to climate change:

- Guidelines for Emergency Readiness, Response and Recovery: includes guidelines for the final 3 phases of the 4R management approach. This includes recommendations for improving the preparation strategy, mitigating the impact of total service interruptions and recommissioning the network, for as many customers as possible in the shortest possible time.
- Guidelines for Network Resilience Improvement Plan: aims to determine the actions to be carried out to minimise the impact on the network of extreme events, based on the operating history. These guidelines structured around the first two phases of the 4R management approach. An analysis is currently being performed to establish an investment plan that makes it possible to increase the network's resilience to extreme weather events.
- Risk Prevention and Readiness Measures in case of forest fires affecting electrical installations: integrated approach to emergency management applied to fires in wooded areas, whether originated by the network or external causes. The document provides guidelines for identifying facilities at risk, defining specific prevention measures (e.g., evaluating specific maintenance plans) and, when a fire does occur, optimally managing the emergency to limit its impact and restore services as soon as possible.
- Support actions: implementation of weather forecasting systems, monitoring of the network's status and assessment of the impact of extreme events on the network, preparation of operational plans and organisation of drills. It is necessary to highlight the agreements reached to mobilise extraordinary resources (internal and contractor) to deal with emergencies.

In addition to the protocols set out for situations that arise in the short and medium term, an analysis of the relevant climate risks is being carried out to prioritise actions in the most exposed areas.

Analysis of future climate impacts to identify adaptation needs

The tendency in relation to extreme events is being analysed to estimate the impact on the network in the medium-long term. Examples of this can be seen below:

Heat waves:

An analysis was performed of its impact, caused by the presence of more days with high temperatures and with no rainfall, which makes it difficult to evacuate heat from underground lines, and could cause an abnormal increase in the risk of network breakdowns, especially in urban and tourist areas. In the distribution grid in Spain, there is a low presence of underground lines and, in an initial analysis of the operation history of the distribution grid, no significant correlation was observed between the heat waves experienced and grid failures.

Fire:

The fire risk prevention guidelines are being updated, applying an index that evaluates the risk of fire in areas, based on the terrain and environmental characteristics (FWI), as a support instrument for forecasting scenarios through to 2050. A study has been conducted to identify the areas with the greatest forest fire risk, identifying the networks and environmental area in which they are located, so that the necessary interventions can be carried out in line with a fire risk prevention approach.

Explosive cyclogenesis:

During 2022, an analysis has been undertaken to provide further information about explosive cyclogenesis (combination of wind and torrential rain), projecting events to 2050 and evaluating the possible future impacts on facilities. The initial results indicate a trend that is for the large part aligned with the historical trend, with the exception of the Catalan coast, where events are expected to intensify.

3.1.4.2.3. Retailing

In relation to supply activity, work has begun on estimating the potential impact of extreme weather events by identifying risks and opportunities, with a view to defining the actions required to adapt to climate change.

In relation to own facilities, which represent a small proportion, an impact analysis has been performed; while for B2B and B2G customer facilities, potential risks and potential resiliency solutions are being assessed.

Adaptation work has focused on defining the methodology for assessing the vulnerability of photovoltaic (distributed energy) and public lighting facilities, based on the studies performed at generation and distribution

facilities for the assessment and management of extreme events.

In the case of photovoltaic facilities, a preliminary climate risk assessment has been undertaken for certain extreme events such as: strong winds, torrential rain, floods and fire risk. The conclusions reached to date is that no significant consequences are expected in relation to photovoltaic facilities analysed due to the climate impact. This analysis is due to be extended to sites where new facilities are planned. For public lighting facilities, the correlation analysis between historical damage and extreme events is being fine-tuned.

3.1.4.2.4. Generation of knowledge in adaptation

The National Climate Change Adaptation Plan (PNACC) 2021-2030, which is the basic planning tool to promote coordinated action against the effects of climate change in Spain. Its main objective is to avoid or reduce present and future damage deriving from climate change and to build a more resilient economy and society, incorporating new international commitments and considering the most recent knowledge on the risks deriving from climate change and taking advantage of the experience obtained in the development of the PNACC 2013-2020.

Taking the same approach and complementing its analysis of the physical risks associated with climate change and the management of such risks, Endesa has been working for over a decade to: enhance its knowledge of climate change and minimise the vulnerability of its facilities to it; share and exchange impressions of the results obtained; and foster ongoing learning and resilience to climate conditions, enabling it to optimise the management of its businesses.

Below is a summary of Endesa's most significant activities in the area to date:

- Project to analyse the vulnerability of Endesa's facilities with respect to climate change. Selected by MITERD's OECC as a model for the energy sector for the ADAPTA Initiative.
- HIDSOS IV Project: sustainability of water resources in line with global change.
- Endesa Reservoir Project and climate change.
- Adaptation to climate change in Endesa's distribution business.

- Participation in national/international projects/initiatives: RESCCUE, ANYWHERE and COPENICUS.
- Monitoring and participation in the United Nations international climate change summits (COPs).
- Technical committee for adaptation to climate change and working group to manage climate risks and their financial impacts, CONAMA (National Environment Congress).

3.1.4.3. Risks and transition opportunities

In relation to the risks and opportunities tied to transition variations, analysing the different reference scenarios combined with the items that form the risk identification process (for example, the competitive context, the long-term vision of the industry, the materiality analysis, the technological performance, etc.), promoters of potential risks and opportunities can be identified, granting priority to the most significant phenomena. The main risks and opportunities are outlined below.

3.1.4.3.1. Policy and regulation

- Limit on carbon dioxide (CO₂) emissions and price: introduction of regulations that require stricter emission limits, through both regulation and a market mechanism.
 - Opportunities: regulatory mechanisms both as a control and order type and as market mechanisms that strengthen the carbon dioxide (CO₂) price signs, encouraging investment in carbon-free technology.
 - Risks: lack of a coordinated approach between the different actors and regulators, resulting in a lack of effectiveness of the regulatory instruments, with consequences for the electrification and decarbonisation trend of the different sectors, with respect to Endesa's strategy, which is strongly oriented towards the energy transition.
- Policies and regulation to accelerate energy transition and security: introduction of policies, regulatory frameworks or market rules to encourage the energy transition, encouraging the transition towards an energy system based on the use of renewable energy sources, greater electrification of demand, energy efficiency, flexibility of the electricity system and enhancement of infrastructures.
 - Opportunities: Creation of a more favourable framework for investments in renewable energies, electricity technologies and distribution networks, in line with Endesa's strategy. The 2021-2030 PNIEC sets an ambitious target for the penetration of renewables, specifically indicating that by 2030, 42% of energy consumption will come from renewable sources and 74% of total electricity generation will be from renewable sources, consistent with the target of achieving a 100% renewable electricity sector in 2050, complemented by growing additional power in relation to storage. Likewise, in terms of energy efficiency, which is one of the pillars of the PNIEC, an improvement target of 39.5% is set by 2030.
 - Risks: obstacles to attain the energy transition objectives due to a regulatory framework and a market design that are not effective to facilitate this transition, slowness in the processes to obtain administrative authorisations, difficulty in undertaking projects due to situations, such as the lack of access to the grid, etc.
- Regulations on resilience and adaptation to improve standards, or the introduction of ad-hoc mechanisms to regulate investment in resilience, in a context of evolving climate changes.
 - Opportunities: benefits associated with the allocation of investments aimed at reducing the risks of quality and service continuity for clients.
 - Risks: reputational impact due to damage and service restoration times in the face of extreme events. Possible penalties due to a failure to respond adequately in terms of service restoration following an extreme event.
- Financial policies and instruments to encourage the energy transition: incentives for energy transition through appropriate policies and financial instruments, necessary to support a credible and stable long-term investment framework and positioning of the regulator. Introduction of rules and/or public and private financial instruments (e.g.: funds, mechanisms, taxonomy, benchmark) aimed at integrating sustainability into financial markets and public financing instruments.
 - Opportunities: creation of new markets and sustainable loan products, in line with the investment framework, activating the possibility of increased public resources for decarbonisation, access to financial resources in accordance with the energy transition objectives and subsequent impact on the cost of financing and the availability of grants for the transition.

- Risks: insufficient instruments and updates to provide incentives in accordance with an energy transition positioning, uncertainty or slowdown in the introduction of new instruments and rules due to the effect of the worsening of the public lending conditions.

3.1.4.3.2. Market

- Dynamics of the price of raw materials: changes in market dynamics, such as those related to the variability of commodity prices can impact the approach employed by traders, regulators and customers.
 - Opportunities: acceleration of electrification as a solution for reducing energy costs and exposure to the volatility of the price of raw materials. Greater willingness on the part of customers to switch from conventional technologies that use fossil fuels to more efficient electrical technologies.
 - Risks: Disorderly energy transition on account of the introduction of measures that potentially create distortion.
- Market dynamics: customer willingness to use more sustainable technologies, thanks to greater knowledge of the risks associated with climate change and greater regulatory pressure.
 - Opportunities: positive impact associated with the increase in demand for electricity, a bigger gap for renewable energy thanks to greater demand for long-term contracts (PPAs).

3.1.4.3.3. Technology

- Progressive penetration of new technologies to drive the energy transition, such as electric vehicles, storage, response of demand and electrolyzers for green hydrogen production; large-scale adoption of digital technologies to transform platform-based operating and business models.
 - Opportunities: investments in the development of technological solutions that facilitate the flexibility of the electricity system. More space for renewables on account of the production of green hydrogen.
- Electricity grids play a leading role in the National Integrated Energy and Climate Plan (PNIEC), as a facilitator to enable the integration of new renewable capacity into the system, while facilitating flexibility and demand management. To develop it, the National Integrated Energy and Climate Plan (PNIEC)

allocates 24% of the estimated investments, reaching a total of Euro 58,579 million.

- Risks: the slowdown and interruption of raw materials supply, such as metals for batteries (i.e., lithium, nickel, cobalt) and semi-conductors, may cause delays in the procurement and/or increase in costs, which may slow down the penetration of renewable energies, storage and electric vehicles.

3.1.4.3.4. Products and services

- Electrification of residential consumption and industrial processes: the progressive electrification of end uses increases the penetration of products capable of guaranteeing lower costs, a lower impact in terms of emissions and greater efficiency in the residential and industrial sectors (for example, heat pumps).
 - Opportunities: increased electricity demand in a context of decreasing energy demand, thanks to the increased efficiency and environmentally sustainability of the electricity vector. Increase in opportunities to offer value-added services to customers that will help them reduce energy expenditure and carbon footprint. Greater investment in the electricity grid to facilitate the electrification of demand.
 - Risks: increased competition in this market segment. Highly dependent on an adequate development of the electricity grid, necessary for guaranteeing growing demand as well as the continuity of the service.
- Electric mobility: use of more efficient modes of transport from the point of view of climate change, with particular reference to the development of electric mobility and charging infrastructures and the electrification of industrial consumption.
 - Opportunities: positive effects of increased demand for electricity and higher margins related to electricity transmission penetration and the associated services.
 - Risks: entry of new players into the market.

Generally, in the area of products and services, of note was the opportunity provided by the National Integrated Energy and Climate Plan (PNIEC), which materialises in three ways, and one of them is through the electrification of the economy, which will help to meet, among others, the 2030 target of attaining 42% renewable energy with respect to total end energy consumption, as well as achieving, in that same year, a reduction in non-ETS Greenhouse Gas

(GHG) emissions of 39% compared to 2005. More specifically and alongside the development of renewable energies, the electrification of demand should include a significant deployment of electric mobility and the use of electricity in residential heating. The National Integrated Energy and Climate Plan (PNIEC) envisages that the presence of renewables in the mobility-transport sector will be a driving force to promote its decarbonisation, with the aim of reaching 5 million electric vehicles by 2030. Likewise, the PNIEC incorporates ambitious plans for the renewal of residential equipment.

3.1.4.3.5. Impact of the transition risks and opportunities

Endesa has already implemented strategic actions to mitigate potential risks and to take advantage of the opportunities associated with energy transition variables. Through an industrial and financial strategy that incorporates ESG factors, with an integrated approach based on sustainability and innovation, it is possible to create long-term shared value. Endesa's strategy for total decarbonisation and the energy transition provides it with resilience in the face of the risks that might arise from the implementation of more ambitious emission-reduction policies, maximising the opportunities to develop renewable generation, infrastructure and enabling technologies. Unlike the chronic climate impacts, it is possible to affirm that impacts arise as a result of the transition scenario already in the short term and in the medium-long term (at 2030).

To quantify the risks and opportunities arising from the long-term energy transition, the transition scenarios described above have been taken into account. The effects of the "Slower Transition" and "Accelerated Transition" scenarios on the variables that could have the greatest impact on the business have been identified below, in particular electricity demand, influenced by the dynamics of demand electrification and therefore the penetration of electricity technologies, and the generation energy mix. These considerations offer ideas for determining what Endesa's strategic positioning might be in terms of resource allocation.

The reference scenario chosen foresees a growing ambition in terms of decarbonisation and energy efficiency, backed by an increased electrification of demand and the development of renewable generation. The dynamics of

the energy transition may provide growth opportunities for Endesa. In particular, in the retail electricity market, the progressive electrification of demand, especially in the transport and residential sectors, will lead to a significant increase in electricity consumption to the detriment of the consumption of various more emission-intensive energy sectors.

With reference to the economic impact of changing the transition scenarios, an analysis has been made of the impact in terms of EBITDA that the "Slower Transition" and "Accelerated Transition" scenarios would have on the 2030 results compared to the "Paris" reference scenario.

In the "Paris" scenario, emissions are on a downward trend in line with the European "Fit for 55" package, thanks to increased electrification of demand, supported by a growing share of renewables in the electricity generation mix.

The "Accelerated Transition" scenario considers a faster reduction in the costs of green hydrogen production technologies. This leads to a higher penetration of this energy vector, to the detriment of blue and grey hydrogen (hydrogen produced from gas, respectively with and without the use of CCS technologies), with a consequent additive effect on Spanish electricity demand and on renewable facilities compared to the "Paris" scenario.







As regards the electrification of demand, the "Slower Transition" scenario provides for lower penetration rates amongst the most efficient electric technologies, in particular electric vehicles, causing a decrease in electricity demand compared to the "Paris" scenario.

All scenarios, but to a greater extent, the "Paris" and "Accelerated Transition" scenarios will involve a considerable increase in the complexity of electricity grid management. In fact, a significant increase is expected in distributed generation and other resources, and storage systems, an increased penetration of electric mobility with its associated loading infrastructures, and a growing rate of electrification of demand and the appearance of new players with new consumption modes. This context will involve a decentralisation of consumer points/injection, an increased electricity demand and the average power required, a significant variability of energy flows, demanding a dynamic and flexible management of the grid. Endesa expects that additional investment will be needed in this scenario to ensure the connections and adequate levels of quality and resilience, fostering the adoption of innovative operating models.

The following table shows the potential economic impact of the risks and opportunities of the energy transition:

Time horizon: Short (2023–2025); Medium (until 2030); Long (2031–2050)

 Upside  Downside

Category	Time horizon	Main drivers	Scenario	Quantification-range			Mitigation actions
				<100 €mln	100–300 €mln	>300 €mln	
Market	Average	Penetration of electrification and unit consumption	Accelerated: Increase in average unit consumption due to greater electrification. Includes the effect in relation to greater efficiency. Positive impact resulting from higher revenues, partly offset by an increase in supply costs.				Adoption of measures with a view to increasing the number of customers to offset negative margins.
			Slow: Reduction in average unit consumption due to lower electrification. Negative impact due to lower revenues, partly offset by reduced supply costs.				
Products and services	Average	Scenarios for the development of green hydrogen	Accelerated: Impacts in relation to higher volumes caused by the increase in the penetration of indirect electrification through green hydrogen (with potential increase in development capacity)				
			Slow: Impacts in relation to lower volumes caused by lower penetration of indirect electrification through green hydrogen.				
	Average	Development of electric/ photovoltaic mobility	Accelerated: Variation in margins depending on higher level of penetration of electric mobility and distributed generation.				Mitigation through the service package delivery strategy
			Slow: Variation in margins due to lower level of penetration of electric mobility and distributed generation.				

3.1.5. Metrics and objectives

3.1.5.1. Carbon footprint

3–3 Emissions Management Approach

The current scenario of energy crisis, coupled with scientific evidence that reminds us annually that the window of opportunity to keep the temperature increase below 1.5°C is closing, is putting implementation of climate action to the test. This backdrop highlights the need to speed up decarbonisation, in which companies

must rise to the occasion by making significant changes to their operations and boosting sustainable transformation plans.

Endesa, as an electricity company, plays a crucial role in the energy transformation and is prepared to address the climate challenges that arise. Hence, it has launched

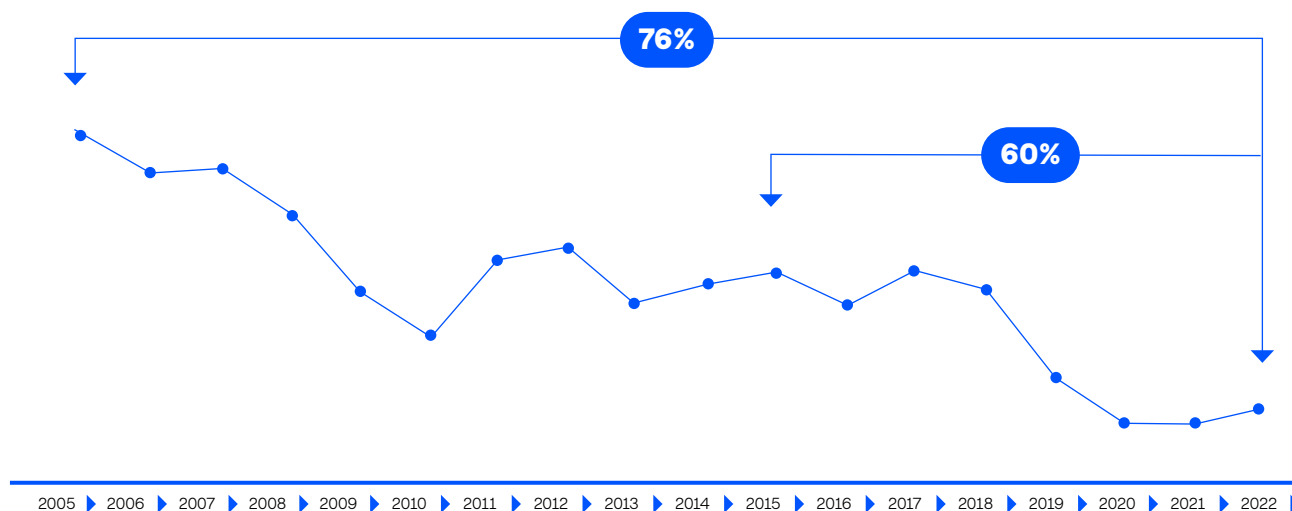
the new 2023–2025 Strategic Plan, which updates its energy transition pledge to become a company totally free from emissions in its generation of electricity and sale of energy (electricity and gas) in 2040. The Plan places decarbonisation at the centre of Endesa's strategy and confirms its ambitious roadmap in reducing emissions, thereby permitting its alignment with the 1.5°C scenario

of the Science Based Target Initiative (SBTi) for the electricity sector.

Once again, Endesa closes 2022 by consolidating the cumulative reduction of emissions; in 7 years since the adoption of the Paris Agreement it has reduced its emissions by 60% since 2015 (76% since 2005, when the Kyoto Protocol came into force).

Development of Endesa's ETS emissions under the EU ETS (European Union Emissions Trading System)

(Million tCO₂eq)



Endesa has been calculating and verifying its carbon footprint voluntarily since 2009. This process includes the development of a calculation methodology and its own IT tool, the implementation of a management system and the determination of a full inventory of GHG emissions and removals.

During 2022, Endesa verified its carbon footprint for the 2021 financial year and published the corresponding report¹⁷.

Endesa has registered its carbon footprint since 2013, demonstrating that it is on track to reduce its emissions, according to the criteria established by the Spanish Climate Change Office.

The Ministry of Ecological Transition and Demographic Challenge has once again recognised the efforts and results already achieved by Endesa in its Carbon Footprint 2021, granting for yet another year the triple seal of the Carbon Footprint Register awarded by the Spanish Office for Climate Change to those organisations committed to calculating, reducing and offsetting their emissions.



¹⁷ <https://www.endesa.com/content/dam/endesa-com/home/compromiso/descarbonizaci%C3%B3n/Huella%20de%20carbono%202021.pdf>

3.1.5.2. Direct and indirect Greenhouse Gas (GHG) emissions

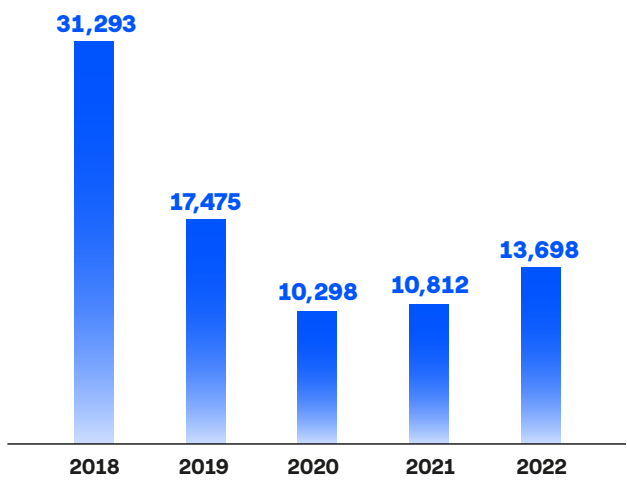
305-1 305-2 305-3
305-5 CO₂eq emissions Scope 1, 2 and 3

Endesa is working constantly to move forward on the defined path towards becoming a company with completely decarbonised generation and supply operations by 2040, with its ambition to reach this goal progressively increas-

ing. Proof of this is the reduction in the company's greenhouse gas emissions in recent years (49% reduction compared to 2017).

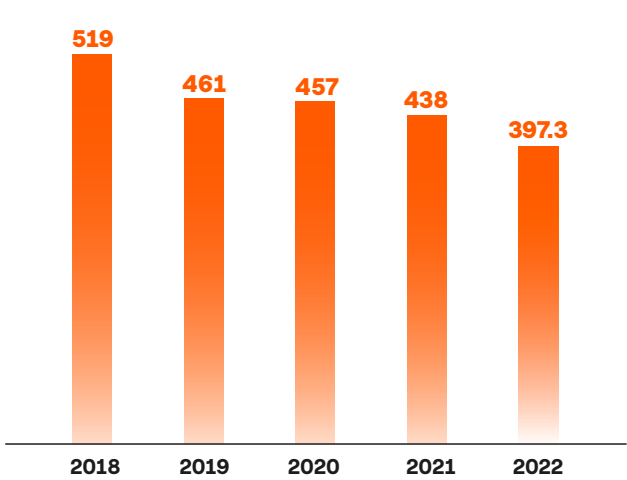
Scope 1

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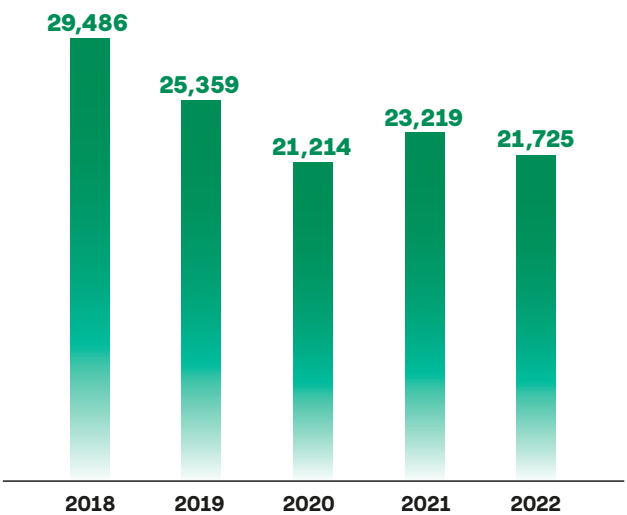
Scope 2

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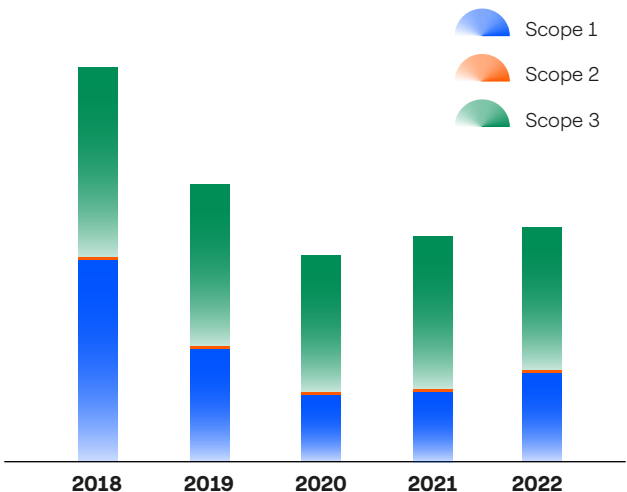
Scope 3

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Emissions performance

ktCO₂eq



CO₂eq emissions⁽¹⁾

t

Scope Type	2020	2021	2022
CO ₂ eq (t) Scope 1	10,298,310	10,812,036	13,698,169
CO ₂ eq (t) Scope 2 ⁽²⁾	457,184	437,734	397,332
CO ₂ eq (t) Scope 3 ⁽³⁾	21,213,651	23,219,016	21,725,118
Total	31,969,145	34,468,785	35,820,619

⁽¹⁾ The results listed in the table above for 2020 and 2021 are the verified values. Any difference with previously published data corresponds to the fact that at the time of publication of the previous report, the external verification process was being carried out in accordance with UNE EN ISO 14064 and the results were subject to some modification. At the date of publication of this report the calculation of Endesa's Carbon Footprint results for 2022 is in the process of verification. Endesa calculates and verifies its emissions according to the guidelines contained in the GHG Protocol.

⁽²⁾ The results of scope 2 of Endesa's carbon footprint are obtained by applying the following approaches: the market-based approach is applied to electricity consumption, while the location-based approach is applied to technical losses produced during electricity distribution.

⁽³⁾ Scope 3 of 2022 includes emissions associated with the manufacture of installed equipment and services provided.

Scope 2 CO₂eq emissions

t

Tipo de Alcance	2020	2021	2022
CO ₂ eq (t) Scope 2 (location based) ⁽¹⁾		433,811	393,958
CO ₂ eq (t) Scope 2 (market based) ⁽²⁾		810,254	728,921

⁽¹⁾ Location based: calculation methodology using the emission factor of the electricity grid to which the installations are connected.

⁽²⁾ Market based: calculation methodology using the emission factor of the electricity supply company.

With regard to the increase observed in direct emissions in 2022, there should be special mention for the context of the energy crisis, which began in 2021 as a result of the reactivation of activity as crisis caused by the pandemic was coming to an end and which worsened in 2022 as a

result of the conflict between Russia and Ukraine, all of which led to a regulatory and market context that led to a higher level of operation of Endesa's mainland installations that use fossil fuels.

GHG emissions by geographical distribution⁽¹⁾CO₂eq, t

	Scope 1	Scope 2	Scope 3
Spain	11,970,008	397,332	14,849,618
Portugal	1,728,161	0	3,110,891
France	0	0	2,388,049
Germany	0	0	1,159,770
Netherlands	0	0	196,282
Andorra	0	0	20,509
Total	13,698,169	397,332	21,725,118

⁽¹⁾ As of the date of publication of this report, the calculation of Endesa's Carbon Footprint results for 2022 is in the process of being verified, so the data included are provisional. Once the verification has been completed, the final data will be published in the 2022 carbon footprint report.

GHG emissions by gas type⁽¹⁾CO₂eq, t

	Scope 1	Scope 2	Scope 3
CO ₂	13,471,711	395,306	20,459,157
CH ₄	193,477	828	1,237,321
N ₂ O	18,598	1,197	28,641
SF ₆	14,383	0	0
HFCs	0	0	0
Total	13,698,169	397,332	21,725,118

⁽¹⁾ As of the date of publication of this report, the calculation of Endesa's Carbon Footprint results for 2022 is in the process of being verified, so the data included are provisional. Once the verification has been completed, the final data will be published in the 2022 carbon footprint report.

GHG emissions by business line⁽¹⁾

CO₂eq, t

	Scope 1	Scope 2	Scope 3
Generation	13,495,872	0	3,773,634
Natural gas supply	126,719	0	14,190,593
Electricity distribution	74,152	387,822	15,662
Electricity supply	366	0	2,146,673
Port terminal management	11	1,079	42
Administrative activities in buildings ⁽²⁾	1,050	8,431	1,598,512
Total	13,698,169	397,332	21,725,118

⁽¹⁾ As of the date of publication of this report, the calculation of Endesa's Carbon Footprint results for 2022 is in the process of being verified, so the data included are provisional. Once the verification has been completed, the final data will be published in the 2022 carbon footprint report.

⁽²⁾ Includes emissions associated with the manufacture of installed equipment and services supplied.

Breakdown of ghg emissions by source*

CO₂eq, t

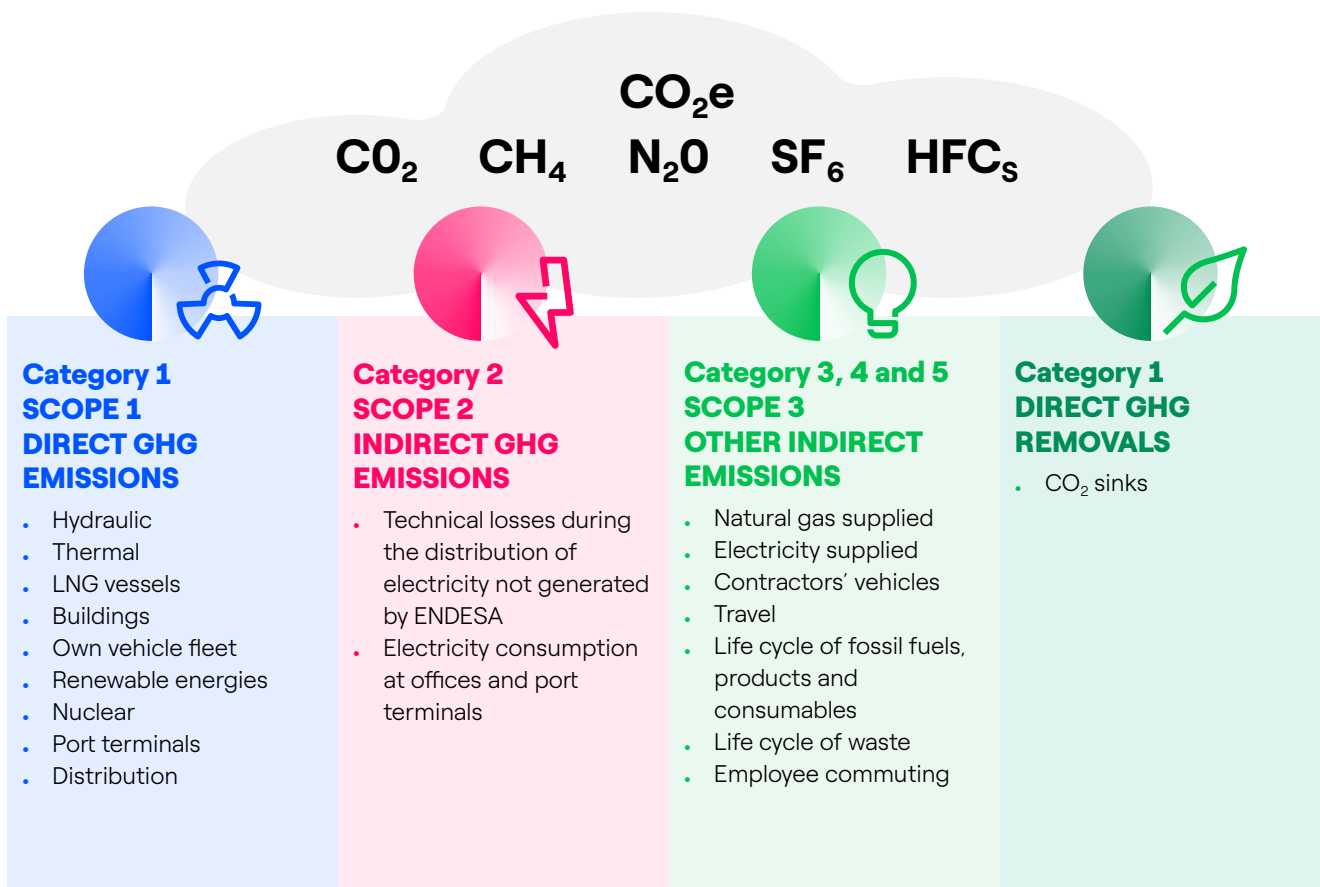
Direct greenhouse gas emissions	13,698,169
Emissions from stationary sources	13,398,383
Direct emissions from stationary sources in thermal generation	13,327,229
Direct emissions from stationary sources in other businesses	71,154
Direct fugitive emissions from anthropogenic systems	169,304
Direct emissions of SF6 in electricity distribution facilities and generation plants.	14,383
Direct emissions at ENDESA-owned reservoirs associated with hydroelectric generation.	154,921
Fugitive direct emissions from air conditioning and fire protection systems	0
Emissions from combustion in mobile sources	130,482
Direct emissions from mobile combustion sources (vehicles)	3,977
Direct emissions from mobile combustion sources (LNG shipping)	126,505
Indirect GHG emissions due to imported energy	397,332
Emissions due to losses in electricity distribution	387,822
Emissions from electricity consumption in buildings and port terminals	9,510
Emissions associated with electricity consumption in the electric vehicle fleet	0
Indirect GHG emissions from transport	7,665
Emissions associated with subcontracted mobile combustion sources	3,367
Emissions associated with business travel (train, plane, rental vehicles, taxi and hotel stays)	1,299
Emissions associated with commuting.	2,999
Indirect GHG emissions from products used in the organisation	8,023,903
Emissions associated with the life cycles of the fuels consumed	6,418,931
Emissions associated with waste transport and management	9,008
Emissions from the production and transport of chemicals/consumables purchased	1,977
Emissions due to the life cycle of the water consumed	134
Emissions associated with the life cycle of products and services used by the organisation	1,593,853
Indirect GHG emissions from use of the organisation's products.	13,693,551
Emissions associated with retail sales of natural gas	11,546,878
Emissions associated with retail sales of electricity	2,146,673
TOTAL direct GHG emissions	13,698,169
TOTAL indirect GHG emissions	22,122,449
TOTAL GHG emissions	35,820,619

⁽¹⁾ As of the date of publication of this report, the calculation of Endesa's Carbon Footprint results for 2022 is in the process of being verified, so the data included are provisional. Once the verification has been completed, the final data will be published in the 2022 carbon footprint report.

Breakdown of Scope 1 2 and 3 GHG emissions

Endesa analyses all possible sources of emissions from the different activities it carries out and determines the inventory of emissions to be reported, including the most relevant

and those considered important to report, taking into account the activities carried out. It considers significant emissions to be those that represent more than 5% of their category. The emission sources considered for the calculation of the carbon footprint are those indicated below.



The following table includes the most relevant greenhouse gas emissions, as well as a detail of scope 3 according to the categories defined in the GHG Protocol ¹⁸.

Detail of the different categories of scope 3 according to GHG Protocol⁽¹⁾

Category	Description	tCO ₂ eq
1	Goods and services purchased: includes the emissions of the life cycle stages of the chemicals consumed in the different activities. Includes manufacturing and transportation.	2,111
2	Capital equipment: supply chain of the main equipment	1,593,853
3	Fuel and energy: upstream emissions from purchased fuels, emissions from the generation of electricity sold and not generated by Endesa	8,568,971
4	Upstream transport and distribution: emissions included in category 1	—
5	Waste generated from operations: emissions from the final treatment processes of the waste generated in the activity.	9,008
6	Business trips: emissions from the transport of employees for work purposes (train, plane, hire cars, taxi and hotel nights).	1,299
7	Employee commuting: emissions resulting from employee commuting.	2,999
11	Use of products sold: includes the burning of natural gas, the use of electricity does not generate emissions	11,546,878

⁽¹⁾ As of the date of publication of this report, the calculation of Endesa's Carbon Footprint results for 2022 is in the process of being verified, so the data included are provisional. Once the verification has been completed, the final data will be published in the 2022 carbon footprint report.

¹⁸ The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition) (GHG Protocol), this provides the requirements and guidance for companies and other organisations on how to prepare a GHG emissions inventory.

SF₆ emissions

In 2022, Endesa maintained the commitments agreed in the framework of the new 2021-2023 Voluntary Agreement, signed by the Ministry of Ecological Transition and Demographic Challenge and the main players of the Spanish energy sector, for more environmentally friendly integral management for the use of SF₆ in the electricity industry. The main objective is to contribute to Spain's greenhouse gas emission reduction target in diffuse sectors.

Thanks to the data sent by all the components of the Voluntary Agreement to the inventories unit of the Ministry of Ecological Transition and Demographic Challenge, compliance was proven with the SF₆ emission reduction targets for the manufacturing and installation, service and maintenance phases for electrical equipment that use SF₆, in 2022.

The adoption of the revision of Regulation (EU) 517/2014 on fluorinated greenhouse gases may lead to the revision of this agreement to adapt it to the new regulation.

Intensity of emissions

305-4

The intensity of the emissions associated with electricity generation is calculated from the Scope 1 emissions from the consumption of fossil fuels for the production of electricity, divided by net electricity production. The intensity of greenhouse gas emissions from electricity generation is one of the objectives in the 2023-2025 Strategic Plan.

The emissions intensity associated with electricity trading (electricity generation process plus market purchases) is

calculated from scope 1 emissions from fossil fuel consumption for electricity production, plus scope 3 emissions associated with the production of electricity purchased from the market, divided by electricity sales to final customer. The intensity of greenhouse gas emissions associated with the trading of electricity is one of the objectives in the 2023-2025 Strategic Plan.

The following table shows the variations of the two intensities of emissions:

CO₂ emissions

Emissions type	2020	2021	2022
Absolute (tonnes of CO ₂)	10,127,975	10,512,071	13,271,636
Specific (kgCO ₂ /kWh)	0.18	0.18	0.205

GHG emissions intensity for scopes 1, 2 and 3

	2020	2021	2022
GHG emissions (tCO ₂ eq)	31,969,145	34,468,785	35,820,619
Revenue (million euros) ¹	17,050	20,899	32,896
GHG emissions intensity (tCO ₂ eq/ million euros)	1,875	1,649	1,089

Scope 1 GHG emissions 1 (tCO₂eq)

	2020	2021	2022
Gross scope 1 GHG emissions	10,298,310	10,812,036	13,698,169
Scope 1 GHG emissions included in the European emissions trading system	10,127,975	10,512,071	13,271,636
Share of Scope 1 GHG emissions covered by the European Emissions Trading System (%)	98.3	97.2	96.9

3.1.5.3. Objectives

3-3 Emissions Management Approach

Time horizon	Year	Greenhouse Gas (GHG) emission reduction target
In the short term:	2025	Specific scope 1 greenhouse gas (GHG) emissions from electricity generation: 145 gCO ₂ eq/kWh. (~-67% compared to 2017). Specific scope 1 and Scope 3 greenhouse gas (GHG) emissions from electricity supply (electricity generation plus purchases in the market): 140 gCO ₂ eq/kWh.
Medium term:	2030	Specific scope 1 greenhouse gas (GHG) emissions from electricity generation: <95 gCO ₂ eq/kWh. (~-80% compared to 2017). Specific scope 1 and Scope 3 greenhouse gas (GHG) emissions from electricity supply (electricity generation plus purchases in the market): <90 gCO ₂ eq/kWh. (~-80% compared to 2017).
Long-term:	2040	Total decarbonisation of electricity generation without using CO ₂ offset instruments.

In 2021 Endesa undertook to its energy mix being completely emission-free by 2040. The definition of its 2023-2025 Strategic Plan increased the ambition of this commitment by setting an integrated target for generation and supply of electricity, so that all of the electricity it supplies will be free of emissions by 2040. 90% of the investment included in the Plan is directly related to the UN Sustainable Development Goals, and more than 80% is in line with the European Union taxonomy.

By updating its Strategic Plan for the 2023-2025 period, Endesa reaffirms its energy transition strategy that is based on the 10% increase in the installed capacity of renewable sources compared to the previous plan, which will allow it to reach an emission-free capacity of 13,900 MW in 2025 (this figure includes 241 MW of storage with batteries and hydrogen), 51% more than at the end of 2022. With this, 91% of electricity production in the Iberian Peninsula will be emission-free, from 60% at the end of this year. The new renewable capacity that will be added to Endesa's energy mix in the period covered by the Plan will amount to 4,400 MW. The renewable deployment will grow to an average of 1,500 MW per year and the total investment contemplated in the period of the Plan amounts to 4.3 billion euros.

This growth in renewables is based on a portfolio including some of the largest and most diversified projects in the sector, with about 85 GW, of which 14 GW are at a mature administrative stage and just over 1,000MW are already in execution. 58% of the portfolio is solar, 16% wind and an-

other 20% corresponds to battery storage projects. The 2023-2025 Plan includes 200MW of this type of storage, technology that is incorporated as a novelty compared to the previous plan associated with the two large fair transition projects assigned in 2022 in Pego (Portugal) and Andorra (Aragón).

Endesa's strategy, which is launched through its 2023-2025 Strategic Plan, responds to the current climate emergency and defines a decarbonisation path aligned with the 1.5°C objective that covers the main direct and indirect emissions. Endesa thus contributes to the goal certified by the Science Based Target initiative (SBTi) at group level by its parent company, Enel. The company is accelerating the exit of its generation business based on fossil fuels, such as the sale of gas, to become a 100% renewable electricity company with no links to emitting production technologies or fossil fuels, setting additional intermediate emission objectives for 2025 and 2030.

It should also be noted that, following the SBTi methodology for the establishment of emission reduction objectives and assuming Scope 2 less than 5% of emissions (Scope 1 + 2), no reduction target has been established for Scope 2 emissions because it is not considered material.

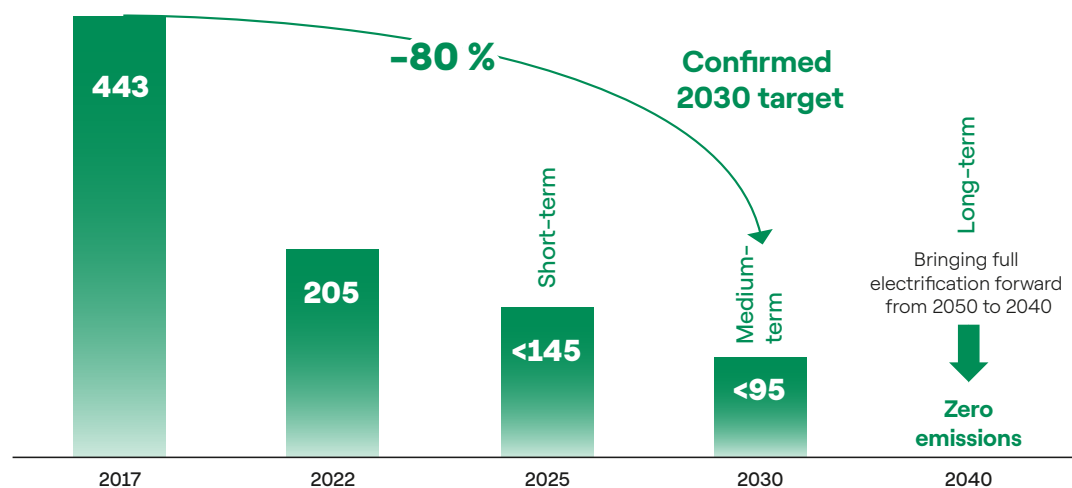
With regard to other emissions, as part of the SBTi objective certified at the level of the Enel Group, Endesa aims to become "NET Zero" by 2040. Maintaining the aspiration to achieve zero emissions, the use of neutralisation instruments would eventually be considered for emissions that have no emission-free technological solution.

Reduction of GHG emissions from the generation business

The investment in renewables envisaged in this Plan amounts to Euro 3,100 million to achieve 92% of mainland Spain production free of CO₂ emissions by the end of 2024.

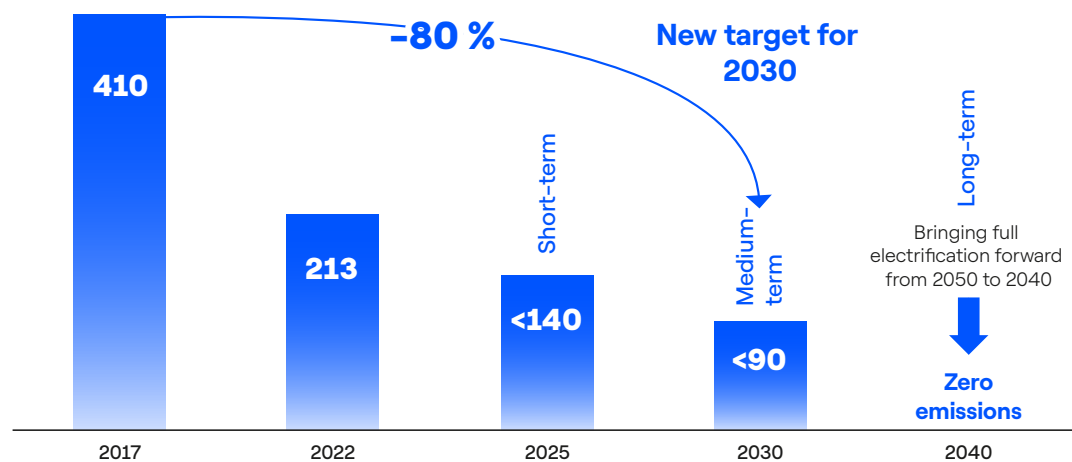
Together with the update of the Strategic Plan to 2024, Endesa has revised the vision of its main business objectives for 2030 with more ambitious criteria, including the objective of achieving specific Scope 1 emissions of less than 95 gCO₂e/kWh (representing an 80% reduction compared to 2017).

Scope 1 emissions (gCO₂e/kWh)



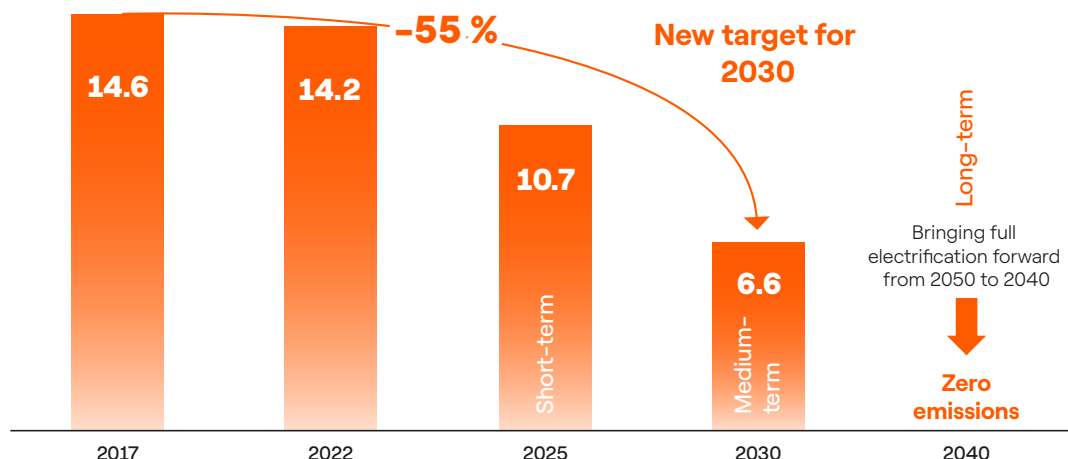
Reduction of GHG emissions from electricity sales

Scope 1 & 3 Emissions (gCO₂e/kWh)



Reduction of GHG emissions from gas sales

Scope 3 Emissions⁽¹⁾ (MtCO₂eq)



⁽¹⁾ The target does not include mergers and acquisitions.

3.1.6. Climate change initiatives

3.1.6.1. CDP

By 2022, more than 680 institutional investors with USD 130 trillion in assets, and more than 280 large customers with USD 6.4 trillion in purchase volume have urged companies to disclose their performance on environmental impacts, risks and opportunities through the CDP platform on climate change, water security and forests. This same year, nearly 19,000 companies more than and 1,100 cities, states and regions have responded to the proposed questionnaires, revealing their environmental impacts.

Since 2006, Endesa has participated in the CDP Climate Change initiative, the most prestigious climate change index, which provides global information on the management of the risks and opportunities identified by the largest companies worldwide.

In 2022, Endesa renewed its "Leadership" rating for the sixth year running.

3.1.6.2. Climate Projects

201-2

Endesa continues to participate in the Climate Projects led by the Spanish Climate Change Office and, for the fourth year running, it obtained the "Certificate of recognition of verified emission reductions" from the Ministry of Ecological Transition and Demographic Challenge, after a thorough process of verifying its projects in 2022.

Climate Projects are projects promoted by the Ministry of Ecological Transition and Demographic Challenge, through the Carbon Fund for Sustainable Economy (FES-CO₂), with the primary objective of reducing greenhouse gas (GHG) emissions in the so-called "non-ETS sectors" and of marking a path of transformation of the production system towards a low carbon model.

In 2022, Endesa was recognised for its verified emission reductions thanks to 3 activities focused on the areas of mobility and sustainable engineering.

- Two activities are a part of sustainable mobility: The 2018 and 2019 Employee Electric Mobility Plans are in place, once again offering employees the possibility of obtaining an electric vehicle at a lower cost for an extendable period of three years.
- The Electric Mobility Plan for construction vehicles aims to replace combustion vehicles used in the displacements of construction works of new renewable plants, with 100% electric vehicles, thus reducing carbon dioxide (CO₂) emissions.

The Sustainable Engineering program involves the installation of photovoltaic plates in construction works of new renewable plants to generate electricity, thus reducing the consumption of fossil fuels in ancillary generator sets.

Thanks to its participation in Climate Projects, Endesa has achieved recognition of the reduction of 437 tonnes of CO₂ in 2022, totalling almost than 2,300 tonnes of CO₂ avoided since the start of recognition of the Climate Projects.

3.1.7. Carbon market

Endesa uses a carbon price benchmark associating a cost to CO₂ emissions to optimise decision-making when selecting projects with associated capital investment, managing risks or planning business strategy.

Carbon market prices

€					
Scope	Type of internal carbon price	Distribution	Price (per tonne of CO ₂ eq) 2020	Price (per tonne of CO ₂ eq) 2021	Price (per tonne of CO ₂ eq) 2022
Scope 1	Shadow price	The whole company	24.7 €	53.2 €	80.87 €

Endesa recognises the role of carbon price mechanisms in providing an adequate price signal for carbon dioxide (CO₂) emissions and as the most effective way to instrumentalise compliance with committed emission reduction targets. For this reason, Endesa supports the reform of the ETS (Emissions Trading System) proposed by the EU, which must be strengthened to pursue the EU's greater climate ambition and supported by a Carbon Border Adjustment Mechanism. The linear reduction factor should be increased to achieve the additional emission reductions required from the ETS sectors and to provide a clear price signal to the market. The market stability reserve should be reviewed to increase price stability and balance the market surplus. The introduction of the road transport and buildings sectors in the ETS should be approached with caution as it could compromise the reliability of the carbon price signal in the short and medium term and have significant negative impacts in terms of just transition. Finally, Endesa supports the adoption of the Carbon Frontier Adjustment Mechanism to provide greater climate ambition while reducing the risks of carbon leakage. Implementation of the mechanism should go hand in hand with intensified dis-

cussions on increasing climate ambition with the EU's main global trading partners. In summary, Endesa considers that either through its extension or through emission taxation instruments, there must be an adequate price signal for any issue, regardless of its origin.

In addition to the carbon price considered in investment decision-making, in 2022 Endesa launched a new project, called the Internal Carbon Price. Through this project, the emissions linked to the daily work management of all the company's employees, emissions related to the use of offices, commuting, travel and the fleet will be calculated annually, to which an agreed price will be applied that will tax them. The monetary contributions of all employees, channelled through each organisational unit, will be transferred to a Climate Fund that will be used to undertake relevant climate action actions that help reduce emissions.

The project complements the company's already ambitious roadmap towards the decarbonisation of its energy mix, established in its Strategic Plan, with the aim of going one step further by increasing this ambition thanks to the awareness and involvement of all its employees in reducing emissions from their work activity.

3.1.7.1. Carbon market and offsetting mechanisms

EU5

Flexible project-based emission reduction mechanisms, such as the Clean Development Mechanism (CDM), have represented an important part of Endesa's climate change strategy.

The voluntary market development activity is carried out by the Global Wholesale and Trading unit.

3.2. Just energy transition



Actions deserving special mention

- 1** Endesa has been awarded the just transition tenders in Andorra (Teruel) and Pego (Portugal), with a total access capacity of 1,202 and 628 MW respectively.
- 2** Endesa has increased its renewable capacity by 903.62 MW to 9,293 MW, of which 4,668 MW correspond to large hydro, 2,882 MW to wind power, 78 MW to mini-hydro, 1,664 MW to solar photovoltaic and 0.5 MW to biogas plants.

The scope of the information provided in this chapter covers both Endesa, S.A. and its investee companies in Spain and Portugal, the same as in the Legal Documentation reports. For further information, see sections 1.1.2.6. *Organisational*

structure and 2. *Report boundary (Appendix I: Methodology for preparing the report)*. Possible variations on the scope described here are presented throughout the chapter, where appropriate.

Endesa remains committed to contributing to a just transition, leaving no one behind, promoting the creation of sustainable and decent jobs. For Endesa, collaboration between governments, the private sector, civil society and other stakeholders is critical to achieving the climate targets following an inclusive approach.

In this context, Endesa considers the right transition part of its business model and, at the end of 2019, joined the United Nations commitment to a Just Transition under the "Climate Action for Employment" initiative. A sign of this commitment are the Futur-e projects, a unique and voluntary initiative managed through dialogue with local communities, aimed at promoting the performance of economic activities and job creation in areas in which the plants that cease their activity are located.

Alongside the closure requests, Endesa is voluntarily preparing and submitting an action plan for each plant to mitigate the impact caused by the decline in activity, Futur-e Plan, aimed at promoting the performance of

economic activities and job creation in the areas in which the plants are located, from a Just Transition approach.

Beyond the construction process and job creation which involves the implementation of these projects, Endesa has followed within them a development model that includes actions to create social value for the environments in which they are located. These initiatives are highly diverse and respond to the needs of each municipality, after carrying out studies with the local authorities.

For further information, see chapter 3.6.2. *Engaging with local and global communities*.

In 2022, Endesa was awarded the just transition tenders in Andorra (Teruel) and Pego (Portugal), with a total access capacity of 1,202 and 628 MW respectively, a capacity that allows Endesa to develop very relevant projects that make it possible to accelerate the planned decarbonisation process. For more details see chapter 3.1. *Our zero emissions ambition*.

3.2.1. Closure of thermal power plants

In April 2020, Endesa signed the “Agreement for a Just Energy Transition for Coal Plants in Closure: Employment, Industry and Territories”, with the Ministries for the Ecological Transition and the Demographic Challenge and the Ministries of Labour and Social Economy, and UGT FICA and CCOO Industria unions. Confirming its priority objective of maintaining and creating activity and employment in the areas affected by the closures of coal-fired power plants, through the accompaniment of sectors and groups at risk, the establishment of population in rural territories and the promotion of diversification and specialisation consistent with the socio-economic context, taking advantage of the endogenous resources of the territory, and attracting exogenous investments primarily in those sectors that present better sustainability results, both environmentally, economically and socially.

The commitment to the complete decarbonisation of the mix involves the total closure of the coal-fired thermal generation plants, which in Endesa consists of five plants, and represents 39% of its total thermal generation fleet in Spain as well as the Pego plant in Portugal. All of them are currently in the process of closing down, although with different degrees of progress: Compostilla, Andorra and Litoral are already in the process of being demolished. As Postes has received authorisation to close two of the four

groups, leaving the closure of the other two groups conditioned to variables in power availability for the electricity system. Alcudia is authorised to close groups 1 and 2 since December 2019, which are currently in the process of reduced dismantling. For groups 3 and 4, closure authorisation is not expected before 2027. With regard to Pego, the production licence expired in November 2021.

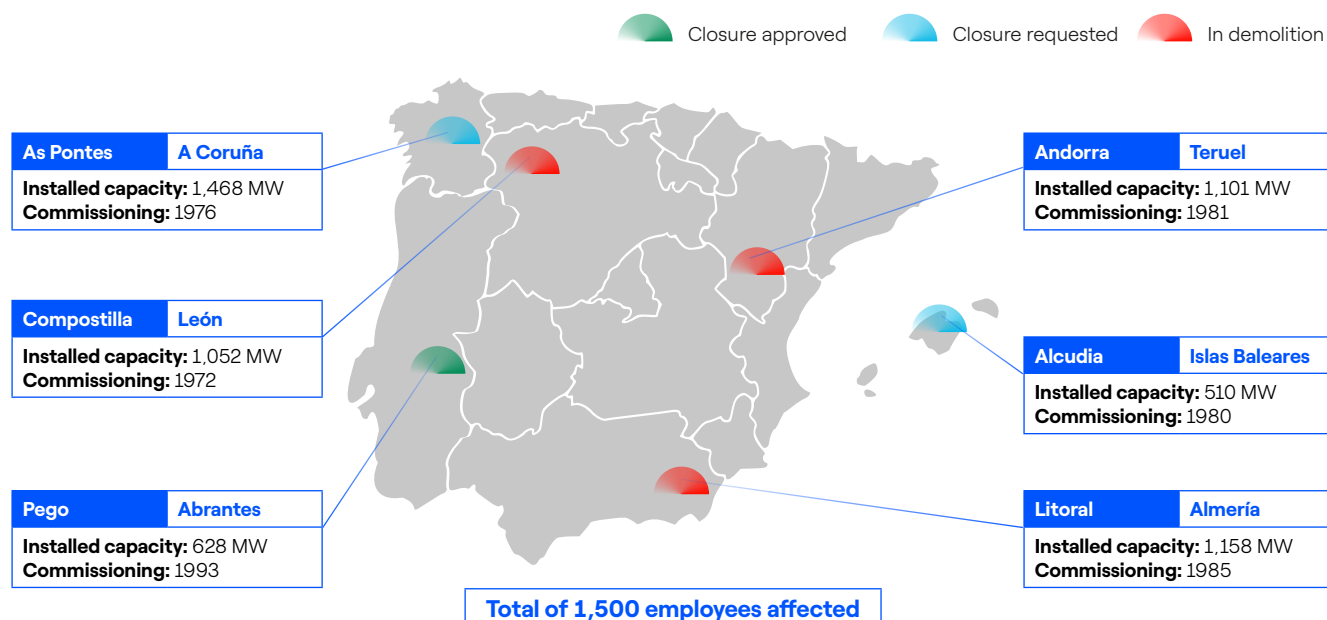
These closures affect an estimated total of about 1,500 workers (direct and indirect), and also represent a decrease in economic activity in the area. The cessation of activity of these plants will have a direct impact on the local communities that Endesa, in its commitment to these territories, aims to mitigate through its Future Plans.

In 2022, progress was made in the dismantling projects of Compostilla and Andorra, having formed a total of 294 and 166 people respectively since the beginning of the projects.

Meanwhile in Litoral, having obtained the closure authorisation at the end of 2021, the dismantling project was launched in 2022 and training in Occupational Risk Prevention was given at the local level, certifying a total of 106 people.

These projects are being executed under a Circular Dismantling Plan, which, among other measures, highlights the internal reuse of equipment and sale to third parties.

5.7 GW of coal plants in process of being shutdown 39% of Endesa's thermal generation fleet^(*)



^(*) Excluding nuclear power plants.

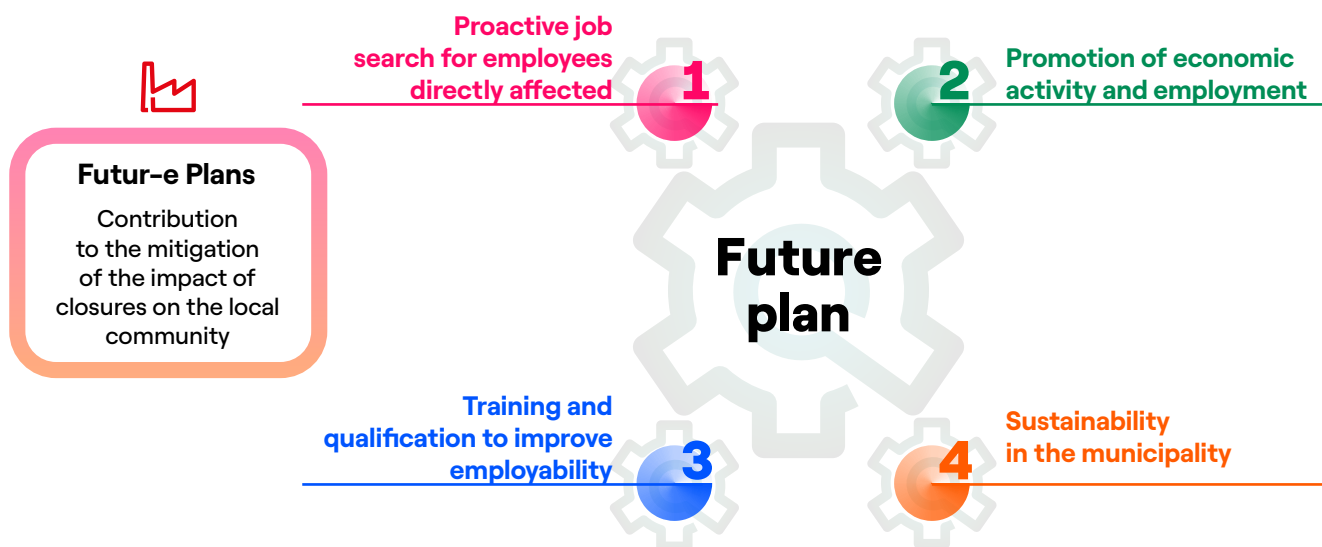
3.2.1.1. Support for decarbonisation projects: Futur-e Plans

Each of the plants being closed has an associated Future Plan, which Endesa voluntarily submitted to the competent Ministry together with the request for authorisation of these closures.

The plan has **4 main lines of action**:

- **Proactive search for employment** for the employees directly affected by the closure.
 - With a policy of zero dismissals for own workers, relocation plans are launched in agreement with the union representations for the relocation in the vacancies of the company, with criteria that minimise geographical mobility with change of address and with training measures to improve their technical training and professional retraining.
 - For people registered in the Just Transition Exchanges organised by the Just Transition Institute, there are prioritisation criteria in training and hiring linked to the projects planned in the area. To date, there are already more than 1,200 people hired in the Andorra dismantling project, more than 570 for the Compostilla project and more than 460 for the Litoral project.
- **Promotion of economic activity and employment in the area**, becoming priority areas for investment in renewable energies if there is a solar or wind resource, as is the case of the Andorra plant, where project tenders will be held for non-energy use of the site. Otherwise, in the Compostilla and Litoral power plants, investment will be encouraged for reindustrialisation and employment in the area, something that is already underway.
- **Training plans** for professional retraining of the local population, a common denominator in all Endesa projects, both dismantling and renewable construction, very important for the professional recycling of the local population in future activities for the area. 14 courses have already been completed in the areas of Compostilla and Andorra, training about 600 people, mainly in dismantling and training related to renewable energies. A total of 30 additional courses are planned for 1,500 beneficiaries.
- Measures for the **sustainability of the municipality** where the plant under closure is located, which is directly affected by the reduction of taxes derived from the cessation of activity, through energy efficiency plans and self-consumption programs for savings on your electricity bill.

Future plan in relation to closure projects



The Future Plan will be permanently open to flexibly include new feasible initiatives proposed by the different stakeholders involved

3.2.1.2. Just Transition Tenders

Endesa has been the only winner of the first two just transition tenders held to date in Spain and Portugal. In both cases, the network capacity that remains available after the closure of these coal plants was submitted to public tender, specifically, 1,202 MW in the case of Andorra-Mudéjar and 628 MW in the case of Pego-Abrantes.

The key to winning them has been the socio-economic plans to accompany each of the projects, focused on the benefits generated with the proposal to the local communities directly affected by the closure, constituting in both cases more than 50% of the total score.

- In the case of Andorra-Mudéjar, with 55% of the score, the socioeconomic criterion focused mainly on the promotion of employment, training, opportunities for the local/regional industrial value chain, the creation of energy communities and the participation of local capital in the investment of the project.
- In the case of Pego, with 60% of the score, it focused on job creation, training, advantageous supply conditions for the municipality and electric mobility.

Andorra-Mudejar Project

Regarding the Andorra-Mudejar tender, this award opens up the opportunity for Endesa to implement a great future project for the area, with a socio-economic support plan built in a participatory manner with more than 30 local agents for almost 3 years. It will be a reference model in just energy transition, where more power will be installed and create more jobs than were lost with the closure of the

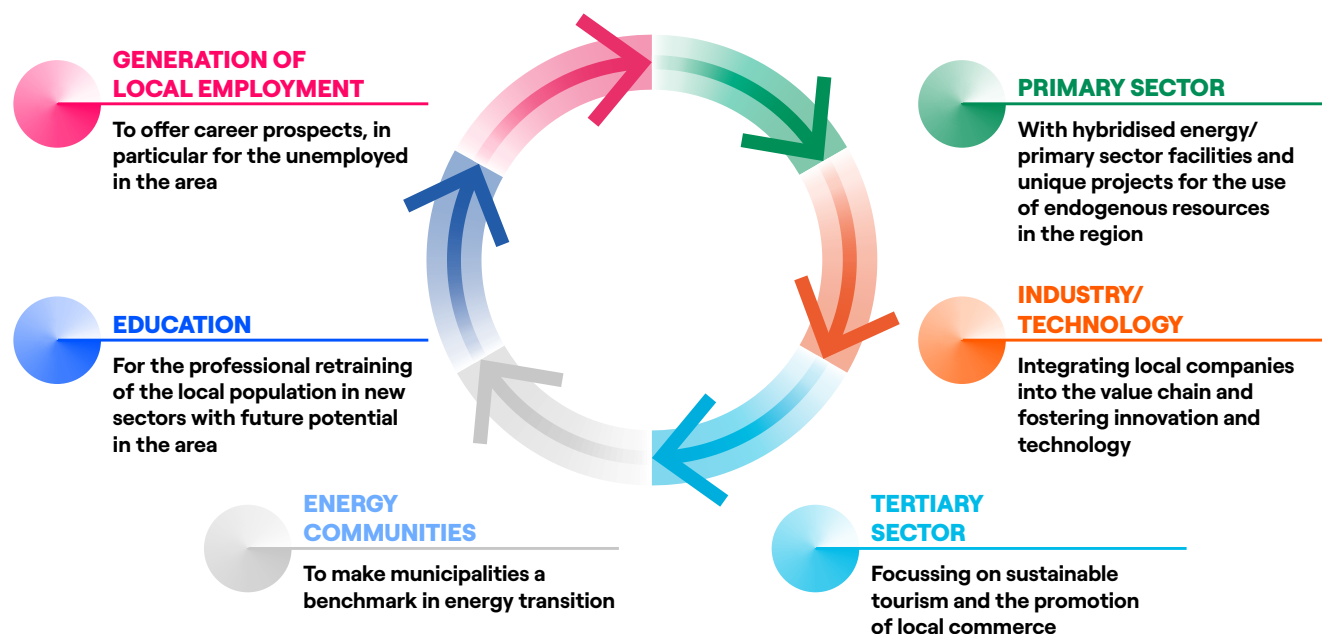
coal plant. With a total of 1.54 billion euros of investment, 6,300 jobs will be created, counting the construction and operation phases of the facilities, generating more than 370 direct permanent jobs in the area for the operation of these facilities. In short, it will be a project with a vocation of permanence in the territory.

The technical project particularly stands out due its innovative character. A total power of 1,843.6 MW is proposed, with the hybridisation of renewable energies, 7 solar and 7 wind projects, 2 energy storage projects, a green hydrogen project and a synchronous compensator. This makes them unique, as it makes it possible to take full advantage of the performance of these technologies, higher quality and energy security and balance in service by producing as many hours as possible. The new renewable plants will be located in the municipalities of Albalate del Arzobispo, Híjar, Samper de Calanda-Castellnou, Andorra, Calanda, Alcañiz, La Puebla de Híjar, Jatiel, and Alcorisa.

The socio-economic development plan that accompanies it is the result of an exercise of social craftsmanship, immersion and active listening with the community, and has the collaboration of more than 30 entities and local agents of the three productive sectors. The plan aims to create local employment, fix population in rural environments, diversification of the economy based on the endogenous resources of the territory, focusing on groups affected by the closure, women and vulnerable groups in rural areas, mainly unemployed and young people. In addition, always in terms of inclusion, integrating people with disabilities, as a key element in the company's sustainability strategy.

Social-economic support plan

Surrounding area of the 3 productive sectors, involving more than 30 local agents



The **primary sector** has the involvement of 15 local agents and involves the creation of more than 120 permanent jobs, renewable facilities hybridised with cereal and aromatic agriculture, sheep grazing and beekeeping. Also incorporating innovation and technology, with the sensorisation of the land and the planned use of ecological fertiliser based on microalgae. In addition, unique projects will be developed with reference agents in the area that will allow the use of endogenous resources.

For the **secondary sector**, projects are planted in alliance with 5 companies for the development of industrial activity related to the value chain, which will generate 240 permanent jobs. For the **tertiary sector**, initiatives focused mainly on sustainable tourism and promotion of local trade are proposed, with the involvement of 8 local agents.

Training is also a critical piece in this plan for the recycling of the local population in activities with growth potential in the area. In this way, the Rural School of Sustainable Energy is constituted, which will be aimed at more than 5,500 students, and will be implemented in a staggered manner during the three-year period from 2023.

As a last axis of action, the establishment of energy communities, which will make it possible to convert the 9 municipalities that will host the renewable projects into a benchmark in energy transition, by also incorporating elements of energy efficiency and self-consumption. It includes more than 40 municipal facilities identified to install solar roofs that will reach more than 3800 beneficiaries (households and companies in these municipalities) and PPAs, with pre-agreements signed for energy supply with local agents collaborating with this plan.

Regarding the implementation schedule, different phases are proposed that cover a period of 6 years:

- The renewable project is scheduled to complete its permitting phase in 2023, to address construction in the 2024/25 period, with commissioning from 2026.
- The accompanying plan will start in 2023 with unique projects in the three productive sectors, in addition to the training and constitution of energy communities.

3.2.2. Construction of new projects – Renewable energies

201-2

Alongside the closure of the main greenhouse gas (GHG) emitting plants, a significant growth in renewable generation is taking place. The development and management of renewable energies by Endesa in Spain is carried out through Enel Green Power Spain (EGPE) (100% capital of Endesa).

In 2022, Endesa increased its Renewable energy capacity by 903.62 MW to 9,293 MW, of which 4,668 MW correspond to large hydro, 78 MW to mini-hydro, 2,882 MW correspond to wind power, and 1,665 MW to solar photovoltaic.

The 2023–2025 renewable growth plan is for 1,106MW in 2023, 1,559MW in 2024 and 1,990MW in 2025, in total 4,622MW, broken down into 1,366MW of wind, 3,016MW of solar, 8.36MW of Mini-hydro, and with 225 of batteries (BESS), and 15 MW of Green Hydrogen appearing as new technologies, to reach a total renewable power of 13,924MW at the end of the period, of which 4,668 MW correspond to large hydro, 86.3 MW to mini-hydro, 4,248 MW correspond to wind power, and 4,680 MW to solar photovoltaic.

Performance of renewable energy power and CO₂ emissions avoided

MW								
Item	2005	2015	2018	2019	2020	2021	2022	2023–2025 target
Spain and Portugal renewable energy capacity (MW)	–	–	6,527	7,408	7,781	8,390	9,293	13,924
New renewable energy capacity (MW)	–	–		926	391	627	904	4,630
LH Hydropower	–	–	4,683	4,668	4,670	4,672	4,668	4,668
Mini hydro	–	–	80	80	79	75	78	86.3
Wind	–	–	1,751	2,308	2,423	2,546	2,882	4,248
Solar	–	–	13	352	609	1,097	1,665	4,680
Total emissions avoided (KTn CO₂) vs CCGT	–	–	4,820	3,996	5,312	5,066	4,767	
Total emissions avoided (KTn CO₂) vs Coal	–	–	12,099	10,029	13,335	12,717	11,969	
Gross production of Renewable Energy (GWh)	–	–	12,172	10,090	13,415	12,794	12,041	
Gross peninsular production with coal (GWh)	34,174.9	25,420.8	21,017	5,993	1,299	778	958	

For the calculation of the estimated CO₂ emissions avoided thanks to the installed renewable capacity in 2022, gross production with annual renewable energies (GWh) was taken into account and multiplied by the average specific emission rate of Endesa's combined cycles (396 TnCO₂/GWh), or by that of Endesa's coal-fired power plants (994 TnCO₂/GWh). With them, it is estimated that

the minimum avoided emissions (100% replaced by combined cycles) and the maximum (100% replaced with coal) being respectively 4,767 and 11,969 KTn CO₂ avoided. The reality of the tons avoided would be between both figures, depending on which plants worked by market to give that production if Endesa did not have this renewable power.

3.2.2.1. Connection of new renewable energy facilities

Endesa, through Enel Green Power Spain (EGPE), has continued its growth in installed renewable power despite the significant difficulties that have led to the paralysis of critical segments in 2020 and delays in administrative processes in 2021, that impacted the planning to implement the projects.

Despite all this, Endesa managed to connect 873.96 MW of 20 new wind and photovoltaic farms to the grid in 2022. These new projects have been implemented in the Autonomous Communities of Aragon, Extremadura, Castile – La Mancha, Andalusia and the Balearic Islands:

New connections in the renewable energy facilities

Plant	Technology	Capacity (MW)	Connection date	Province	Market
Tico Phase II	WIND	56.45	January	Zaragoza	Coverage
ABO Campillo III	WIND	87.5	November	Cuenca	Coverage
ABO Campillo II	WIND	87.5	November	Cuenca	Coverage
Son Orlandis	SOLAR PV	3.34	September	Mallorca	Bilateral
Son Reus	SOLAR PV	12.53	June	Mallorca	Bilateral

New connections in the renewable energy facilities

Plant	Technology	Capacity (MW)	Connection date	Province	Market
Can Lloreta	SOLAR PV	3.9	December	Mallorca	Bilateral
Tico Solar II	SOLAR PV	33.56	August	Zaragoza	Bilateral
Iberelctrica	SOLAR PV	7.27	December	Ciudad Real	
Ninobe	SOLAR PV	9.71	December	Ciudad Real	Bilateral
Calatrava	SOLAR PV	49.87	December	Ciudad Real	
ABO PV Minglanilla I	SOLAR PV	49.87	December	Cuenca	
ABO PV Minglanilla II	SOLAR PV	49.81	December	Cuenca	
Torrecilla	SOLAR PV	49.69	December	Cáceres	
VIDCO-Agripa	SOLAR PV	49.07	December	Badajoz	Bilateral
VIDCO-Alaudae	SOLAR PV	48.99	December	Badajoz	Bilateral
VIDCO-Gemina	SOLAR PV	49.2	December	Badajoz	Bilateral
Sol de Casaquemada	SOLAR PV	49.9	June	Seville	
Tierra de Badajoz	SOLAR PV	50.4	October	Badajoz	
FV Esparragal	SOLAR PV	50.4	December	Seville	Bilateral
Campillo 1	WIND	75	December	Cuenca	Bilateral
Total		873.96			

Additionally, 30.25 MW of efficiency improvement of the wind facilities already in service have been achieved (Power Boost Project in 24 facilities), which has resulted in an average increase of 4.6% in power of all these 24 wind farms:

Power boost project plant by plant

Plant	Technology	Original Power (MW)	Increase (MW)	Final power (MW)
Campoliva I	WIND	35.99	1.61	37.6
Las Angosturas	WIND	36	1.26	37.26
Los Arcos	WIND	34.65	0.85	35.5
Los Madronales	WIND	34	1.19	35.19
Sierra de Oriche	WIND	13.86	0.34	14.2
Allueva	WIND	25.2	1.4	26.6
Cañaseca	WIND	18	1	19
Pelarda	WIND	14.4	0.8	15.2
Alta Casillas I	WIND	30	1.1	31.1
Alta Casillas II	WIND	30	1	31
Farrapa	WIND	20	0.7	20.7
Granujales	WIND	24	0.84	24.84
Les Forques	WIND	30	1.05	31.05
Los Barrancos	WIND	20	0.7	20.7
Montargull	WIND	44	1.54	45.54
Pena Revolta	WIND	14	0.49	14.49
Touriñan	WIND	24.65	2.03	26.68
Cantiruela	WIND	15	1	16
Cogollos II	WIND	50	1.75	51.75
Lanchal	WIND	21.25	1.75	23
Las Pargas	WIND	49.5	3.3	52.8
Los Llanos	WIND	38	1.33	39.33
Pucheruelo	WIND	22.95	1.89	24.84
Valdihuelo	WIND	16.15	1.33	17.48
Total		661.6	30.25	691.85

Together, they represent an additional 904.21 MW in 2022, joining the 627 MW connected during 2021, and the 391 MW in 2020.

3.2.2.2. Expansion of the portfolio of projects under development

In addition to all the construction work carried out this year, it is worth highlighting the significant boost given in 2020 and 2021 to increase the portfolio of renewable projects in order to meet the ambitious targets set out in the company's strategic plan, expanding and adapting the project portfolio to the successive auctions that are called. The 2023-2025 Strategic Plan establishes the following as the target for new renewable capacity: The connection of 1,106MW in 2023, 1,559MW in 2024 and 1,990MW in 2025, a total of 4,630MW, broken down into 1,366MW for wind, 3,016MW for Solar, 8.3 MW for Mini-hydro, 225 for Batteries (BESS), and 15 MW of green hydrogen, to reach a

renewable power of 13,924MW by the end of the period, which represents an increase of 87% of renewable power in the 2020-2025 period.

This extensive development portfolio, for which growth will continue to be increased, ensures the on-going growth of renewable capacity in the coming years in line with the Company's Strategic Plan, increasing the possibility of concluding trade agreements in the sale of renewable energies. This growth in the renewable project portfolio is crucial to enhance the Company's decarbonisation objectives, allowing the gradual replacement of the thermal power plants being closed.

3.2.2.3. CSV accompanying in the construction of new renewable energy plants

The important renewable growth plan that Endesa plans for the next three years is accompanied by a strong commitment to the local community, through the accompanying plans defined for each renewable project. This approach, which Endesa has been applying since 2016, is part of its Sustainability strategy of "Creating Shared Value (CSV)". Its main objective is to work with local communities in the environment of projects and business assets to achieve their maximum territorial integration.

Although each CSV Plan has its specific seal, which is defined with the local community, work is being carried out on 3 main axes of action in the construction projects of new renewable parks:

- Firstly, the cornerstone of sustainable construction, focussing on the project's building phase having a lower environmental impact, incorporating measures on the building site that go beyond what we are obliged to do by the regulations: solar panels in construction sheds, water collection tanks, efficient lighting, use of electric cars, etc. Many of these items are subsequently donated to the community once the work is finished.
- The second cornerstone, the promotion of the local economy, with training actions, promotion of local contracting, and promotion of primary or tertiary sector initiatives linked to renewable projects, which can generate greater economic activity and employment in

the area for fixing the rural population, always counting on people and companies from the municipality or municipalities where the project will be located.

- Finally, the cornerstone of sustainable municipalities, with the installation of a series of solutions for photovoltaic self-consumption, electric mobility, monitoring / digitalization of consumption and efficient lighting in public and private buildings of the municipality. This ensures that these municipalities are also sustainable in consumption, thus becoming reference models in energy transition.

In short, it is about showing maximum sensitivity to the territory to build a project that will be part of the local community. For further information, see section 3.6.2.1. *Acting under the CSV approach.*

Training programmes in subjects related to our activity have been pioneers in the sector and will continue to be an important part of the CSV plans that accompany Endesa's projects. They are offered to the local population, completely free of charge, to facilitate their professional re-training in new sectors with potential for growth and employment in the area:

- Training in workplace risk prevention in industrial facilities, which have been given in the vicinity of closures and thermal power plants in operation.
- Training in operation and maintenance of renewable energies and solar panel assemblers.

There are already almost 3,000 people trained throughout the national territory in the 2018-2022 period and more than 8,000 people planned for the next two years. It is expected that from 2023, training will also be provided in the primary sector as an activity that is already beginning to be part of the renewable facilities in Endesa.

Within the CSV plans, it is also necessary to highlight the initiatives of the primary sector, which are proposed within the renewable facility, with the idea of sharing and not competing for the use of the land, so that it does not lose its primary character while generating economic activity and employment. They contribute a value proposition for the environment that seeks to multiply the positive effects of the initiative in different axes: not only the support to local companies in the sector that can incorporate their activity in the facility, but also the promotion of entrepreneurship and professional recycling in this type of activities, as well as the promotion of tertiary sector initiatives that may be related.

The objective is to convert renewable projects into hybridised facilities between electricity production and the primary sector, incorporating agricultural activities -we are also working on proposals for regenerative agriculture-, livestock, beekeeping, and biocrops, which allow renewable facilities to become true reservoirs of biodiversity. A pioneering activity in the sector, which is already becoming a reality in Endesa's projects.

In this area, it is worth mentioning the Endesa solar apiary, developed in the Las Corchas and Los Naranjos de Carmona facility (Seville), which consists of the hybridisation of beekeeping and renewable energies. It is the first commercial initiative for the production of solar honey inside a photovoltaic plant, run by the Loraiel family, a local family with a long tradition in beekeeping. It is a project that, under the CSV philosophy, aims to go beyond incorporating bee hives in the facility:

- It is also a training space aimed at entrepreneurs who want to start out in the world of beekeeping. The first workshop was held in June last year, and in view of its success, it is planned to be held once a year.

- It is an additional tourist attraction for the municipality of Carmona, since a series of api-tourism activities will be developed in this apiary in collaboration with the City Council of Carmona and its Tourist Office, including visits to the solar plant.
- It is a space for innovation, with the collaboration of 2 startups - Protofy and Smartbee, which have implemented beehive sensorisation technology to help the beekeeper and make their work more efficient (weight, temperature, humidity and GPS location).
- It is a space of relationship and synergy with the local commerce of Carmona since, thanks to the mediation of the City Council, part of the honey produced has been and is acquired by a famous local bakery in Carmona for the production of bread, and also for the elaboration of sweets by a well-known congregation of nuns.
- It is an inclusive space and has the collaboration of the El Alcázar de Carmona Centre, a reference centre in the area for people with disabilities, which already participated in the fastening elements of the solar panels during the construction phase, and has also been responsible for the design of the labelling of the honey containers.

This solar apiary is complemented by an agrovoltaic project consisting of an ecological cultivation of aromatics between the solar panels of the plant, synergistic with the beekeeping activity due to its high degree of pollination. As a pioneering initiative in the sector in the search for the integration of solar plants with the territory, it has received recognition through different awards: The "RETINA ECO 2022" award from Her Majesty Queen Letizia, as one of the 5 best innovation projects in sustainability implemented in Spain during 2021, in the Sustainable Economy category, and the award for the best sustainable ecosystem at the "PREMIOS ENERGIA 2022" gala organised by El Periódico de la Energía, which was chaired by the Secretary of State for Energy. Likewise, it received special mention at the 2022 National Environment Congress 2022 for best Sustainability project in Small and Medium Municipalities, in the 5,000 to 30,000 inhabitants category.

3.3. Clean electrification



Line of action	2020	2021	2022	2022-2024 target	2023-2025 Sustainability Plan (PES)	
					2023 target	2025 target
Reduction of electricity losses ⁽¹⁾ (% losses measured in substation busbar)	9.90%	10.20%	9.99%	9.99%	9.95%	9.60%
Energy recovery (GWh)	1.205	981	981	~3,260 GWh in the 2022-2024 period	3,500 GWh in the 2023-2025 period	
Improvement of supply continuity (SAIDI ⁽²⁾ , min)	58.3	61.4	54.4	57.1	54.4	42.5
Deployment of the remote management plan in the Low Voltage network (millions of remote meters installed)	12.4	12.5	12.5	12.6	13.3	14.0
Installation of remote controls in the Medium Voltage network (accumulated)	23,955	29,045	33,293	33,487	44,000	— ⁽³⁾
Number of new connections of renewable producers (No. of new connections/year)	1,687.00	1,846	7,623	1,290	6,100	6,400
Power of new producer connections (MW new connections/year)	2,065.00	457	1,803	405	3,700	5,300
Investment in customer digitisation (millions of euros invested) ⁽⁴⁾	60.2	62.0	83.8	~ €150 million in the 2022-2024 period	€280 million in the 2023-2025 period	
Digital customers (% of customers) (NEW)	—	—	40%	—	43%	48%
Electronic invoicing (% digital invoices issued) (NEW)	—	—	46.3%	—	53.2%	58.3%
Digital sales (% of sales/engagements per year via digital channels)	12.2%	24%	32%	25%	33%	35%
Automatic payments (% of direct debit payments) (NEW)	—	—	89.3%	—	89.8%	90.0%
Promotion of the virtual assistant in Care via CAT ⁽⁵⁾ (% of interactions attended by the Virtual Assistant)	9.1%	12.0%	13.4%	13.0%	14.0%	15.0%
Quality: Improvement of global customer satisfaction ⁽⁶⁾ (NEW)	—	—	7.43	—	7.38	7.40
Number of electric vehicles charging stations (Public and private use)	NA	9,482	13,898	46,000 charging stations in 2024	66,000 charging stations in 2025	
Number of e-Bus charging stations	12	35	223	125 charging stations in 2024	>600 charging stations in 2025	
E-buses served (NEW)	—	—	294	—	> 1,200 e-buses in 2025	
Demand management (MW) (NEW)	—	—	155	—	237 MW in 2025	
Lighting: Maintenance, improvements and replacement of lighting systems with LEDs or smart lighting systems (number of light points managed)	—	100,917	104,135	~ 90,700 light points per year over the 2022-2024 period	103,300	120,000

⁽¹⁾ OS criterion

⁽²⁾ Own + programmed TIEPI + transport

⁽³⁾ The project ends in 2024

⁽⁴⁾ Includes Endesa Energía + Endesa X

⁽⁵⁾ CAT: Call Centre

⁽⁶⁾ Customers electric and gas ML B2C

Actions deserving special mention

- 1** In 2022, regulated TIEPI in markets supplied by e-distribution in Spain stood at 54.4 minutes, bringing the service reliability to 99.99% of the hours during the year.
- 2** 0.5% increase in the number of customers with access contracts to the company's distribution networks in 2022, reaching 12.64 million.
- 3** Endesa's network supplied 107,227 GWh of power in 2022 measured in bars at the substation, covering 42.8% of total demand in Spain.

The scope of the information provided in this chapter covers both Endesa, S.A. and its investee companies in Spain and Portugal, the same as in the Legal Documentation reports. For further information, see sections 1.1.2.6. *Organizational structure* and 2. *Report boundary* (Appendix I: *Methodology for preparing the report*). Possible variations on the scope described here are presented throughout the chapter, where appropriate.

3.3.1. Quality and security of electricity supply

3-3 Management approach Availability and Reliability EUSS EU4

The number of customers with access contracts to the company's distribution networks increased during 2022 by 0.5% to 12.64 million. Regarding the energy supplied by Endesa, it amounted to 107,227 GWh in 2022, measured in substation bars and without its own consumption, to customers in its distribution networks, which was 0.5% less than in 2021 and represented 42.8% of total demand

in Spain. The latter stood at 250,596 GWh, 2.3% lower than in 2021, according to the Spanish electricity system operator (REE Report: "The Spanish electricity system. FY 2022 target).

There is no population without service in Endesa's distribution areas.

3.3.1.1. Development and improvement of distribution infrastructure

3-3 Management approach Availability and Reliability EUSS

To ensure the correct supply of energy to its customers, the infrastructures in Endesa's distribution network are planned and operated in such a way that they continuously adapt to the capacity demanded by existing customers, network expansions requested by new customers, and correct attention to regulatory and legal actions and those subject to agreements.

Endesa's distribution network lines in Spain spanned 317,828 kilometers, of which 40.9% corresponded to underground lines. The number of substations at the end of the reporting period came to 1,331.

Electricity distribution facilities in Spain and Portugal

	2020	2021	2022
Length of distribution-grid lines (km)	315,365	316,506	317,829
High-voltage overhead lines (km)	18,849	18,908	18,956
Underground high-voltage lines (km)	793	805	807
Length of high-voltage lines (km)	19,642	19,713	19,763
Medium-voltage overhead lines (km)	72,970	72,974	72,926
Medium voltage underground lines (km)	41,033	41,362	41,747
Length of medium-voltage lines (km)	114,003	114,336	114,673
Low-voltage overhead lines (km)	95,696	95,818	95,963
Low-voltage underground lines (km)	86,024	86,639	87,430
Length of low-voltage lines	181,720	182,457	183,393
Substations (no.)	1,314	1,326	1,331
Substations (MVA)	88,673	89,907	90,713
Transformer centres (no.)	130,056	130,575	130,966

EU 12

Distribution losses are calculated as the difference between distributed energy, measured in bars at the substation, and the energy supplied, which is measured based on readings of customers' meters.

Technical losses are considered losses due to the physical effects required for the energy distribution. For the calculation of the value of technical losses in 2022, the calculation model has been improved by discarding the losses of subsidiary facilities, using new utilisation factors in the distribution of medium and low voltage (MV/LV) loads derived from real data from each territory, which transfer more consumption to MV customers compared to those of LV and adjustment in the model used for the calculation of losses of MTBT transformers.

tion model has been improved by discarding the losses of subsidiary facilities, using new utilisation factors in the distribution of medium and low voltage (MV/LV) loads derived from real data from each territory, which transfer more consumption to MV customers compared to those of LV and adjustment in the model used for the calculation of losses of MTBT transformers.

Electricity losses

%	2020	2021	2022	Change 2022-2021
Losses of electricity ⁽¹⁾	9.9	10.2	9.99	-2%
Technical losses by distribution	3.7	3.6	2.94	-22%

⁽¹⁾ Losses measured in substation bars.

3.3.1.2. Continuity of supply

EU 28 EU 29

Supply continuity in Spain is gauged through two main indexes, regulated TIEPI (Equivalent interruption time of the installed power) and regulated NIEPI (Equivalent interruption time of the installed number). The calculation procedure for these indexes is regulated by Royal Decree 1955/2000. The results are audited annually by an independent company.

In 2022, regulated TIEPI in markets supplied by e-distribution in Spain stood at 54.4 minutes, bringing the service reliability to 99.99% of the hours during the year. The regulated NIEPI stood at 0.87 in 2022.

Endesa also manages the SAIDI and SAIFI supply continuity indicators for its high, medium and low voltage lines, with the aim of orienting the quality of service towards highly competitive international standards.

The values of these indicators in 2022 were 64.4 minutes for the SAIDI and 1.3 interruptions in the distribution network (SAIFI). These indicators comply with the regulatory limit of 2022 and represent an improvement of 8% in SAIDI and 8.4% in SAIFI, compared to the result of 2021.

Supply continuity measures

	2020	2021	2022	Variación 2022-2021
Installed Capacity Equivalent Interruption Time (Average) – regulated TIEPI (Minutes) ⁽¹⁾	58.3	61.4	54.4	-11.4%
Equivalent number of interruptions related to the installed capacity – regulated NIEPI ⁽²⁾	1.61	1.54	0.87	-43.5%
Duration of Interruptions in the Distribution Grid – SAIDI (Minutes)	74.5	70	64.4	-8.0%
Number of Interruptions in the Distribution Grid – SAIFI	1.4	1.4	1.3	-6.4%

⁽¹⁾ Spanish Regulator criterion. Includes in-house, scheduled and the transmission of data of installed capacity equivalent interruption time (TIEPI).

⁽²⁾ Spanish Regulator criterion. Includes data for the installed capacity equivalent interruption number (NIEPI), in-house, programmed and transmission.

3.3.1.3. Security at facilities

3-3 Customer Health and Safety EUSS

3-3 Customer Health and Safety 416-1

Endesa complies with the provisions of the current legislation regarding personal safety, in relation to both workers and the general public, at all its facilities:

- High and medium-voltage facilities are subject to three-year safety and suitability inspections, establishing action plans to resolve any defects identified.
- Installations connected to HV/HV and HV/MV substations feature safety devices to isolate any defects that arise.
- MV lines are equipped with intermediate protective devices such as lightning conductors and automatic valves to prevent surges caused by atmospheric discharges.
- MV and LV transformer centres and LV lines feature similar safety measures.
- Network supply connections are also fully protected, in accordance with current legislation.

As regards the health of the population, Endesa shares the concern about the potential impact that the electromagnetic fields generated by its facilities could cause with the rest of the electricity sector operators and society in general. To this end different technical checks and, where appropriate, adaptations are performed, to ensure that operations do not affect the health of the population.

Endesa is kept permanently aware of the latest studies carried out in this area and actively participates in electricity sector forums to share knowledge and initiatives (technical, constructive, operational, etc.) in the field of the prevention of health risks related to these causes.

Health and safety impact assessments are performed in all categories of Endesa's products and services.

3.3.2. Commercial Customer Service Excellence

3.3.2.1. Commercial Service Excellence Plan

For Endesa, customer service excellence is one of the main pillars in its relations with customers. The Company constantly seeks maximum efficiency in the operation of its customer services channels, tools and platforms through innovation and continuous improvement.

With this purpose, Endesa focuses its efforts on improving the main customer satisfaction indicators and monitoring key indicators to see how they are helping to improve its business quality.

3.3.2.1.1. Excellence in face-to-face and/or personalised care

Endesa's commercial service and management is organised depending on the customer segment in question, with a view to adjusting to the needs of each segment. In each case:

Domestic customers (B2C)

- **Residential and small business (B2C) customer service and management:** in 2022, Endesa had 11 sales offices in Spain and 2 in Portugal, in addition to 240 service points distributed across Spain.

Personal contact centres for the general public

	Service points	Sales offices
Andalusia-Extremadura	84	3
Aragon	23	1
Balearic Islands	18	1
Canary Islands	20	2
Catalonia	54	3
On home territory	199	10
Rest of Spain	41	1
Portugal	0	2
Endesa	240	13

Furthermore, appointment and video call services have been promoted in face-to-face service, the latter being a new service that adds value for the customer.

Business customers (B2B)

- **Business to Business (B2B) customer service and management:** This segment includes the most consumed and relevant business customers.

Endesa has a team of highly qualified Commercial Managers to understand and respond competitively to the demanding needs of this type of customer, in a personal manner. Therefore, it individually studies the energy needs of its customers, trying to anticipate them, offering tailor-made products, advising them and supporting them in their decisions. The current structure has a network consists of more than 300 Managers, organised by volume of energy demand and geographical distribution (with a presence in Spain, Portugal, France and Germany).

In addition to personal contact, greater coverage is offered in the form of Call Centres and Digital Web Services.

3.3.2.1.2. Excellence in Telephone assistance

Throughout 2022, Endesa's Call Centre handled 17.8 million interactions in Spain, which is a 17% decrease in traffic year on year.

This figure reverses the upward trend of the previous year, mainly due to two reasons:

- Increase in customer digitisation activity, with greater use of self-service channels by user customers.
- Decrease in extraordinary activity linked to the regulatory impacts that occurred in 2021 (among others, the implementation of the new Toll Circular)

As for the reasons for its use, in 2022, customers who chose the telephone channel to contact Endesa did so: 53% of the time for reasons related to the business cycle (mainly with regard to invoices and payments), 29% due to matters concerning the contracting of new services or the management of existing contracts, and 4% of the time due to unavailability of supply, with the Customer Service Call Centre remaining as one of the company's main sales channels.

In this context, progress with the incorporation of virtual voice assistants enabled us to deal with more than 2 million interactions through our Artificial Intelligence (AI) systems without the need for human intervention, positioning the channel as a market leader in the development of voice assistants.

From a strategic point of view, the channel has continued with the transformation initiated in 2020, becoming one of the company's largest value generators, in a market of strong competition such as the one in which we are immersed, through an increase of more than 29% in commercial activity 29% compared to 2021.

The Call Centre's high level of performance has meant that it was recognised in 2022 with two awards for Customer Relationship Excellence organised by the AEERC (Spanish Association of Customer Relations Centres), which recognises the best practices of the Contact Centre Industry:

- Best B2C Telephone Service in companies with more than 3 million contacts per year.
- Best Commercial Management Strategic Project, thus corroborating the amazing effort made in transforming the commercial activity.

To achieve the previous recognitions and with the objective of continuous improvement of the technological platform and/or operational processes, in 2022 the progress of the following lines of work stands out:

- **Digitisation of the Contact Centre:** In 2022, work continued as regards the potential use of AI as a basic pillar of Endesa's hybrid care model, with IBM Watson AI integrated as another agent of the Contact Centre, which has made it possible to continue providing customer services even in the months in which activities varied the most due to regulatory changes and the volatility of the electricity market.
- **Information Security and Operational Efficiency:** In 2022, a voice biometrics solution was continued to be implemented, making it possible to identify the customer through their voice fingerprint, thus facilitating the customer's access to the Contact Centre and increasing the security of the customer identification process.

With respect to the **Portuguese market**, in 2022 more than 1.8 million calls were answered, which represents a slight increase of 5% compared with 2021.

The most noteworthy projects in relation to the telephone service in Portugal include:

- The integration and effective deployment of the Interactive Voice Response (IVR) Portugal, which encourages self-service thanks to greater functionality and better quality of care.
- The increase of types of customer requests in *First Call Resolution*, making it possible to resolve more types more quickly and efficiently.

As a global summary of this channel, despite the complex macroeconomic context of 2022 and the continuous regulatory changes, the telephone channel has maintained a high level of performance, continuing with the ongoing process of cost optimisation, quality improvement and commercial development to serve customer needs.

3.3.2.1.3. Online and digital service

The progress made years ago towards contact digitalization and Endesa customer service was maintained in 2022. Endesa's commercial website, www.endesa.com, has 3.4 million registered customers, who manage more than 3.7 million contracts. These users have made more than 92 million interactions, 64% of them through the App.

In the regulated market, the "Energía XXI" retailer serviced more than 1 million customers through the private area (website/app) of www.energiaxxi.com, who have made more than 19 million interactions, 86% of them through the App.

3.4 millones
million customers registered on Endesa's website,
21% more than in 2021

In 2022, e-billing in Spain continued with its high growth. At the end of the year approximately 47% of contracts used electronic invoicing, which meant that more than 48 million bills were sent by e-mail, avoiding them from being printed and sent on paper.

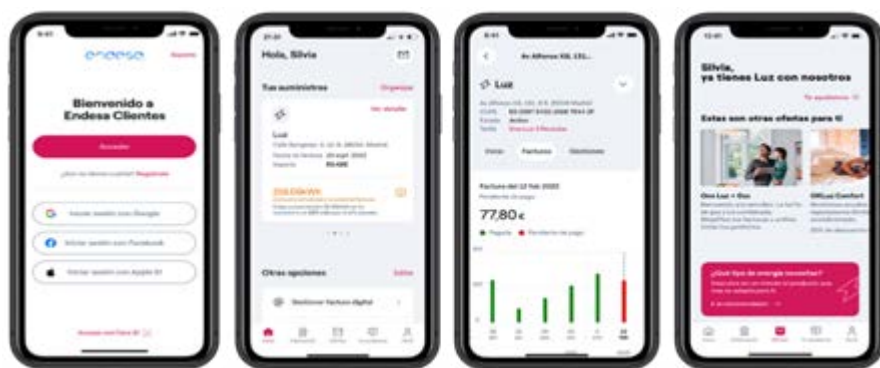
In the case of Endesa in Portugal, the most significant indicators for 2022 were the following:

- By the end of the year, Endesa's commercial website in Portugal, www.endesa.pt had received 5 million visits, ending the year with a total of almost 210,000 registered customers.
 - This represents a digital customer penetration of 42% of the portfolio.
 - The most used operations within the customer area are viewing bills and sending readings.
- With regard to the penetration of e-billing in Portugal, 65% of contracts have electronic invoicing, which is a very high number. Translated into volume, 4.9 million electronic bills have been issued.

The percentage of electronic invoices out of the total number of bills issued in Spain and Portugal in 2022 reached 46.3%.

In 2022, the main advances and functional innovations incorporated into the Spanish market can be summarised as:

- The development of a new "Full Digital" APP for Deregulated Market (DM) customers: With the aim of continuing to improve customer service in 2022, the design and production of a new App for the free market, known as *Full Digital*, has been completed, which responds to the services demanded by customers with a design and usability that will improve their browsing and satisfaction.



- New e-billing Notice of Availability: The information in the availability notice has been improved for customers with e-billing. During the design and development of this new bill, *focus groups* were created with customers and assessment was available from the Endesa Community of Customers.



- Reinforcement of agent-assisted digital channels: In 2022, the equipment was improved to support the growing volume of procedures via Chat, WhatsApp, social media and email, adding more than 2.1 million maintained contacts as a result of the acceleration of the customer digitisation process and the capture of customer service from other less telematic channels.

As a result of these advances and the quality of digital customer service, the **Endesa Digital Channels** team was awarded the **2022 Customer Relationship Excellence award**, for the strategic project of Technological innovation in the development of digital channels, the application of artificial intelligence in the deployment of Virtual Assistants and the automation of robotic service and sales processes.



Furthermore, the management automation programme is still being run in the most used channels (chat and WhatsApp) with the incorporation of Artificial Intelligence in the main service processes.

With regard to Endesa X, digital website and social media channels have been consolidated. As for websites, there has been a 34% growth in visits to endesax.com and endesaxstore.com. A new portal was developed in 2022 for the video-call service (with or without LSE sign language) that can be accessed from websites and social media channels.

The user experience of the pages has also been improved. Before, all contacts were made through email, and now everything goes through a form that automatically creates the case in the CRM and is attended as soon as possible. Despite still being a minority channel in terms of customer use, cases attended by the customer service department from the website increased by 368% in 2022 and by 82% from emails.

As for the content generated, 215 stories (informative articles with an educational nature) were published on endesax.com and more than 115 press releases with the company's news.

Endesa X's social media channels are continuing the positive trend with regard to follower growth in its community (LinkedIn +26%, Facebook +5% and Instagram +54%) with nearly 300 publications in 2022.

The endesax.pt website was deployed in Portugal, with information on products and services for companies, which is similar to the Spanish portal endesax.com with regard to functionalities.

3.3.2.2. Removing information access barriers for vulnerable customers

Endesa strives to overcome possible barriers, whether physical, social or language, both with the information about its products and services and in its service channels, as summarised below.

- www.endesa.com and www.energiaxxi.com both feature a large section that provides a detailed explanation of electricity and gas bills. Both websites, in addition to Spanish and Catalan, are also available in English. It is also possible to communicate in English through the Apps and the online chat function, email, Twitter, Facebook and WhatsApp, covering the commercial assistance and information needs of these customers online. All commercial and informative communications sent to Endesa's customers in Spain, including bills and leaflets, can be produced in Spanish and Catalan. Digital web channels have the means and supports to guarantee access to customer services for people with disabilities or who are of an advanced age. Since 2019 Endesa has adapted its websites to comply with the AA tier of the WCAG (Web Content Accessibility Guidelines) of the W3C (World Wide Web Consortium), meaning they can be used by all types of users, including those with some form of disability. This AA accessibility certificate was issued by AENOR.

- The over-the-phone service provides assistance in both Spanish and Catalan indistinctly. For customers who are unable to communicate in these languages, there is a specialised service that answers calls in English, with a dedicated telephone number, and whose target audience is mainly customers residing abroad.
- Endesa has also set up a telephone service accessible to customers with hearing or speech disabilities, enabling communication with an agent via the Pedius app, allowing them to enquire about their bill, contract or receive personalised information. Pedius also places innovation at the service of sustainability, as the application allows customers to make phone calls employing voice recognition and synthesis technologies through VoIP.

Within the Valuable 500 action plan to promote the integration of people with disabilities, several studies were launched in 2022 to improve the accessibility of sales offices, service points, service channels and commercial content for these groups with disabilities. The improvement measures identified in these analyses will be implemented from the end of 2022 and throughout 2023.

Finally, in 2022, the health care measures identified after the recent COVID-19 crisis continued to be adapted to previous channels and media.

3.3.2.3. Customer complaints resolution

3-3 Approach to Customer Privacy Management

The effective and objective management of its customer complaints is a key strategic objective at Endesa. Its main tasks consist of:

- Ensure customer satisfaction in the handling of their complaints.
- Detect the causes that affect and/or have a negative impact on usual commercial activities.
- Define the measures to resolve them and specify the improvements to management systems.
- Manage all complaints received via service channels, including social media.
- Resolve complaints in the shortest possible time.
- Act as an intermediary in dealings with public and private consumers' rights organisations.

- Prepare the complaints reports required by Official Organisations (CNMC).

In 2022, the increased effort of the complaints teams continued to focus on complaints associated with billing processes, reaching two-thirds of the complaints generated this year. Complaints derived from price changes represent the second type with the greatest weight in generation this year.

Notable milestones in 2022:

- 2022 was marked by the impact of incidents in billing processes derived from the adaptation of systems due to regulatory changes (electricity and gas toll circular), which prevent correct billing in the usual time, which

delays the deadline for resolving billing complaints. This issue persisted throughout 2022.

- Additionally, complaints caused by **price increases** in our customers' contracts, derived from the periodic modifications of the regulated components and Endesa's portfolio management, increased in the first quarter.

- New measures were implemented in the second quarter of the year to improve advice in customer service channels. Improvements in these processes have enabled us to progressively reduce the initial volume of complaints from our customers, while maintaining the impact of those associated with invoicing.

Complaints about the retailer

In terms of volumes, complaints from Endesa customers in Spain and Portugal corresponding to the retailer Endesa (Regulated Market + Deregulated Market) reached approximately 307,000, with the following detailed distribution by customer type and market type:

Commercial complaints ⁽¹⁾

Number			2020	2021	2022 ⁽²⁾
Spain (B2B + B2C)	Free Market (Endesa Energía)	Generated	134,187	313,268	222,090
		Cases closed	118,623	305,815	228,249
	Regulated Market (Energía XXI)	Generated	40,945	95,780	67,168
		Cases closed	38,151	89,394	73,262
Portugal (B2B + B2C)	Free market	Generated	19,485	24,721	17,812
	(Endesa Energía)	Cases closed	18,220	25,685	18,160
Total complaints Spain and Portugal		Generated	194,617	433,769	307,070
		Cases closed	174,994	420,894	319,671
Average term for Operational resolution (No. of days for resolution by the Supplier teams)		Spain	7.9	12.3	20.1
		Portugal	10.4	10.3	7.8
Average resolution time for the Customer (Total number of days for the customer)		Spain	9.8	15.4	28.1
		Portugal	12.4	14.1	10.3

⁽¹⁾ Corresponding to Electricity and Gas.

⁽²⁾ The taxonomy of certain categories of "Commercial Complaints" changed in 2022 to conform to common criteria at Enel group level, so the comparison in number with respect to the 2021 and 2020 Report is not exactly equivalent.

Comparatively, this volume of commercial complaints generated represents a reduction of 29% compared to 2021 (in Spain, 222,000 through Endesa Energía and 67,000 through Energía XXI; and 18,000 in Endesa Energía Portugal).

Commercial complaints resolved in 2022 reached almost 320,000, which is a higher number than those generated due to an improvement in the closing process for complaints pending from the previous year.

With regard to the management deadlines for 2022, the average operational resolution period in Spain was 20.1 days, (28.1 days if measured from the customer perspective). The main reason was the major impact that billing has had on the volume of complaints and the delay already mentioned in the issuance of bills, which lengthens the average complaints resolution time (unlike other complaints

that can be managed from the same service channels and that reduce the average resolution time).

In Portugal, the average operational resolution time for commercial complaints was 7.8 days and 10.3 days from the customer perspective, which is a considerable reduction compared to 2021.

Complaints about the retailer

The distribution company receives complaints directly from customers and collaborates in complaints that the supplier derives to process the customer's request.

The volume of complaints received by the distributor in 2022, generated directly by the customer, was 75,931. The most relevant management data in 2022 is summarised below:

Endesa distribution and digital network complaints

Number		2020	2021	2022
Customer Complaints	Generated	50,149	76,125	75,931
	Cases closed	49,784	73,199	74,625
Average customer resolution time (days)	Cases closed	12	12	18
Average operational resolution time (days)	Cases closed	11	9	17

Throughout 2022, billing incidents led to an increase in complaints management deadlines compared to 2021. Thus, the average resolution period for customers was 18 days, within which the average operating time was 17 days.

Complaints about Endesa X

98,640 commercial complaints were made by Endesa X customers, which is 38.7% less compared to 2021. With regard to the resolution, there was also a reduction compared to last year's data, specifically, 110,439 complaints

were closed. As can be seen, resolution was much higher than the generation, thus ending a mismatch in the opposite direction that had been carried over from previous years.

The complaints handled in the period were mainly of the following types: Disagreement with the contract activation (50.38%), followed by complaints due to the Management of the contracted product (38.63%), the cases of Billing and collection amount to 10.72% and the cases of Customer service received (0.23%) and Personal Information, General Data Protection Regulation (0.04%) are residual.

Endesa X complaints⁽¹⁾

Number		Spain			Portugal		
		2020	2021	2022	2020	2021	2022
Complaints	Generated	28,102	160,915	98,640	290	1,821	1,482
	Cases closed	19,574	152,579	110,439	217	1,864	1,460
Average resolution time for the customer ⁽³⁾	Cases closed	32	24	18	24	18	8.0

⁽¹⁾ Correspond to value-added services associated with Electricity and Gas

⁽²⁾ N° days for resolution by equipment of the Retailer

⁽³⁾ Total number of days for the customer

Average complaint resolution times were significantly reduced. Although the annual average is 18 calendar days, the data for the last few months is much lower, with the average resolution in the last full month being 7.4 calendar days.

In Endesa X, in Portugal, 1,482 claims were generated in 2022 and dealt with within an average resolution period for the customer of 8 days.

3.3.3. Energy poverty and access to electricity for vulnerable customers

3-3 Management Approach EUSS Access to Electricity EUSS

Energy poverty

In its permanent commitment to society, Endesa works and collaborates so that the most vulnerable people and groups have access to energy as a basic and necessary element, with one of the priorities of all the companies of the Endesa Group being to carry out and promote various projects, initiatives and actions.

In the commercial field, the companies dedicated to Endesa Energía, Energía XXI and Endesa X sales collaborate with Organisations, Associations and Social Services to establish agreements that facilitate procedures for people and families in situations of vulnerability and energy poverty, helping them and advising them in the customer service, contracting, billing and collection processes.

Slowly leaving behind the social and economic impact of COVID-19, 2022 presented itself with a critical situation due to the impact of the war in Ukraine, which resulted in the increase in the prices of raw materials, especially Gas, which directly impacted the price of energy for both gas and electricity.

To curb the impact of energy prices, various regulatory changes have been undertaken of different depths that have led to reductions in taxation, increases in discounts and groups benefited by the Social Bonus, as well as automatic renewals and other relevant measures such as the well-known Gas Cap, which has had an initial impact on a large number of consumers.

Endesa has made an effort to transfer regulatory changes, informing of the practical application of these changes and the final impact on customers' bills in the most understandable way possible. 450 communication sessions were held in 2022 with Social Services, regional, provincial and local organisations, and consumer associations.

Endesa keeps updated information on the conditions and documents required to take advantage of the Social Bonus, which is updated on its website and available to consumers and can also be consulted through face-to-face and telephone channels.

With the aim of ensuring that everyone who needs energy has access to it, Endesa holds collaboration agreements with the Autonomous Communities and Social Services, which aim to find solutions and try to avoid supplies being disconnected due to problems related to energy poverty. When social services identify and prove a need, Endesa puts a stop to the collection processes and possible disconnections due to non-payment until the aid needed to prevent said disconnections is processed, facilitating payment plans and deferrals that allow bills to be paid over a period of up to 24 months.

In 2022, Endesa maintained agreements previously made with 7 Autonomous Communities (Aragon, Andalusia, Extremadura, Catalonia, Madrid, Castile and León and Galicia), 2 town associations (Canary Islands and Balearic Islands) and the Red Cross.

41,426 requests and 8,696 queries were handled in Spain, with an accumulated outstanding debt of 7,586,865 euros (20,802,560 euros in 2021), from vulnerable customers experiencing difficulties paying their bills.

In Portugal, more than 24,000 payment agreements were managed, amounting to €6 million of debt during the year. Despite these agreements, more than half of customers did not comply with agreements to pay by instalments. There are currently more than 1,800 payment agreements, with a debt amounting to €0.6 million.

Electrodependent Customers

Endesa has a priority to guarantee supply to people who require access to energy for their health and physical integrity, both within the scope of the Endesa Energía and Energía XXI retailing companies, and in the distribution of energy by E-Distribución.

To this end, Endesa has action protocols that involve priority and differential treatment to mitigate or reduce the risk that a disconnection poses for these people, monitoring the continuity of supply. If such continuity is compromised for any reason, the necessary measures will be taken to avoid putting the health of the affected persons at risk.

Electrodependent customers are identified by both suppliers and distributors, and no voluntary supply disconnections will be made during the time this situation is maintained.

The electricity sector law establishes that electrodependent consumers must be considered a priority, and under no circumstance can the supply be suspended in the event of scheduled service disconnections (due to non-payment, maintenance of the network, repair of breakdowns). In the case of potential incidents and fortuitous interruptions in the electricity supply, the electrodependent customer must have an alternative power supply system for their medical device.

To consider a customer as electrodependent, they must provide a medical certificate confirming their electro-dependence.

However, as far as Endesa is concerned, customers who have not been certified as electrodependent but notify customer service of this situation also have priority treatment, with the priority being to restore the supply and then verify the reason for the disconnection. In addition, they are advised on how to carry out the necessary procedures to apply for such certification.

In 2022, Endesa held contracts with 1,369 electrodependent customers (540 in Endesa Energía and 829 in Energía XXI), with the following distribution by territory: 68 in new markets, 24 in Aragon, 669 in Catalonia, 59 in the Balearic Islands, 412 in Andalusia and Extremadura and 137 in the Canary Islands.

In 2022, suppliers received 2,315 applications for electro-dependency, of which 878 were activated, 56 were denied, in 1,056 cases the customer did not submit the documentation, and 344 cases were requested by mistake.

During the year, 977 requests for reconnection were handled by the distributor, subsequently redirecting customers to their retailer to manage their electro-dependence application, as they were not identified as such.

3.3.3.1. Disconnections due to non-payment and reconnections for household customers

EU27

Since the start of the state of alarm and up until 31 December 2020, Endesa did not make any supply cuts or cancellations due to the non-payment of gas and electricity bills, extending this guarantee to all household customers, without the need for the customer to provide any type of justification. Subsequently, RDL 37/2020, of 22 December, only limited the prohibition of electricity and gas supply disconnections to vulnerable consumers, specifically, to the beneficiaries of the electricity social bonus and the successive extensions decreed throughout 2021 and 2022 have established the end of said prohibition for 31 December 2023 (included in Royal Decree-Law 20/2022, of 27 December, extending social protection measures to address situations of social and economic vulnerability). Therefore, the levels of supply disconnections in 2022 are lower than the disconnections of 2021, because after the activity that was accumulated was managed in 2021, and the disconnection prohibition for vulnerable supplies (Social Bonus) was maintained, the volume in 2022 stands at 35% of the 2021 volume.

In 2022, of all electricity power cuts due to the non-payment of bills by household customers, 83% lasted less than 48 hours, 11% lasted between 48 hours and a week, 5% between a week and a month, and 1% more in one month. The remaining power cuts ended in the cancellation of the contract or a payment agreement was concluded the following year.

Also, 80% of disconnected household electricity customers have been reconnected in the following 24 hours, 2% between 24 hours and a week.

In terms of the supply of gas, 55% of residential customers disconnected due to non-payment of bills suffered a power cut of less than 48 hours, 21% between 48 hours and a week, 21% between a week and a month, and 3% more than one month. The remaining power cuts ended in the cancellation of the contract or a payment agreement was concluded the following year.

Furthermore, 10% of disconnected household gas customers were reconnected within 24 hours, 25% between 24 hours and a week and only 8% more than a week after they were disconnected.

Non-payment disconnections for household customers

	2020	2021	2022
Customers disconnected	27,686	136,320	47,658

Disconnections due to non-payment involving household customers, broken down by duration and regulatory system

Number	2020	2021	2022
Customer disconnections lasting less than 48 hours	18,521	87,964	30,651
Customer disconnections lasting less than 48 hours LRT Market	8,231	41,713	17,685
Customer disconnections lasting less than 48 hours Non-LRT Market	10,290	46,251	12,966
Customer disconnections lasting 48 hours to 1 week	2,737	13,784	4,113
Customer disconnections lasting 48 hours to 1 week LRT Market	1,294	6,828	2,374
Customer disconnections lasting 48 hours to 1 week Non-LRT Market	1,443	6,956	1,739
Customer disconnections lasting 1 week to 1 month	1,545	7,523	2,252
Customer disconnections lasting 1 week to 1 month LRT Market	814	4,471	1,449
Customer disconnections lasting 1 week to 1 month Non-LRT Market	731	3,052	803
Customer disconnections lasting 1 month to 1 year	144	2,282	538
Customer disconnections lasting 1 month to 1 year LRT Market	72	2,109	501
Customer disconnections lasting 1 month to 1 year Non-LRT Market	72	173	37
Customer disconnections lasting more than 1 year	0	0	0
Customer disconnections lasting more than 1 year LRT Market	0	0	0
Customer disconnections lasting more than 1 year Non-LRT Market	0	0	0
Customers reconnected within 24 hours	22,304	102,626	35,522
Customers reconnected within 24 hours LRT Market	10,304	51,922	21,387
Customers reconnected within 24 hours Non-LRT Market	48,478	50,704	14,135
Customers reconnected after 24 hours and less than 1 week	2,850	7,468	1,628
Customers reconnected after 24 hours and less than 1 week LRT Market	1,449	2,812	543
Customers reconnected after 24 hours and less than 1 week Non-LRT Market	1,401	4,656	1,085
Customers reconnected after more than 1 week	352	352	362
Customers reconnected after more than 1 week LRT Market	184	184	72
Customers reconnected after more than 1 week Non-LRT Market	168	168	290

3.3.4. Responsibility and customer satisfaction

3.3.4.1. Responsibility for information and portfolio of products and services

3-3 Management approach Marketing and labelling 417-1

Provision of EUSS information

Endesa customers have the right to be informed about the aspects of the products and services that they consume. To this end, the company complies with regulatory requirements regarding the information provided to customers at all stages of the commercial cycle. These regulations state that:

- When a supply contract is signed or amended, customers must be informed about the different tariffs available and the power rating most suited to their needs.
- When power supplies are interrupted because of programmed work on the grid, customers and the general public must be given sufficient advance warning.
- When cutting a customer's power supply on account of the non-payment of a bill, all the payment requirements established by current regulations are satisfied prior to doing so, including providing notice 15 days before the cutting the power supply, providing details of the date from which it will take effect. These power cuts for the non-payment of bills can only be made when the company has evidence of the above. Under no circumstances can power supplies be cut for the non-payment of bills involving customers considered "essential" under the regulations.
- There are also other circumstances in which time limits for providing information are prescribed, such as giving estimates for new supplies and dealing with customer complaints.

In the deregulated market, Endesa complies strictly with disclosure requirements regarding the source of the electricity supplied.

Additionally, Endesa goes beyond the legal requirements to achieve excellence in the exercise of informing customers, developing various initiatives in this regard:

- A unit has been running for several years to manage relations with consumers' associations and public bodies. Through regular meetings and participation in consumer forums, Endesa compares the main concerns of consumer groups and regularly transmits the improvement measures it adopts at all times in terms of consumption.
- Customer support information: Endesa has implemented communication flows with customers adapted to their needs and at the time of their relationship with the company's processes. For example, when the customer enters into a contract with Endesa, they are welcomed to the company through a series of communications that inform them of the status of their application and their registration with our company. They are also offered information about the product and the promotions they took out, as well as being sent a communication explaining the first bill and the accompaniment until they receive it.
- Background information that may be of interest: Endesa sends proactive communications whenever it is considered that the customer may require additional information. For example, in 2022 there was a lot of uncertainty in the market regarding energy costs and regulatory changes, and Endesa made several communications on the short-term aspects of the electricity and gas markets that could affect it or on its possible impact on customers' bills.

3.3.4.2. Customer satisfaction

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The customer is at the heart of Endesa's business model; therefore, measuring the Customer Experience is key. With this mission in mind, all segments, products, channels, services and processes are measured through the appropriate tools and methodologies for performing this function, including:

- **Comprehensive vision:** The integration of the different customer journeys with Endesa enhances the strength of the customer's contacts (proactive or reactive) and experience, the customer is less overwhelmed with surveys, reducing their number, and greater context is provided for what is of real value. Furthermore, more customisable and fluid communication channels have been created, making it possible to handle any potential dissatisfaction better.
- **Traceability of records:** This is a crucial matter to know the trajectory of the cases and understand the concerns of the consumer. In 2022, more than 200 million records were managed in Spain to come to a number of interviews with adequate representation in all relevant biases (population, geographical, tariff, supply, marketing, etc.), harnessing Big Data tools and environments. At this time, this customer traceability has made it possible to create timelines to ascertain their degree of satisfaction/complacency at all times and with respect to the actions that are being rolled out.
- **Automation:** This is another factor that has made it possible to detect customer interactions in real time and have an impact at that very moment (using automatic "triggers"). This helps to achieve a rating at the time the company needs to take the measurement, avoiding that time could dilute the customer's perception.
- The main methodology used in 2022 to ascertain the degree of customer satisfaction are interviews through digital channels, including social media. This responds to the technological transformation, both company and society as a whole.

2022 was a difficult context for the sector, from the regulatory point of view and from the media point of view. And this year Endesa maintains **leadership** positions in mass customer satisfaction in the electricity sector, significantly improving in supply, advice and price valuations in 2022. This position has been maintained for more than 12 consecutive years.

Customer satisfaction index ⁽¹⁾

B2C ELECTRICITY DEREGULATED MARKET

	2020	2021	2022
Customer satisfaction index	7.3	7.2	7.4

⁽¹⁾ Generic SCP Study (Commercial Quality Endesa Energía).

In global terms, high customer satisfaction rates were maintained in 2022, with the following chapters considered the most relevant:

For domestic customers (B2C):

- Globally, with the addition of Gas, B2C customer satisfaction index has risen to 7.43.
- By type of process and added value:
 - Electricity Supply (score of 8.17 in 2022) and Commercial Cycle operations (7.29) scored the highest.
 - Recovered with a 3% increase in the value given by customers.
- With regard to customer loyalty, in 2022 Endesa reached 6% in the NPS index (**Net Promoter Score**), which represents a considerable increase of 5% over the previous year.

In business customers (B2B):

- Globally, an upward trend was detected in the main satisfaction indicators of these customisable customers (not mass), with special mention for the Electricity Supply (value of 7.96 in 2022).

Endesa recently received the “**platinum medal**” for sustainability again, the highest acknowledgement given by the **independent international analyst Ecovadis**, following a recent update of the analysis of its performance regarding sustainability.



In 2022, Endesa X continued with the Customer Voice Programme through which, thanks to the surveys carried out at the main customer contact points with the company, we know the residential customer's experience and, therefore, their satisfaction with the services provided. More than 600,000 satisfaction surveys were sent during the year, mainly through digital channels, with an average response rate of 8%.

Exclusively considering maintenance and repair services, as well as installations of equipment for the home (boilers, air conditioners, photovoltaic solar installations, etc.), customer satisfaction was 3.6 – on a scale of 1 to 4, a rating that certifies the maintenance of the high level of service quality in a year that was very complex due to the national and international economic situation.

Endesa X customer satisfaction index for maintenance, repair and installation services⁽¹⁾

	2020	2021	2022
Customer satisfaction index	3.5	3.7	3.6

⁽¹⁾ EScale from 1 to 4.

3.3.4.2.1. Customer experience and satisfaction operations management

At an operational level, the main pillars for the management of Endesa Energía Customer Satisfaction and Experience in 2022 are summarised below, in addition to a number of the key results obtained.

Customer Experience – as part of interactions with Service and Sales Channels

Domestic customers (B2C):

Overall, the level of service of Endesa's offline service channels is rated very highly.

Specifically, the Face-to-Face Channels continue to be the best valued channels in Endesa with very outstanding results. The most noteworthy factors are the Treatment, the Order of Establishment and Visit Management.

In the Telephone Service Channel for mass customers, Endesa maintains remarkable data, with an increase in the last quarter of 2022. Waiting times and ease of contact have been improved.

Business customers (B2B):

Among the Companies segment, the highest scores were awarded to personal assistance and the knowledge demonstrated by the contact person.

Endesa Customers in Portugal:

Customers highlight satisfaction with the Lojas channel by service and sales channels, in the 2022 measurements.

Customer experience – as part of interactions with service and sales channels

Domestic customers (B2C)	Offline service channels	Call centres: 8.97 Face-to-face service: • Offices: 8.78 • Service points: 8.90
	Sales offices and service points	Treatment: • OCAP ¹ : 9.07 • PoS ² : 9.15 Order of establishment: • OCAP ¹ : 9.04 • PoS ² : 9.02 Visit management: • OCAP ¹ : 93% • PoS ² : 94%
	Telephone channel	Call management: 88% Treatment provided: 8.67 Staff knowledge: 7.94 Waiting times: 6.73 Ease of contact: 7.69
Business customers (B2B)		Personal treatment: 8.38/10 Knowledge of the interlocutor: 7.95
Endesa Customers in Portugal	Canales de atención y venta	Lojas channel: 8.70
		Taskforce: 8.62 Tele-sales: 8.51 Canal web: 7.51 Telephone channel: 7.31

⁽¹⁾ Offices

⁽²⁾ Service points

Customer Experience – in the interaction with Sales and Operating Processes

- Overall, the satisfaction of all the processes measured was maintained in 2022, with values of around 8, except in the case of Complaints due to the negative context of 2022 and the influence of external factors (highlighting an improvement in the last quarter of the year).
- As the best valued processes, the Registrations processes stand out in 2022 (getting 8.39 out of 10, up +1% on 2021); the Contractual Modifications process, and the Collections process, which maintain ratings above 8.
- Putting more detail in the latter, in 2022 customers gave a higher rating to the Ease of Contract Registration-Modifications and the Information that Endesa gives on the procedures required during the energy contracting process. Also noteworthy is the improvement in the perception of the Operating Deadlines, both in the number of days from the application to the registration of the supply (reduction of 23% in time compared to the previous year); and the time involved in Contract Modifications.
- In the Complaint management process, despite the above-mentioned negative effect, customers positively rate the information provided on the confirmation and on the expected resolution deadlines (up 5%). At

the end of the year, customers improved their rating of the level of compliance with deadlines and resolution conformity.

Endesa Customers in Portugal:

- The Contracting and Invoicing processes were the highest rated processes in 2022. It is also worth mentioning the decline in Complaints perception, down 10% on the previous year.

Endesa customer satisfaction in Portugal⁽¹⁾

Contract process	8.40
Billing process	7.84
Complaints perception process	5.65

⁽¹⁾ Scale from 1 to 10

3.3.4.2.2. New projects in the management of customer satisfaction

In line with Endesa's global strategy, for some years now, Endesa Energía's Sales Quality team has been rolling out the digitalization of its function with the aim of obtaining a 360° view of the customer relationship, with the aim of optimising the customer experience in all its interactions and processes and to reduce areas of possible dissatisfaction.

In 2022 we continued to improve the grouping and ordering of the measured milestones to have a more transversal overview of each moment of the customer and their status in each of them. This helps the internal user learn and correct processes.

Furthermore, the use of Machine Learning technology is being developed with two main tasks in mind: on the one hand, identifying patterns and classifying responses to streamline the categorisation; and on the other, analyse the voice of the customer to better understand the causes affect this and to identify the root causes of the main problems.

The following stand out as the most relevant projects and milestones reached in 2022:

- In the development of global methodologies and metrics:
 - Work is underway to increase the scope of measurement and to apply more specific models with greater depth of analysis (nested).
 - Optimisation and performance improvement of the relational Net Promoter Score (NPS) project.
- In the measurement and rating of satisfaction in sales channels:
 - Digital Channels: Improvement and standardisation of the measurement of Digital Channels – self-service (autonomous customer management) to simplify procedures for the customer.

- Implementation of measurement in the Full Digital APP and its direct link with the processes carried out by customers.
- Performance of the *Onboarding Única* Project aimed at new customers:
 - During the possible “journeys” of a new customer with Endesa, the initial stages of the relationship, expectations and information received are critical. The redesign of the onboarding process was addressed in 2022 to optimise these interactions and personalise them in favour of the customer.
 - In the next phases, the survey mechanisms will be redesigned to extract information of greater value and extrapolated to other projects and work will be done on the assessment of a rewards and merits system, and how they are rated by the client.
- Start-up of the Universal Measurement of Perceived Quality-MUCP project, which is currently developing the measurements needed by the project.
- With regard to Endesa’s activity in Portugal, progress was made in 2022 in ongoing projects aimed at improving the quality of care and satisfaction with the service, with special mention for the following:
 - Management of Complaints: improvement of the information that matters most to customers with respect to complaints.
 - Management of Outsourced Operational Processes (BPO): Improvement in Service Levels (SLA) with indicators more linked to customer satisfaction..

3.3.5. Energy solutions

3.3.5.1. Products and services

302-5 3-3 Approach to Demand Management EUSS

Against the backdrop of the energy revolution, Endesa is adapting to society’s demands with a vision structured around the three main patterns of development (decarbonisation, electrification and digitalization), which can be summarised in the formula “Sustainability = Value”. In this regard, we are staying ahead of the game by developing innovative products and solutions in fields where energy is currently making the greatest transformations possible: city, housing, industry and electric mobility. From the outset, Endesa has been committed to situating sustainability at the heart of its model, with a view to creating an ecosystem capable of making the best possible use of the opportunities provided by digitalization, to create more social, environmental and economic value for everyone. This goal is reflected every day as part of a platform-based model that enables

consumers to actively participate in energy markets and reduce system costs by maximising the impact of innovation.

Endesa’s 2023-2025 Strategic Plan focusses on energy transition, with a 15% increase in investment compared to the previous plan, to accelerate decarbonisation and electrification.

With regard to electrification, it is worth mentioning Endesa’s participation in Enel’s Electrification project, consisting of testing the Group’s capabilities for electrification in 3 geographical areas worldwide: Santiago de Chile, Sardinia and Zaragoza

Specifically, Endesa X has managed the electrification of Zaragoza, by installing electrical equipment capable of replacing equipment that uses fossil fuels (natural gas, diesel oil, etc.) as primary energy. The main products installed

were aerothermal, solar photovoltaic and chargers for electric mobility.

Action plans were established to achieve increased electrification in each sector: industry, building and transportation. Value propositions were created for both domestic and corporate customers.

In the industrial sector, the convenience of replacing gas boilers with heat pumps in processes that use low temperature water was considered. Some industries were identified, such as the food industry, where returns are achieved that make the investment attractive.

In the domestic sector, aerothermal technology was promoted and in the transport sector the focus was on the electrification of public transport by means of electric buses, as well as on the public infrastructure network for charging electric vehicles and chargers for both domestic and business customers.

The project included a communication plan to publicise both the environmental and economic benefits of electrification, and to encourage companies and residents in Zaragoza to take action.

3.3.5.1.1. Actions on Public Administration customers (B2G, Business to Government)

E-City in the urban context, through Endesa X, involves technological alignment driven by digitalization leading to the creation of cities equipped with smart systems and more energy-efficient equipment capable of ensuring more sustainable, economical and customised services in response to the demands of citizens.

Noteworthy actions in 2022:

The Endesa X-Dominion joint venture was awarded the project for the supply and installation of 37 chargers for night charging at 150 kW by pantograph in TMB's Triángulo garage.

With this type of fast recharge in the Triangle Ferrovioario, the batteries of buses can be charged up to 100% at the end of a service, to guarantee their full performance throughout the next day. Rapid supply from these new chargers is performed under hoods to be installed in the concrete structure

located on the roof of the parking area at the depot. It is expected to be launched in the first quarter of 2023.

Endesa X and Tussam will electrify the fleet for the Seville City Council

TUSSAM, the public company that manages and administers urban transport in Seville, awarded Endesa X the contract for the electrification of part of its urban bus fleet with the installation of 10 charging stations for overnight charging at its depot.

Endesa X will also build a transformation centre, as well as a medium and low voltage electrical infrastructure that will supply the 10 electric bus charging stations with 150 kilowatts each which will be installed in the rest area at TUSSAM's depot.



The Town Council of Los Alcázares and Endesa X will renovate more than 1,800 lighting installations in the municipality

The Town Council of Los Alcázares (Murcia) and Endesa X collaborated to change more than 1,800 public lighting installations to LED technology. This investment by Endesa X represents a real advance for the municipality, not only at a functional level, since the light provided by the new technology is of higher quality, but also at an economic and environmental level, since LED lights use less energy.

The new LED type public lighting generates less light pollution, since scattered light is no longer produced. It is more uniform and has better chromatic performance, making traffic on public roads much more comfortable.



Endesa X will be the first company to offer electricity supply services to cruise ships in the Port of Cádiz

Endesa X will be the first company in Spain to offer electricity supply services to cruise ships in the Port of Cádiz, through an OPS (*On-shore Power Supply*) Installation that will be located on the Alfonso XIII Pier. With the start up of this project, in which Endesa X plans to invest about €6.8 million, the Port of Cádiz will become the first port in Spain where cruise ships can connect to the electricity grid.

This Endesa X project for the Port of Cádiz was also selected to receive a grant of €2.7 million from the Support Programme for Sustainable and Digital Transport as a result of a tender within the framework of the NextGenerationEU Recovery, Transformation and Resilience Plan, funded by the European Union.

3.3.5.1.2. Actions with regard to business and industrial customers (B2B Approach, Business to Business)

E-Industries: This line is presented as a benchmark energy partner in Spain for companies to advise, guide and help them in the decarbonisation process, enabling them to make sustainable progress by using energy

more efficiently, increasing the competitiveness of their businesses and reducing the cost of their energy bill. This is achieved using solutions such as energy advice for decarbonisation, solar power self-consumption, efficient climate systems, monitoring systems and management of energy consumption, as well as all the energy infrastructure needed to undertake electrification actions.

The historic Riotinto mine will be the first mine in Spain to have its own photovoltaic solar self-consumption installation, as a result of an agreement between Endesa X and Atalaya Mining, and is set to be one of the largest industrial self-consumption installations in the country

- A total of 75,765 photovoltaic panels with a power rating of 650 and 655 Wp and state-of-the-art inverters will be installed. These will be mounted on a steel structure, designed in accordance with the characteristics of the terrain to make the most efficient use of solar radiation.
- The installation, which will occupy a solar collector area of 234,810 m² and will be located on 60 hectares of historic mining land, is a solid commitment to reducing the carbon footprint of mining activity.
- The project will reduce the emission of CO₂ by 40,000 tons, equivalent to the consumption of 173,000 barrels of oil, an amount equal to the total amount of oil consumed in by about 20,000 people in Spain in a year. This will be a milestone in sustainability for the mining activity, since the consumption of electricity represents 70% of the carbon footprint for mining operations.
- The 50 MW photovoltaic plant will have a transformer substation for the conversion of 132 to 30 kV and a connection line between this transformer substation and the customer's substation. This will guarantee a fully-renewable and high-quality supply of electricity to the mining operations, catering to its power needs while providing green energy equivalent to the supply needs of a town of 14,500 inhabitants over a period of 12 months.



- An investment of Euros 30 million will be involved in building this new infrastructure with 50 MW of power. One of the great advantages is that this photovoltaic installation will remain in service even when mining activity comes to an end, generating employment and income for the territory indefinitely.

Endesa, through its subsidiary Endesa X, is promoting a new energy model that is committed to decarbonisation, through sustainable generation and more efficient, responsible consumption.

- **Energy Assessment on Decarbonisation:** Endesa X analyses the energy behaviour of customers, their energy sources and their production processes to make their activity more sustainable and efficient. Carbon

Footprint studies are performed and tailor-made emission reduction plans drawn up, with the improvements identified and the plan monitored.

- **Solar energy:** In 2022, Endesa X continued to be a leader in the solar self-consumption market in the industrial and business segments, delivering the installations promised to customers, supplying companies with renewable, self-produced energy and providing energy savings in a context of rising energy prices. Our experi-

ence, quality and technical knowledge enable us to contribute to empowering our customers with the technology required to accelerate efficient energy consumption, contributing to providing our customers with the following benefits:

- Contributing to the decarbonisation goals of the company by reducing CO2 emissions into the atmosphere.
 - Supplying a considerable part of total consumption in the form of clean and renewable energy. Depending on the relationship between the generation curve and the customer's consumption curve, the energy generated by the photovoltaic system can cover up to 40% of the customer's demand.
 - Offering considerable savings in annual electricity bills (up to 50%), achieving price stability in the long-term purchase of energy.
 - **HVAC climate equipment:** Endesa X's air conditioning systems aim to maintain temperature, humidity and air quality within the thresholds defined in each specific case. Endesa X designs and implements the best solutions to achieve maximum comfort by reducing consumption, as the air conditioning installation can account for between 30 and 50% of a building's energy consumption.
 - **The energy management system (EMS)** informs us quickly about the points where the most significant savings can be achieved. Furthermore, the EMS has procedures that provide details of the energy savings generated, after having implemented an energy efficiency measure.
- By monitoring and applying a proper proactive management approach, adjusting the parameters, consumption can be reduced by 10-20%. Energy savings by replacing equipment can reduce energy consumption by between 15-25% in the case of boilers and/or chillers that are more than 15 years old.

The application of all these solutions will make Endesa X a catalyst for the Decarbonisation of the business sector, helping to meet Spain's climate goals.

3.3.5.1.3. Actions relating to homes and small businesses (B2C Approach, Business to Customer)

E-Home aims to improve the energy efficiency of the end customer, offering residential consumers home management products and services to create a sustainable ecosystem through connectivity, energy optimisation and savings.

E-Home offers home equipment products, both for heating and air conditioning. It features smart thermostats that adapt to consumption habits, as these enable remote control using a single device.

In terms of services, e-Home provides maintenance and electrical and gas repairs, with a view to covering the specific and recurring needs that arise in the household segment, providing security and ensuring optimised consumption.

When it comes to self-consumption solutions, Endesa X promotes self-consumption in the household market through "turnkey" projects involving photovoltaic installations that, when combined with home management initiatives, make it possible to meet the sustainability, decarbonisation and digitalization requirements of its customers.

E-Home continues to innovate with new solutions that add value to the customer and help achieve a more sustainable future.

Air source heat pump

In 2022, as part of the Zaragoza electrification project, Endesa X undertook a pilot air source heat pump installation to evaluate the scope of the product, before extending it to new regions of Spain.

An air source heat pump with air-water technology is a product belonging to the renewable energy group, where because of the type of production, generation of energy and high performance, savings of 75% can be achieved compared to other traditional equipment that uses fossil fuels.

Focusing on the customer

E-Home's Customer Care team has developed two projects with the objective of optimising the service provided to the client.

- **Appointments for video and sign language customer service:** Development of a web app through which the customer can request an appointment with Endesa X from any Endesa office, selecting the desired day/time, as well as choosing the format in which he/she

wishes to be answered (video call, video call with sign language or telephone service). When the time comes for the appointment, the Endesa X Customer Care department contacts the customer by the means he/she has chosen.

- **Urgent Communication of Work Orders:** Project designed to streamline the communication of urgent Work Orders (WO). This consists of a Robotic Process Automation (RPA) that detects the creation of an urgent WO and issues an automatic call to the technician alerting of the assignment of the order and providing the necessary information to ensure compliance.

3.3.5.1.4. Electric mobility

As part of its commitment to fighting climate change, Endesa is committed to electric vehicles as a key tool in the promotion of more sustainable mobility, representing one of the main vectors leading to energy transition. To accompany the growth in the use of electric vehicle, private and public charging stations are being installed in shopping centres, car parks, hotel chains, service areas and on public roads, providing greater coverage in the charging infrastructure to urban areas and major strategic communication hubs, both on the mainland and on Spanish islands.

Endesa's commitment to sustainable mobility in fact started with the electrification of its fleets as well as pro-

moting it amongst its own employees, successfully promoting them internally since 2015 as part of its Employee Electric Mobility Plan. As part of this initiative, it has provided help and advice on the acquisition of different models of electric vehicles, thus demonstrating that electric mobility is possible and that it is already a reality that helps us in the fight against climate change, improving air quality in urban environments and people's health, as well as achieving more sustainable energy consumption in the long term.

In 2022 Endesa X Way was also created. This is Endesa's vehicle that is dedicated exclusively to electric mobility and it was created to continue expanding the existing electric vehicle charging infrastructure and meet all customer needs, thus strengthening its commitment to sustainable mobility.

The expansion of electric mobility in society also represents a great opportunity for Endesa, as it undertakes different initiatives to promote its development in three complementary directions with a 360° vision:

- Promotion and dissemination amongst the population.
- Technological development with a focus on continuous improvement and R&D in its services to end users, whether they be individuals or companies.
- Definition of a robust, dynamic commercial offer that is always adapted to the needs of all its customers at all times.



3.3.5.1.4.1. Promotion of the electrification of transport for both employees and fleets

Programs relating to the promotion of the electrification of both employee and fleet transport

Type of programme	Description	Milestones 2021	Milestones 2022
Promoting the electrification of the managers fleet	Endesa, within the framework of the e-Movement, has a plan to electrify the fleet of vehicles used by its managers. To encourage managers to choose this type of model, the company has increased the renting fee they receive and has installed charging infrastructure at its headquarters. Should the manager choose to have a traditional combustion vehicle, the company restricts their CO ₂ emissions, with limits that are stricter than those required under the European guidelines.	<ul style="list-style-type: none"> This accounts for 11% of the total fleet. 220 vehicles. 13% electric and 76% plug-in hybrids 	<ul style="list-style-type: none"> This accounts for 11% of the total fleet. 224 vehicles. 16% electric and 74% plug-in hybrids.
Car pool service	This consists of a pool of electric vehicles at the main headquarters for use by employees for work-related purposes with a view to promoting their use, contributing to fuel savings and reducing emissions.	<ul style="list-style-type: none"> The service is currently provided by 5 electric vehicles at the headquarters in Madrid, Barcelona and Seville. 	<ul style="list-style-type: none"> This year the vehicles have travelled more than 19,000 km and more than 400,000 km since the launch of the service in 2016.
Two-wheel mobility service	This consists of a <i>pool</i> of electric bicycles and electric scooters available to employees at the main headquarters for work-related purposes and to promote the use of this type of alternative mobility.	<ul style="list-style-type: none"> Since its launch in 2019 until it was suspended in 2020 due to the pandemic, more than 25,500 km were travelled by bicycle and more than 8,500 by scooter. 	<ul style="list-style-type: none"> During the second half of 2022, work was done to reactivate the service to proceed with its effective implementation in 2023.
Shared corporate taxi service	The comprehensive management of corporate transport by taxi, with a view to reducing emissions, contributing to sustainable and safe mobility and increasing the digitalization and traceability of the service, prioritising shared journeys between users, also taken using environmentally-friendly taxis.	<ul style="list-style-type: none"> 70% of journeys were made using environmentally-friendly vehicles. 30% of passengers shared the journey. 	<ul style="list-style-type: none"> 72% of the total kilometers travelled involved environmentally-friendly vehicles. 38% of passengers shared the service.
Electrification of car parks	Reinforcement of the charging infrastructure at Endesa's administrative offices for the electric vehicles in its fleet.	<ul style="list-style-type: none"> 900 charging stations installed. 	<ul style="list-style-type: none"> 886 charging stations installed. This year there has been a slight decrease due to a realignment of operational requirements.

3.3.5.1.4.2. Electric mobility offer

Endesa has been committed to electric mobility since 2011 as one of the main means of combatting climate change and is promoting electric mobility as its main instrument for enabling a zero-emission energy model.

Through Endesa X Way, Endesa is developing and marketing electric mobility solutions and services for residential, industrial, commercial and public administration customers, playing an active role in this segment, positioning itself as the sector leader in electric mobility.

Further information can be found on the company's website¹⁹.

Charging stations managed by Endesa X

	2021	2022
TOTAL, Public and Private	9,482	13,898

¹⁹ <https://endesaxway.com/content/enel-x-way/es/es/home.html>

Public Charging

In 2022 through Endesa X Way, Endesa continued with the plan to deploy public charging infrastructure in Spain, whose objective continues to be to enable electric vehicles to travel anywhere in Spain in the short term, by installing new public access charging stations in different types of shops and incorporating “HPC” technology that continues to expand. This is helping to provide greater coverage for the charging infrastructure in urban areas and the main strategic communication hubs, both on the mainland and in the islands.

The JuicePass application is being continuously improved, enabling users not only to manage electric vehicle charging directly from their mobile phone, but also to access detailed information with regard to the charging station, prices and access schedules, to book a charging station and to monitor charging details in real time. The user can use the app to access the most extensive charging network in the country, with more than 4,000 charging stations installed in metropolitan areas, on roads and in rural environments, with a high percentage of fast or ultra-fast charging.

Through Endesa X Way, Endesa also offers monthly subscription tariffs adapted to demand by users who need to recharge on public roads more frequently and who want to have greater control of what they spend on recharging.

In January 2022 through Endesa X Way, Endesa inaugurated the largest charging station in Spain in Ciudad de la Imagen (Madrid), where 46 electric vehicles can be charged simultaneously at the ultra-fast and semi-fast charging stations.

Private Charging

Through Endesa X Way, Endesa is continuing to retail electric mobility services and charging solutions for the deployment of private electric vehicle charging for residential, business and commercial customers, as well as for public administrations. The most differential feature of this deployment of infrastructure is its connection to a charging station management platform, enabling remote control and assistance for the entire range of Endesa X Way Juice equipment.

- *JuiceBox*, is an electric vehicle charger developed by Endesa through Endesa X Way for domestic use. *JuiceBox* together with JuicePole (comprehensive station for the management of simultaneous electric vehicle charging), were also acknowledged for their great functional and aesthetic design at the *Compasso d’Oro 2020*, the first and most highly recognised award in industrial design.
- For companies and public administrations, through Endesa X Way, Endesa provides global and personalised services, that include initial assessment to define which solution is most appropriate depending on the fleet of vehicles available. Once this has been defined, a comprehensive range of Juice charging devices is offered, together with the installation, implementation and maintenance of the infrastructure. Through Endesa X Way, Endesa offers fleet managers, as part of its *JuiceNet Manager* platform, the option of being able to manage all the information and details for each charging session that users undertake using their own charging infrastructure.

3.3.5.2. Raising customer awareness of efficient energy use

The customer’s energy efficiency is part of Endesa’s DNA; it represents an essential feature of its value proposal and a guide for constant communication with its customers. Endesa supports this efficiency with a philosophy of “achieving more with less”, helping them to consume less energy, with the benefits that this provides in terms of the corresponding savings, sustainability and applied innovation.

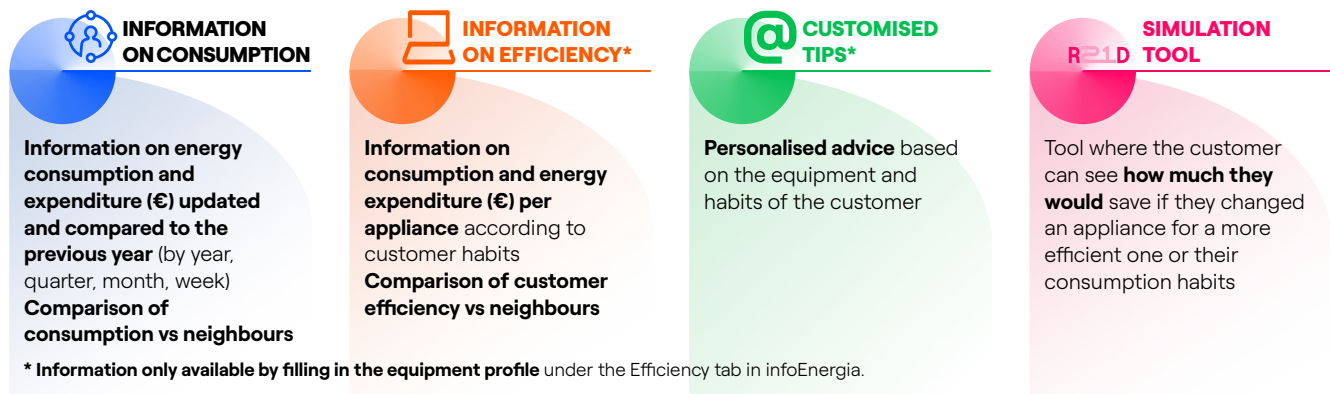
Endesa’s portfolio specifically includes the programmes it offers in each client segment aimed at a better, more efficient use of energy.

Assessment and raising awareness of residential customers with regard to the efficient use of energy

Endesa continuously conducts communication and promotion campaigns to raise awareness about the efficient use of energy. Examples of these product lines and services include the following:

- **Info energy:** This is a free information and assessment service enabling customers to control and manage electricity consumption in their homes with the support of a digital and easily customisable service. This enables customers to:
 - Access detailed information that helps them understand their electricity consumption (standard consumption for domestic appliances, etc.), comparing it with that of homes with a consumption pattern similar to theirs (from their neighbourhood, municipality and province).
 - Access customisable assessment and tools such as simulation, that guide them on how to reduce their electricity bill and raise awareness on achieving a more efficient lifestyle.

What information does infoEnergía contain?

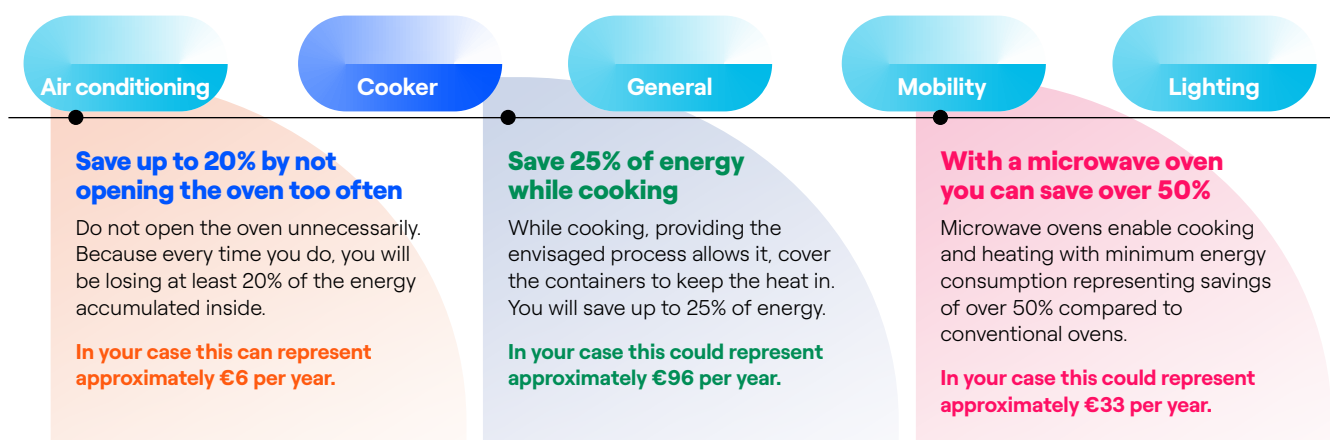


- **Energy efficiency diagnosis:** This is a free online assessment service exclusively for small businesses. Via the website of the online Energy Efficiency Diagnosis service, businesses can assess their energy efficiency and receive tips on optimising consumption at their installations and of their machinery, thus reducing their energy bill.
- **Tips and guidelines for efficiency,** 2 types:
 - Tips included in the bill: Area reserved on the front side of bills offering advice on how to save energy and protect installations.
 - Tips for saving: On endesaclientes.com, where specific communications and recommendations are customised during the first year of the contract in the form of brochures, guides, etc.
- **Self-consumption and efficient electrification programmes:** With the aim of advancing towards more efficient and sustainable energy use, Endesa is working to promote self-consumption and the electrification

of demand. In 2022 work in this area focussed on the following:

- On request help for customers in the installation of **solar panels** in their homes, through online tools that enable them to analyse their needs, the investment required and the estimated savings on the bill. Customers are also supported throughout the installation process with the necessary procedures and management.
- Developing a family of “solar tariffs” that enables clients to make the most of the possibilities offered by self-consumption.
- Promoting “electrification”, that is, the replacement of fossil fuel-based applications with more efficient ones that use electricity, thus reducing total consumption and CO₂ emissions. For example, with the replacement of heating and hot water from gas or fuel-oil boilers with air source heat pump systems, induction cookers instead of gas or heat pumps for air conditioning in homes.

Tips to improve efficiency



3.3.5.3. Security measures in products and services for customers

3-3 Approach to Customer Health and Safety Management EUSS

3-3 Customer Health and Safety 416-1

As part of the work undertaken at customer installations, Endesa always employs someone to coordinate safety and health or preventive resources, who ensures the job is done correctly from a safety perspective, as well as making on-site Health and Safety Inspections for the purposes of verification.

These inspections are made both by staff in each line of business, as well as by the Joint Prevention Service (SPM in Spanish) and third parties recruited for this purpose, monitoring all preventive activities addressed in the training sessions imparted to the different lines of business, as well as on the Health and Safety Committee and Participation Committee, the highest body in the field of prevention at Endesa.

These efforts have been rewarded in the form of ISO 45001 certification for Endesa's Health and Safety Management System for the sale, installation and maintenance of value added products and services with regard to the supply of electricity, telecommunications, thermal installations, gas and/or hot water for sanitation, electric vehicle charging stations, in-person technical maintenance and repair services associated with the supply of electricity and gas, and the sale, installation, maintenance and repair of products and services offered to residential customers.

417-2

In 2022, there was no non-compliance with regulations governing the information and labelling of products and services resulting in a fine. There was no non-compliance in this matter resulting in a warning.



3.4. Growth accelerators

3.4.1. Digitalization



Line of action	2020	2021	2022	2022-2024 Targets	2023-2025 Sustainability Plan (PES)	
					2023 target	2025 target
Investment in the digitalization of assets, the customer and our people (€ million invested)	314	456	520	~ 1,500 M€	~ 1,400 M€ in the 2023-2025 period	

Actions deserving special mention

- 1 Endesa was awarded five 2022 Customer Relationship Excellence Awards and was acknowledged as a benchmark for digital transformation.
- 2 In 2022, sales and acquisitions were achieved by digital means that multiply by 4 the base existing in 2020, as well as improving the quality of customer service and the capture of efficiencies in operating costs.

The scope of the information provided in this chapter covers both Endesa, S.A. and its investee companies in Spain and Portugal, the same as in the Legal Documentation reports. For further information, see sections 1.1.2.6. *Organi-*

sational structure and 2. *Report boundary* (Appendix I: *Methodology for preparing the report*). Variations, if any, to the scope described here are presented throughout the chapter.

3.4.1.1. Digitalization as a driver for energy transition

Endesa is investing in digital transformation to become an organisation that is fully connected to the digital ecosystem, automating tasks and achieving the smart, agile optimisation of customer-centred efficiency. The integration of new technologies enables interconnection between people and objects, providing new access to both traditional and innovative products and services.

The promotion of digitalization in Endesa's different business lines acts as an engine to accelerate energy transition. New digital technologies enable the integration of services such as real-time monitoring and control of energy production and consumption, which will give access to adjusting supply and demand more efficiently, as well as integrating renewable energy sources, which will lead to greater diversi-

fication and optimisation of the electricity infrastructure, a reduction in costs and improved efficiency.

Endesa is very aware of this reality and of the opportunities it presents and, therefore, digital transformation is an essential feature of its sustainability plan. The plan's strategic lines of action coincide with Endesa's strong commitment to the pursuit of continuous efficiency through the digitalization of its businesses. On this end, Endesa plans to develop digitalization investment plans across all its businesses amounting to Euros 1,400 million between 2023 and 2025. The biggest effort will be made in Distribution, which will allocate over Euros 1,000 million to the digitalization of the business, accounting for more than 71% of the investments announced during this period.

Investment in digitalization by businesses

Millions of euros				
	2020	2021	2022	2023-2025 target
Generation	18.0	16.2	20.5	48.9
Distribution	236.2	377.4	415.7	1,098.7
Retailing	48.7	46.8	52.7	112
Endesa X	11.5	15.7	31.1	168
Total	314.4	456.1	520.0	1,427.6

Corporate assets

Endesa is making significant growth investments aimed at modernising and developing new infrastructures that respond to decarbonisation and electrification trends in the economy. Digitalization initiatives will allow us to continue to increase the grid's automation and digitalization. All this is aimed at improving security of supply, and service quality and efficiency, and at responding to future customer demands. In electricity generation plants, Endesa is increasing its efforts to undertake the digitisation of the management of its generation facilities in order to increase the plants' operating efficiency and improve their integration into the electricity system.

The customer

Consumers' access to new technologies, their adoption and mass use have completely transformed customers. This uptake involves new habits and customs by consumers in their personal and professional lives, and of course, in their relationships with companies. The vast majority of them are already or will become digital, connected and social customers.

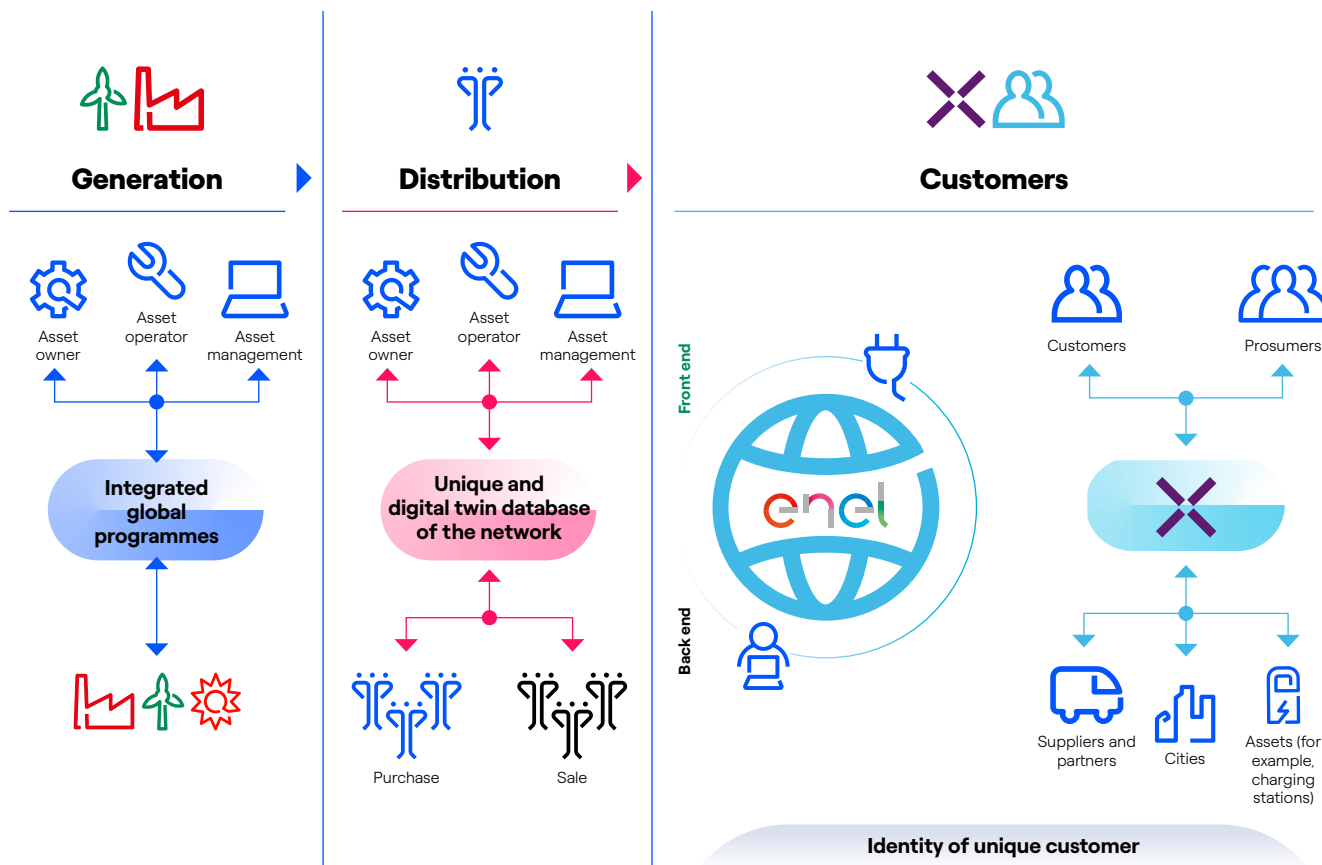
In this context, Endesa is developing new IT tools to improve customer digitalization and as well as new service channels and other products and services.

People

Considering that the digital transformation means that the company has to adapt its value proposition to the new digital customer and adopt new technologies in its value chain, one of the great challenges for the company is the transformation of its corporate culture to allow the style of leadership to evolve and to develop the technical and other skills necessary to successfully lead the transformation. In this regard, Endesa is working in different areas to further the change in its organisational culture and the way things are done in the company.

Endesa's digital transformation also includes improving data management processes, which includes the use of the latest cloud-based data storage technologies and the development of digital platforms that enable an increase in interactivity and connectivity. Endesa also prioritises compliance with demanding standards for promoting cybersecurity to drive digital transformation with the lowest possible risk.

Focus on new platform-based business models



3.4.1.2. Digitalizing assets

3.4.1.2.1. Digitalization of thermal and renewable generation installations

At generation installations, there are three major digitalization programmes underway.

Global O&M (Operation & Maintenance) Applications

These applications are part of an integrated operation and maintenance digitalization programme that will enable process homogenisation between thermal and renewable technologies to generate a coherent and effective platform. It includes a number of important initiatives, including the following:

- **Ingen:** Global management application to support operation processes in hydroelectric power plants. Fully deployed in all plants in Spain.
- **Global Operational System:** Development and implementation in Spain of a global system for the efficient management of production and the improvement of results, including a multi-year review planning module. Integration with eWorker has been completed.
- **PO&M (Plant Operation & Maintenance):** Tool that creates a bridge between Operation and Maintenance, enabling communication/integration with other existing applications. The tool has been adopted by all wind supervisors and two pilot solar plants.

Global E&C (Engineering & Construction) Applications

A programme for the digitalization and homogenisation of engineering and construction processes, which is based on three main drivers:

- Automation of operations.
- Digitalization: Merging of data, technological platforms and physical devices to optimise processes and maximise the quality in the transfer of information to operations and maintenance.
- Innovation.

Main activity:

- **IUP (Integrated User Platform):** A digital platform tailored to the E&C Community and Main Suppliers/Contractors that consists of all the digital applications on one platform to make work easier and faster by improving collaboration and more optimised decision making. The migration from CKS to IUP has been completed.

These digitalization programmes are supported by a powerful technological infrastructure (servers, storage, *networking* and security), in addition to communications and control systems (currently undergoing technological revamping for the entire line of renewables), while ensuring compliance with the company's Cybersecurity policies.

Data Analysis and Artificial Intelligence (AI) Initiatives

These initiatives aim to improve operational efficiency and move towards **predictive maintenance**.

- **DR4DA (Data Repository for Data Analysis):** Data Analysis Environment to homogenise ETL processes.
- **MLi (Machine Learning Integration):** Development of algorithms with Machine Learning for detection of failure models in wind turbines.
- **GMI (Gas Maintenance Iberia):** Web application for predictive models and access to the document repository.
- **SOMOS Eco:** Automation of the process for classifying inefficiency events.
- **DEFEM (Detection of Errors in Metering Equipment):** Detection of anomalies in electricity hub energy balance and measuring equipment.
- **Inefficiency:** Detection of efficiency degradation and its causes by AI in wind turbines.
- **XAI (eXplain Artificial Intelligence):** Analysis of physical patterns of vibrations to detect root-causes and their effects.
- **Aldro (Artificial Intelligence for hydro):** AI image recognition to detect accumulations of solid elements in water.

3.4.1.2.2. Digitalization of the distribution network

3.4.1.2.2.1. Remote management and meter-reading control

Approach to EUSS demand management

Endesa's Remote Management Project was developed to implement an automatic and remote electricity supply control and operating system for all domestic customers. Throughout 2022, Endesa performed a total of 138,919 replacements, encompassing 99.7% of type 5 meters with an active contract and contracted power of up to 15 kW (12.02 million active customers with smart meters). Furthermore, this year 14,300 type 4 devices have been installed with remote management capacity (for supplies with a contracted power of between 15 and 50 kW), encompassing 97.4% of the target type 4 installations

Remote management and meter-reading control

Low voltage ⁽¹⁾			Medium Voltage			High voltage	
Remote management plan (no. installed remote management meters)			Remote control installation plan (number)			Remote control update (number) ⁽²⁾	
2021	2022	2023-2025 target	2021	2022	2023-2024 target	2021	2022
12,472,118	12,502,944	14,000,000	29,045	33,293	47,400	361	370

⁽¹⁾ In BT it includes type IV and type V meters.

⁽²⁾ The TA remote control installation project was completed in 2022 so there is no target for subsequent periods.

Other projects related to the control of meter reading:

Remote Metering System: In 2022, the AMMS (Automatic Metering Management System) was migrated to the new TWOBEAT Remote Management system. This migration is part of a global strategy to develop Distribution Systems into a more integrated and sustainable system structure (BEAT Systems).

With this development in the Remote Management system, it has also been possible to eliminate certain vulnerabilities associated with the maintainability of the base software for the application servers and databases and integration with the CompAC access control platform.

In addition to the migration, the following developments were implemented to comply with new regulations or to adapt to technological developments with regard to remote management equipment:

- Automation of the remote operation for customers with self-consumption, achieving an optimisation in the process of activating the reading of the generation hourly load curve.
- Adaptation to new Operating Procedure PO 10.5 that establishes the publication to REE, of the hourly load curve for customers in the self-producer regime before 7am, which affects customers with a remote management meter. It required changing the hourly load curve collection model for these supplies, going from an automatic daily reading, taken autonomously by the hub, to a point reading launched directly from the system to guarantee the publication of the measurement before 7am.
- The system was adapted for the management of a new hub model, called LVM, which incorporates an external 4G router, representing a substantial improvement at the communications level.
- There has already been progress in developments already begun in 2021 for the exploitation of a new meter model that incorporates a GPRS modem, thus estab-

lishing an alternative for communications with the system. This technology will enable the management of meters when the installation of a hub is not possible, and in equipment with poor PLC communication.

- Optimisation of the hub synchronisation process, thus avoiding a loss of performance in remote tasks.

Digitalization of the Energy Recovery Process

- Predictive models for the detection of non-technical losses:** Work continues on the application of Machine Learning and Deep Learning techniques for the detection of abnormalities and fraud, improving existing models for earlier detection of fraud, incorporating new data (such as the CT-level meter reading provided by Low Voltage Supervisors) and developing new models aimed at detecting new pockets of losses.
- Predictive model for automatic file evaluation:** Application of Machine Learning and Deep Learning techniques to automatically detect the start date for the anomaly, to contribute to reducing the time needed in the management of files.

Meter-Reading Management

- SBH (Hourly Balance System):** Calculates losses on distribution grid sections, which are delimited by energy exchange points measured throughout the reporting period. In 2022, the number of low voltage balances available increased as progress was made in sensorising the network.

3.4.1.2.2.2. Smart grid development

Endesa's grids are being configured in accordance with a **Smart Grid model**. Grid technification and the inclusion of information and communication technology (ICT) enable these grids to offer a rapid response to users' needs:

- They enable the connection and operation of renewable generation and distribution linked to consumption.
- They enable management of demand, making the system more flexible by flattening the load curve and maximising the use of electricity infrastructures.
- They enable the roll out of electric vehicles and the development of more comprehensive and advanced energy services, improving the quality of the power supply, reducing response times in the event of power failures.
- They make it possible to adopt preventive and predictive maintenance strategies.

The following are some of the more notable projects for the development of smart grids:

Network Digital Twin (NDT)

This consists of a digital, highly computerised replica of physical assets and their management processes, development and maintenance processes into which network data is incorporated, constantly updated in real time. Information is transmitted via IoT data networks from the physical assets. Consequently, it is possible to simulate and study future behaviours and improve the grid's resilience with no impact on the customers.

Grid Blue Sky (GBS)

The GBS project consists of developing technology solutions for more efficient process execution. These solutions are organised into 3 pillars:

Pillar	Purpose	Actions
Asset Owner	Development of an open, multi-layer platform operating as a 3D model, engineering and construction standards, and generating mobile grid scenarios to be able to identify the different solutions in the grid development plan.	<ul style="list-style-type: none"> • Unified planning of Capex and Opex (including new services such as flexibility). • Probability-based and multi-layered approach. • Standard catalogue of solutions. • Total cost of ownership. • Consolidation and integration of engineering and construction activities. • 3D grid model: From design to operation.
Asset Operator	Comprehensive asset management from construction to maintenance and exploitation to the end of their useful life, with a view to ensuring safety, service quality and efficiency while harnessing the management of internal and external resources.	<ul style="list-style-type: none"> • Centralisation of control centres for countries and areas. • Training for field resources on how to monitor, report and certify their work autonomously. • Real-time tracking of materials, work execution, virtual and remote assistance, digitalized communication.
Customer Engagement	Ensure global standards, while taking consideration of differences between regions. Avoid and reduce complaints and penalties. Achieve simplicity, ease and financial efficiency in all kinds of customer requests, while ensuring their satisfaction.	<ul style="list-style-type: none"> • Modular activity framework, based on core services. • Centralised multichannel contacts (countries). • Data analysis to prevent events and implement proactive measures. • Comprehensive management of activity remuneration.

Comprehensive Quality Plan

In 2022, the development of the Iberia Comprehensive Quality Plan approved in 2021 continued. The approved investment includes the allocation planned for 2020, 2021 and 2022, as well as the investment necessary in 2023 and 2024 to complete the works started in high voltage (HV) and medium voltage (MV).

The project aims to improve Edistribución's quality indices so that they align with the sector's average quality indices. The main lines of action are as follows:

- **Grid structure:** Investment to reduce the number of grid disruptions.
- **Remote control:** Investment in remote-controlled equipment in order to reduce the impact of disruption periods on customers, derived from grid failures.

- **Automation:** Investment aimed at reducing the number of customers involved in a failure by installing switches along medium voltage lines.
- **Installation of sensors:** Investment in the installation of equipment in distribution substations to monitor transformer load and avoid saturation and incidents.

3.4.1.2.2.1. Participation in technology platforms

In 2022, Endesa continued to actively participate in different technology platforms that seek to promote the development of a much more advanced distribution grid, capable of responding to the challenges posed by the future. These include participation in different working groups addressing the impact on the distribution network for storage and electric vehicles, as well as alternative solutions to SF6.

Endesa is also actively participating in the development and implementation of a new national SIORD platform shared by the rest of the distributors. The objective of this platform is to unify the processes and the flow of informa-

tion exchange between all Distributors and distributed resources. At a later stage, the SIORD platform will play a role in enabling the implementation of flexibility services in the distribution network.

3.4.1.3. Client digitalization

3.4.1.3.1. Towards leadership in commercial digital transformation

Focussing on the customer, in 2022 Endesa continued development on new customer service channels, new IT tools that favour customer digitalization, as well as products and services that are essentially digital by their very nature. Digitalization has been one of the basic pillars of Endesa's Strategic Plan for a number of years, as a lever to improve customer experience with the company (*customer journey*) as well as process efficiency, which is why the following actions deserve special mention:

- Adopting new digital tools and applying Customer Intelligence and *Advanced Analytics* capabilities to improve *Time-to-Market* and commercial efficiency for the benefit of the customer.
- Progress in the digitalization of processes that enable the capture of opportunities to improve costs to meet the ambitious goals for operational efficiency while at the same time maintaining a high level of customer service.
- Development of new platform-based business models, where Endesa and other collaborators may offer products and services that are a product of their digital nature.
- Promotion of Self-consumption and the Electrification of demand, with the aim of advancing in the more efficient and sustainable use of energy and with this, to accelerate energy transition towards a more decarbonised world that is better for everyone.

This ambitious digital transformation plan had very positive impact on the market and in 2022, Endesa was recognised as a benchmark for digital transformation through the assignment of five 2022 Customer Relationship Excellence Awards, which value the good relationship between companies and their customers. They are promoted by the Spanish Association of Experts in Customer Relations

(AEERC) and are based on 36 audits using the methodology provided by the consultant, IZO, and in collaboration with IFAES.

Endesa received awards in the following categories:

- Best strategic project: "Best Strategic Commercial Management Project", "Best Strategic Technological Innovation Project", and "Best Strategic eCommerce Project".
- Best customer service channels: "Best Relationship in Telesales", Best B2C Telephone Relationship" (for companies that deal with more than 3 million cases per year).



These awards highlight Endesa's innovative vision, its commitment to technological development applied to improving the commercial process, the development of advanced technological capabilities to manage digital customer service channels more efficiently, the sustainable digital transformation that the company is undertaking through eCommerce in the acceleration of digital sales, the design of a new operating model and in the approach to Human Data. As a result of this action, in 2022 sales and acquisitions were achieved by digital means that multiply by 4 the base existing in 2020, as well as improving the quality of customer service and the capture of efficiencies in operating costs.

3.4.1.3.2. New platforms and digital capabilities

With the customer as the central focus of its action, Endesa is continuing to develop its “digital and sustainable ecosystem”.

At the end of 2022 there were already more than 4.6 million digital customers, who accessed the private area more than 88 million times, mainly to view their invoices and undertake procedures with regard to their contracts digitally. With regard to the main advances in Spain in 2022, the following milestones were reached:

- New APP for the Deregulated Market (ML in Spanish): With the aim of continuing to improve customer service in 2022, Endesa completed the design and production of a new App for the deregulated market, called Full Digital, as detailed in chapter 3.2.1.3 of *digital channels*.
- Promotion of digital invoicing: As a result of these actions, in 2022 more than 1 million energy contracts switched to digital invoicing, so that at the end of the year approximately 47% of contracts receive an e-Invoice, which represents an annual volume of more than 48 million digital invoices which do not need to be printed or sent on paper which makes the process so much more efficient and satisfactory.
- Improvements in digital customer service channels and platforms:
 - Digital Customer Service Platforms (Whatsapp, Facebook, chat, e-mail) were strengthened to provide customers with a better service.

- Digitalization and the automation of interactions managed via the Call Centre were promoted, so that by the end of the year contacts serviced via the Virtual Assistant (Watson IBM) or by “Lenguaje Natural” reached more than 44% of the total.
- With regard to Endesa Portugal, the main advances in 2022 were as follows:
 - Improvements in the online channel: Progress was made in improving the digital customer experience and response times for the online channel, by simplifying the web language at the time of contact, greater and faster automatic resolution of web procedures and the improvement of customer communications.
 - The implementation of new “Journeys” in commercial systems (CRM), which improve the customization of their interactions with Endesa and the sequence of communications during their development as a customer.
 - Implementation in the Portuguese systems for the MB Way payment platform (equivalent to Bizum in Spain) that will enable customers to pay their invoices via a QR code, pay any other payment document and even manage cut-off notifications.
 - Launch of the Smartmeter Project: Looking ahead to 2023, work has already been completed that will enable improvements to be developed on the private website and on the contracting form to be able to provide service and assessment to customers who have a *smart meter*.

3.4.1.4. Digitalization of our people

Endesa is continuing to make significant changes with a view to becoming a more digital and innovative company; it considers offering continuous training to its employees and providing them with the best digital tools as essential factors in achieving this, thus helping to drive the cultural change required by the company.

3.4.1.4.1. Work environment

Open Work

Endesa has Open Work areas in its headquarters with the aim of moving towards new ways of working by managing human resources changes and implementing new spaces and technology, while ensuring digitalization, sustainability, health and safety.

With Open Work, work at Endesa will be more agile, technology-based, efficient, flexible, open and collaborative, in line with the company’s digital transformation and its commitment to agile methodology.

In 2022 work being done at the headquarters was completely finished. At the end of the year, almost 2,500 people were working in the Open Work modality, 100% of employees at in Madrid.

3.4.1.4.2. Digital skill development

As part of its digitalization strategy, Endesa is focussing on the value of people since digital transformation is closely linked to the transformation of people.

Endesa’s digital skill training programmes enable people to add to their technical knowledge of technology, change

management skills that are the new paradigm for the digital age and the new work model, to attain a more systemic vision and achieve a positive, sustainable impact. Training in digital transformation in 2022 amounted to 45,905 hours of training delivered.

In 2022, Endesa worked on an “eDNA” pilot scheme for the development of digital skills based on gamification, new ways of collaborating in learning, highlighting the importance of different sources of learning and creat-

ing a digital mindset. All this has led to developments in the philosophy of current training and how we understand it.

The new hybrid work model has increased digitalization training in terms of quantity, quality and efficiency, to promote transformation and help people to change, understand, become aware of and acquire the skills they need to face current challenges, while encouraging them to increase their potential.

Training programmes

Training programmes



3.4.1.5. Cybersecurity



Line of action	2020	2021	2022	2022-2024 target	2023-2025 Sustainability Plan (PES)	
					2023 target	2025 target
Dissemination of the IT security culture to reduce risks (number of knowledge exchange events with regard to cybersecurity)	16	18	19	15	15	15
Execution of cyber exercises involving industrial plant/sites (cumulative no. of cyber exercises)	21	23	54	62	60	64
Verification of ICT security (no. of actions per year)	1,139	1,536	1,400	1,400	1,400	1,400

Actions deserving special mention

- 1 Conducting simulations of cybersecurity incidents in order to increase the detection, preparation and management capabilities of the personnel involved in the event of a cyber attack.
- 2 Taking actions aimed at the promotion, education, training and awareness of cybersecurity executed with the aim of turning personnel into the first line of defence against cybersecurity risk.

Technological components are becoming an increasingly integrated part of the daily life of the business world, while the cyber threats inherent in each of these environments are becoming more frequent and more sophisticated. As a result, cybersecurity has become a global issue, and one of the pillars on which the Endesa's digitalization strategy has been constructed.

Endesa has a holistic and systemic model in place to act on and manage cybersecurity, encompassing all the Group companies. This model is promoted by Senior Management and relies on the actual involvement of all corporate business areas, as well as the areas responsible for designing, managing and operating IT systems.

Endesa also has a global Cybersecurity Unit that reports directly to the Chief Information Officer (CIO) through the Chief Information Security Officer (CISO), to streamline the decision-making process at a global level, in a context where response time is essential.

Senior Management is firmly committed to the cybersecurity governance model. It also establishes the need to use first-class technologies, design ad hoc business processes, to increase employee awareness of it, and to transpose regulatory cyber requirements.

3.4.1.5.1. Management policies and models

As part of the Enel Group, Endesa shares the Group's principles and processes for cybersecurity-related activities, as established in the document entitled "Cyber Security Framework, policy 17, approved by the Group's CEO.

This document details the principles inherited from the best international practices of the energy sector making it the first basis for undertaking all cybersecurity activities.

Specifically, the following document:

- It is structured into 8 processes fully applicable to the complex environment of Information Technology (IT), Operational Technology (OT) and the Internet of Things (IoT).
- It defines the roles and responsibilities, while ensuring full involvement of business areas, assigning responsibilities to the organisation's stakeholders and laying solid foundations for a complete merger of technologies, core processes and people.
- It is focused on and driven by a "risk-based" approach and the principle of "cybersecurity by design".

This document and its subsequent activities address cybersecurity governance and management.

The “risk-based” approach followed by the “Cyber Security Framework” policy makes risk analysis an essential pillar for all strategic decisions. Since 2017, Endesa has been applying a cyber-risk management model based on a methodology applicable to all types of computer systems (IT/OT/IoT).

This model aims to identify, prioritise and quantify cybersecurity risks associated with the use of these systems, with the ultimate goal of identifying and adopting the most appropriate security measures to minimise and mitigate these risks. So, in line with this methodology, Endesa identifies information systems that require risk analysis, based on which the appropriate mitigation actions are established depending on the type and severity of the risk.

Implementing the “cybersecurity by design” principle enables cybersecurity activities to focus on cybersecurity issues from the early stages of computer systems design and implementation and throughout the lifecycle of systems and services, in order to increase their resilience to cyber attacks. Endesa shares cyber security best practices and operational models and helps to define guidelines, standards and regulations with private organisations, institutions and academics.

The Enel Group has also created its own team of computer analysts, in the Cybersecurity Unit, Cyber Emergency Readiness Team (CERT) and since 2018 it has had a Control Room for the proactive management of cyber incidents and to activate the response to cyber emergencies for all Group companies including Endesa, as well as co-operating with national and international CERT communities.

The CERT is active in national communities through membership of nine national CERTs, including the Spanish “national CERT” since 2018. There are also international collaborations with “Trusted Introducer”, a network of 464 CERTs in 72 countries, and since 2018 with “FIRST”, the largest collaboration community in the sector, with more than 602 members from 99 countries.

When the CERT detects any type of risk or incident regarding information security, it analyses it and classifies it in accordance with its severity. When the incident generates a crisis situation affecting business continuity, the profitability of the company or its reputation, Endesa immediately takes the necessary action in accordance with existing crisis and emergency management security policies. The CERT is known for its ability to:

- Prevent, detect and respond to cybersecurity incidents (Cyber Incident Response) through a process whereby the CERT and internal stakeholders communicate to implement a systematic, structured approach to incident management. To do this, the CERT needs visibility of what happens in all corporate environments, whether they be industrial or enterprise. This visibility is achieved through a process which involves working in collaboration with all areas of the company. The sources of information are identified and the data produced by them are collected.
- Keeping track of cybersecurity threats (Cyber Three Intelligence) by collecting and managing detailed information on cyber threats, events and incidents through a process to find/detect privileged information and translate it into actions to avoid, mitigate or manage possible security events.
- Exchanging information and collaborating with the necessary parties to handle a cybersecurity incident, within a context of secure communication, taking into account the principle of “trust” vis-à-vis information to be exchanged in accordance with the principles of “need to share” and “need to know” of the different parties involved.

The following were the key achievements of the company’s cybersecurity areas in 2022:

- The CERT continued to conduct cyber exercises in all the countries of the Enel Group, including Endesa, for the purpose of strengthening incident response capabilities in collaboration with the corresponding business areas. In 2022, 50 cyber exercises were conducted globally;
- E-mail Fraud *Defence* (DMARC): Completion of a map for solutions covering spam and phishing threats, protecting all Enel e-mail domains, including Endesa, from fraud attempts and improving customer protection, as well as brand reputation;
- Development of the H24 operating model of the CERT by integrating internal Group cybersecurity professionals.

As a part of the ENEL Group, Endesa actively contributes to developing the international cyber ecosystem by collaborating with international bodies, relationships with the academic and institutional world, technology partnerships, participation in institutional events and participation in international conferences. An extensive network of collaborations enables Enel to make a positive impact on the entire ecosystem, particularly the supply chain, in order to:

- Contribute to defining standards, regulations and directives.
- Develop and strengthen channels to “share information”.
- Promote culture and training in cybersecurity.
- Support “open innovation”.
- Share best practices and operating models.

In 2022, Endesa’s parent company, Enel, helped to draft cybersecurity regulations and legislation worldwide, by making comments in public enquiries.

The main work done by the Group involved harmonising the current legislation framework with regard to cybersecurity, the resilience of the cyber ecosystem by implementing a risk-based approach and the principle of security by design, undertaken by means of the following actions, extended to the entire perimeter of the Enel Group, and therefore also to Endesa:

- NIS 2.0: A uniform approach under NIS 2.0 has been proposed for a common base of cybersecurity measures to apply to all EU-wide essential entities, taxonomies for unique incidents, common classification criteria and a template for reporting incidents to authorities, with a view to improving awareness and incident management capabilities throughout the EU.
- Obtaining ISO 27001 cybersecurity certification for the following companies in the context of specific processes for Gridspertise, Enel Grids, Enel X.

Security education, training and awareness with regard to cybersecurity:

- Training to provide the cybersecurity skills needed in the professional environment. In 2020, the Cyber Security Unit organised courses in cybersecurity (Cyber School) designed for all Enel Group employees, including Endesa. These courses have continued to be used since then, and they also enable compliance with regulatory requirements with regard to cybersecurity.
- Raising awareness amongst all Endesa employees, to reduce the cybersecurity risk associated with the human factor. In 2021, the Group launched “The Red Pill”, a tool that provides a number of functions (challenges, simulated *phishing* campaigns and other content on a broad selection of issues with regard to cybersecurity) and provides strength and support for all employees. The tool has the following functions:

- *Knowledge Assessment*: It is used to assess the baseline of cyber risk, identifying strengths and weaknesses for better guidance and calibration of awareness-raising initiatives.
- Simulated *phishing* campaigns: These enable Endesa employees to be trained to recognise the characteristics of the real intention of phishing.
- Actions to raise awareness: Courses with an awareness-raising and informative content with the aim of gradually increasing knowledge about cybersecurity.
- The Global Intranet is the means used to disseminate communications and information on cybersecurity (e.g. specific news, interviews and videos).
- At the end of 2020, a “Rules of Behaviours for Digital People” policy was developed, which defines guidelines and rules of conduct that need be adopted by Enel Group employees, including Endesa, in order to use digital resources securely so as not to harm the efficiency/effectiveness of IT/OT systems and mitigate the risk of the company being exposed to possible cybersecurity threats. This guarantees the following:
 - That the worker becomes the first line of protection for computer security.
 - The prevention of cybercrime that may give rise to Group companies being administratively liable in accordance with the Global Compliance Programme.
 - The correct management of the Enel Group’s data, safeguarding its availability, integrity and confidentiality.
 - Efficient and effective use of IT/OT resources entrusted and assigned to workers.
 - Protection of the company against illegal acts and abuses caused by the misuse of corporate digital resources.
 - Support for people to be able to recognise cyber risks, so that they can also function securely in their private lives, with protection for them and their families.

In 2022 this guideline was improved with the addition of a quick guide available in 5 different languages, providing quick access for urgent queries.

In 2022, 19 cybersecurity awareness actions were also taken.

Endesa is also covered by a cybersecurity risk insurance policy to mitigate cyber risk. It is valid for the entire Group and has been underwritten by Enel since 2019.

To continue advancing in cybersecurity management, Endesa has set the following objectives in the Endesa 2023-2025 Sustainability Plan:

- Reach a total of 45 actions (from 2023 to 2025) to promote awareness about cybersecurity among employees ("Disseminating the IT security culture and changing people's behaviour in order to reduce risks").
- Reach a total of 186 actions (from 2023 to 2025) involving cyber exercises aimed at employees of Endesa's industrial sites ("Execution of cyber exercises involving industrial plants/sites").

3.4.1.5.2. Definition of the cybersecurity strategy

The cybersecurity strategy sets goals and priorities for cybersecurity with a view to addressing and coordinating initiatives and investment activities for Endesa as a whole, and to ensuring that cybersecurity policies are complied with, goals and targets are set, management reports are generated and security initiatives underway are constantly monitored.

This process is an ongoing task, led by the Chief Information Security Officer (CISO), and makes use of the close integration and synergy between Global Digital Solutions and the Business Areas. The parties involved communicate their needs, analyse opportunities, address any issues and propose possible initiatives.

Those involved also analyse the different options and initiatives within their Business Area to determine their viability and ensure consensus and financing for the projects. The Cybersecurity unit drives the process, and together with all other parties gradually consolidates aspects such as the future scenario of cybersecurity, the cybersecurity goals and targets and strategic initiatives with an initial budget and top-level prioritisation.

The cybersecurity strategy is defined on the basis of corporate needs and approved by the Cybersecurity Committee, led by the CEO of the Enel Group and made up of senior management members. More specifically, the Committee consists of the General Manager of Global Digital Solutions, the business line managers and the Manager of Regions and Countries, including Endesa's CEO, and the Manager of Holding Functions.

3.4.1.5.3. Incident management

The CERT monitoring system collects events from a number of data sources and makes use of automatic analysis to correlate them to log incidents.

These incidents are classified in line with the cyber impact matrices, albeit considering the enhanced event correlation capabilities derived from adopting new security services.

Most incidents are classified as level 0/1 since they have no significant impact on the Group's environments and are resolved on the same day.

Incidents are classified on the basis of diverse criteria. Impacts (assessed as either non-existent or restricted in most incidents, those classed as 0/1) are centred around aspects such as the safety of people, financial losses, loss of operating efficiency, impact in the media and any resulting uncertainty.

Incidents classified as level 2/3/4 in the cyber impact matrix vary from potential impact to medium-significant impact and are all managed by the CERT, with the involvement of all stakeholders.

In 2022 the CERT responded to 175 cybersecurity incidents with impact level 2, 16 cybersecurity incidents with impact level 3. and no cybersecurity incidents with impact level 4.

In all cases detected, all incident and critical event management procedures were triggered to enable a fast, efficient response and, therefore, minimise the impacts on people, services and assets.

Organisational procedure (OP) 204 Cyber Emergency Readiness Team (CERT), also via a detailed RACI manual, describes the incident management process.

In order to enhance the ability to detect, prepare and manage cyber-attack events, the CERT also runs regular cyber exercises to train the staff involved. A report is generated at the end of each cyber exercise, with a detailed description of the simulation. This report enables continuous improvement to be made on the following:

- Quality and integrity of the material supplied to support the decisions.
- Execution times for each stage.
- Consistency with procedures.

3.4.1.5.3.1. Cybersecurity Projects

All projects, programmes and initiatives presented in this chapter aim to avoid, mitigate or correct cybersecurity risks for Endesa. As a result, cybersecurity activities (defined with a risk-based approach and based on the principle of security by design) generate an ongoing due diligence process, including self-assurance activities.

The Cybersecurity unit implements short- and medium-term initiatives, projects and programmes with short- and long-term impacts and benefits.

More specifically, the technological initiatives being taken to strengthen the protection systems and reduce exposure to risk are focussed both on Information Technology (IT) and industrial environments Operational Technology (OT).

The Cybersecurity units manage the following projects centrally, with deployment to Group areas:

- The adoption of Multifactor to strengthen the authentication process and counteract the theft of credentials.
- The implementation of the Digital Right Management solution to ensure the correct classification of information with different levels.
- The Cloud Workload Security project that uses the continuous assessment of configurations to ensure

that the company has capabilities that provide a correct security posture for cloud environments, monitoring exposure to risk and avoiding breaches of security.

- The Security Eye on Logging (SEOL) project to detect anomalies in the assets and resulting from a breach of data protection regulations.
- The Next Generation End Point Protection antivirus solution.
- The drive encryption solution for workstations.
- “The Red Pill”, the Group’s platform to conduct simulated phishing campaigns, awareness, adaptation and active campaigns.
- The Cyber GRC tool to support users in automating and monitoring the management process for Business Impact Analysis (BIA), Risk Assessment (RA) and Risk Treatment (RT).
- Research and development initiatives in industrial security.



3.4.2. Innovation



Actions deserving special mention

- 1** A series of initiatives, grouped in the Idea Hub, with the aim of promoting creativity, the culture of innovation and intrapreneurship within the company, with the use of joint creation methodologies, employee projects and training on specific innovation tools.
- 2** 91 million euros were invested in R+D+i in 2022.

The scope of the information provided in this chapter covers both Endesa, S.A. and its investee companies in Spain and Portugal, the same as in the Legal Documentation reports. For further information, see sections 1.1.2.6. *Organizational structure* and 2. *Report boundary* (Appendix I: *Methodology for preparing the report*). Possible variations on the scope described here are presented throughout the chapter, where appropriate.

sational structure and 2. *Report boundary* (Appendix I: *Methodology for preparing the report*). Possible variations on the scope described here are presented throughout the chapter, where appropriate.

3.4.2.1. Investment in Research, Development and Innovation activities (R+D+i)

3-3 EUSS Management, research and development approach

Endesa is firmly committed to innovation, an aspect that it considers strategic, to address present and future challenges across all areas of the company. Innovation has accelerated significantly in recent years, which is why Endesa is investing considerably in improving platforms, processes

and systems. To this end, all Endesa's lines of business undertake projects, invest resources and ultimately take the lead in this area.

The direct gross cost in (R+D+i) during the last three years, was as follows:

Direct gross cost R+D+i

Million euros⁽¹⁾

	2020	2021 ⁽³⁾	2022 ⁽²⁾
Generation and Supply	37	81	72
Distribution	29	23	13
Structure and others	6	6	6
Total	72	110	91

⁽¹⁾ Corresponds to expenses and investments for which, for the purposes of the deduction for R+D+i provided for in Law 27/2014, of 27 November on Corporation Tax, the certification of an entity accredited by the National Accreditation Entity in Spain (ENAC) and a Binding Reasoned Report (IMV) by the Ministry of Science and Innovation has been obtained or requested.

⁽²⁾ Provisional data pending certification by the accredited entity and obtaining the mandatory Binding Reasoned Report.

⁽³⁾ Waiting to obtain the mandatory Binding Reasoned Report.

As of 31 December 2022, in order to provide information in line with market practice, Endesa has modified the criteria for submitting expenses and investments in Research, Development and Innovation (R+D+i) taking as a reference the expenses and investments for which, for the purposes of the deduction for R+D+i provided for in Law 27/2014, of 27 November on Income Tax, the certification of an entity accredited by the ENAC and a Binding Reasoned Report (IMV) has been obtained or requested from the Ministry of Science and Innovation. The amount of these expenses and investments may not coincide with the tax base of the de-

duction finally credited. For comparative purposes, data for both 2022 and the previous two years are reported. For 2022, the information is provisional and will be subject to review and certification by the independent expert and analysis by the Ministry of Science and Innovation. The difference with the previous criterion is basically the consideration of not only new innovative and disruptive projects but also the substantial improvements of existing projects and, additionally, personnel costs, expendable material expenses and amortisation expenses of machinery, tools and material have been taken into account.

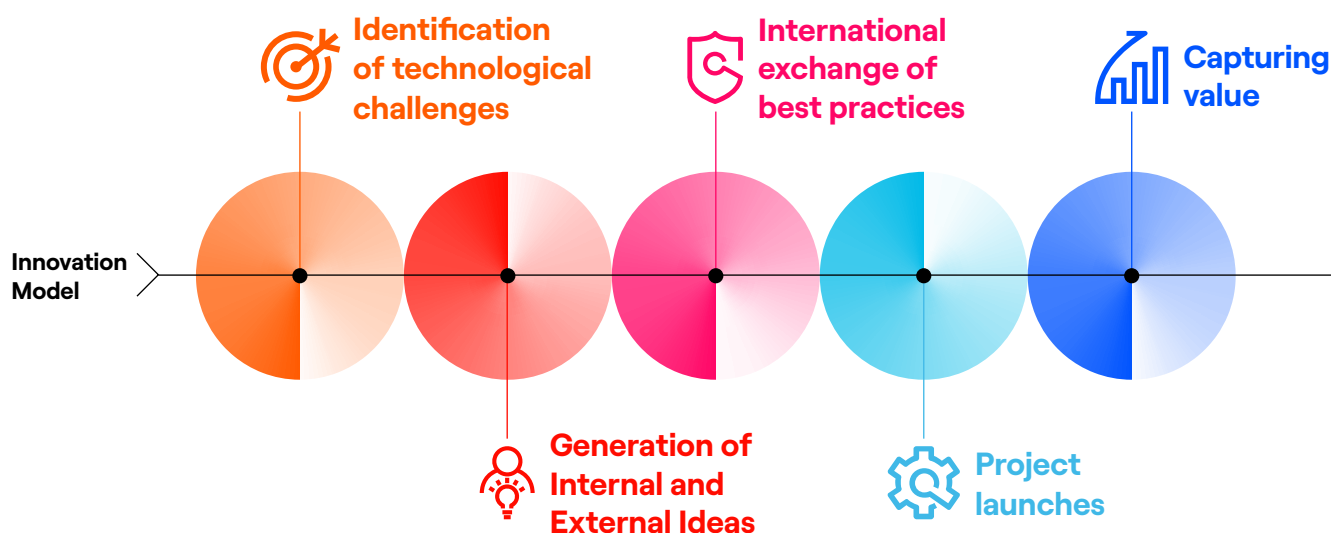
3.4.2.2. Open innovation model

3-3 EUSS Management, research and development approach

Endesa has an open innovation model for the purpose of finding quality ideas for the development of innovative solutions to transform the current energy model. Open innovation is a new model used by companies to relate to external players (universities, start-ups, research centres, other companies in the same or a different sector, etc.) to promote collaboration and the sharing of ideas and expertise.

Endesa's innovation activities are carried out in close collaboration and synergy with the rest of the Enel Group, taking advantage both of the Group's own labs and the best research centres, universities, suppliers and emerging national and international companies.

The following is a summary of **Endesa's innovation model**:



- **Identification of technological challenges:** In close collaboration with the Business Units and after an analysis of all the business and technology trends available on the market.
- **Generation of ideas:** To resolve challenges, we work on two levels, internal and external ideas:

Internal idea generation channels	Description
"Open Innovability"	Platform for launching innovation and sustainability challenges for employees and also open to the entire global innovation community outside the company.
"Innovation Academy"	Specific programme with the aim of training employees in methodologies and work skills, which enable them to support the innovation culture in their field.
"Open Power Space"	Space created as a benchmark collaborative meeting point at the various Endesa workplaces. In this unique environment, the creative processes that emerge from employees, partners and external collaborators are shared, disseminated and launched.
"Make it Happen"	Global entrepreneurship programme that offers Endesa employees the possibility of becoming entrepreneurs within the Company.
"Challenge Driven Sessions"	Workshops on the application of innovative methodologies ("Creative Problem Solving", "Design Thinking", "Lean Startup") to find innovative solutions and approaches to the Company's challenges.
"Innovation Ambassadors"	Network Formed by volunteer employees, who, after receiving specific training, are dynamisers of innovation within their field.
Participation in the "Enel Innovation Communities"	Each of the Communities is dedicated to a specific innovation theme: artificial intelligence, robotics, drones, blockchain, Circular Economy, etc. In total, there are sixteen Communities in which employees from the different Business Areas participate by sharing their projects, experiences and points of view. In addition, they regularly host open events to which experts are invited to present their initiatives and advances to the wider community.

External idea generation channels towards	Description
Entrepreneurs	<p>"Enel Innovation Hub Europe": With physical locations in Madrid and Barcelona, and in coordination with the global network of "Enel Innovation Hubs", it is responsible for developing the relationship with the European entrepreneurship ecosystems relevant to the Enel Group, including the ecosystems in Spain and Portugal. It also carries out the prospecting of European SMEs and startups that can contribute to the achievement of goals and the completion of innovation challenges identified by the Group's Business Lines and Group companies. "Enel Innovation Hub Europe" sites form part of the network of ten "Innovation Hubs" deployed by the Enel Group at key enterprise centres and strategic markets for the Group around the world: Brazil, Chile, Spain (Madrid and Barcelona), Israel, Italy (Milan, Pisa and Catania) and the United States (Boston and Silicon Valley).</p> <p>Sponsorship and promotion of key events that are emerging as meeting points among companies, entrepreneurs and investors. Endesa thus aims to strengthen, encourage and support the entrepreneurial ecosystem and promote innovation and the creation of real business opportunities.</p>
Associations and working groups	Cooperation with various technology platforms and working groups promoted by various administrations to share experiences in different areas and technologies.
Suppliers	Endesa actively works with its suppliers with the aim of developing and incorporating new disruptive solutions emerging from the range of projects. The "Innovation by Vendors" programme is a highlight: specific challenges are set for suppliers in order to validate innovative solutions in a shared manner and through full mutual cooperation
Communities of experts	Through innovation challenges launched on the "Open Innovability" platform.
Other industries	Endesa participates in innovation forums with other industries.

- **International "Best Practice Sharing":** through working groups in which different companies from all countries of the Enel Group are involved. Success stories are shared, which enables us to stay at the forefront of the various activities and technologies worldwide.
- **Project launches:** after they have been assessed by Endesa's experts (according to a common methodology based on the initiative's value creation), if the evaluation

is positive the ideas are converted into projects which then embark upon a structured management and monitoring process.

- **Capturing value:** once the projects have been successfully completed, they move on to production in order to create value for Endesa. Furthermore, Endesa follows a prudent policy regarding the protection of intellectual property.

3.4.2.2.1. Openinnovability.com: our global digital gateway

OPEN INNOVABILITY²⁰ is the platform used by Endesa to present innovation and sustainability challenges. This platform can be used by Group employees and *start-ups*, in-

dependent innovators, universities, research centres, potential business partners, NGOs or other associations to offer solutions to these challenges. This platform, which is open to the entire ecosystem, boosts the generation of ideas and opportunities for all challenges.

Different challenges were launched during 2022, for example:

Challenge	
Distribution	Innovative approach that respects biodiversity when developing new assets such as the installation of overhead power lines and/or substations.
	New sustainable substation designs
Human resources	Improves employee well-being.
Generation	Improvement of existing technologies, integration of renewable energies in environments and use of new renewable resources.
	Innovative technologies to recover secondary raw materials from end-of-life PV modules
	Advanced wildfire detection in power plants
	Extension of wind blades to maximise energy production
Generation and Supply	More cost-effective and sustainable storage systems.

²⁰ <https://openinnovability.enel.com/>

3.4.2.2.2. Attracting external talent: ENDESA and entrepreneurs

Endesa remains committed to working with entrepreneurs and start-ups, given their capacity when it comes to disruptive innovation, their use of technology, their know-how and, most importantly, their agility to develop and bring products and services to market in the shortest possible turnaround time. The relationship model is mainly based on the development of collaborations aimed at establishing commercial agreements with start-ups, known as "Venture Clients".

As part of the Enel Group, Endesa benefits from the activity of the Group's ten Innovation Hubs, and mainly the Enel Innovation Hub Europe which, as of this year, has two physical spaces: Madrid (opened in 2017) and Barcelona (opened in 2022). These Innovation Hubs are located at relevant centres of entrepreneurship and in the Group's strategic markets around the world: Spain (Madrid and Barcelona), Brazil, Chile, Israel, Italy (Milan, Pisa and Catania) and the United States (Boston and Silicon Valley). The Enel Innovation Hub Europe is responsible for developing rela-

tions with the corresponding entrepreneurship ecosystems in Europe, including the entrepreneurship ecosystems of Spain and Portugal, markets in which Endesa is present and searching for European start ups and SMEs capable of responding to the challenges faced by Endesa, as well as other Enel Group companies.

In November 2022, the Enel Innovation Hub Europe opened its headquarters in Barcelona, whose main objective is to boost and strengthen relations and collaboration opportunities with the innovation ecosystem, start-ups and innovative SMEs in Catalonia, an area of special relevance for Endesa. This Hub is located in the Endesa building in Barcelona and will develop activities that promote interaction between entrepreneurs and the Group's innovation teams, as well as the development of the Company's innovation culture. Likewise, a unique space such as the building's modernist room, the Espai Endesa, will be used by the Hub to host innovation and entrepreneurship events.

Endesa's collaborations in 2022 with start-ups and SMEs from a number of countries, as well as of other ENEL group companies with Spanish and Portuguese start-ups and SMEs, feature the following:

Collaboration

Aerones	Latvia	Inspection, cleaning and repair of wind turbines using advanced technology and robotics.
Alea Soft	Spain	Artificial intelligence applied to processes in the Trading area.
Alesea	Italy	Smart cable reel monitoring devices.
Appfollow	Finland	Solution for the automatic management of comments received on Endesa's apps.
Bamboo Energy	Spain	Algorithms to promote the participation of small and medium industrial consumers in local flexibility markets (European project CoordiNet - Cascading Funds).
Biodiv Wind	France	Bird protection system in wind farms.
Bioseco	Poland	Bird protection system in wind farms.
DAIL Software	Spain	Solution for Trading areas, based on natural language processing (NLP).
Dinnteco Spain	Spain	Innovative system for lightning protection in wind turbines.
Donecle	France	Testing and development of operation solutions on overhead lines from drones (European project Aerial-Core).
Enefgy	Spain	Energy consumption monitoring for residential consumers, including peer-to-peer comparison and personalised advice on savings opportunities.
EOS EnergyStorage	US	Hybrid cathode batteries.
EPSILINE	France	Air velocity measurement by LIDAR system.
ESS	US	All-iron redox flow batteries.
FUVEX	Spain	Long-range inspections of airlines with fixed-wing drones (European project Aerial-Core).
Karten Space	Spain	Processing of satellite images with applications in different business areas.
Minerva	US	Online sentiment analysis to help and guide customer service agents at call centres.
Nvisionist	Greece	Bird protection system in wind farms.
Nymiz	Spain	Anonymisation and pseudo-anonymisation of sensitive data in customer documents respecting the nature of the original documents.
Omniflow	Portugal	Smart pole that consists of lighting, surveillance and telecommunications services for applications in smart cities.
Ping Services	Australia	Detection of wind farm blade problems.
Prati Armati	Italy	Protection of slopes and revegetation of damaged soils with selective hydroseeding methods.
Qilimanjaro	Spain	Quantum Computing solutions applied to energy management processes.

Collaboration

Reiwa	Italy	Autonomous photovoltaic module cleaning robot.
Rosi	France	Recycling of photovoltaic modules.
Serikat	Spain	Anonymisation and pseudo-anonymisation of sensitive data in customer documents respecting the nature of the original documents.
Smappee	Belgium	Monitoring of consumption to reduce the consumption levels and increase energy efficiency.
SMART-i	Italy	Improvement of the active safety of workers through the use of artificial vision systems.
Solar Recycling	Spain	Recycling of photovoltaic modules.
Veridas	Spain	Use of voice biometrics as a customer authentication system in call centres.
VES Robotics	Spain	Testing and development of operation solutions on overhead lines from drones (European project Aerial-Core).
Vitrover	France	Autonomous and automatic clearing and stripping robot used in photovoltaic plants.
Zepren Solutions	Spain	Bird protection system in wind farms.

In the model that focuses on open innovation and collaboration with start-ups promoted by the Enel Group, Endesa acts as a growth platform for the start-ups. The constant communication between the start-ups and Endesa's experts during the project development phase has driven the creation of value, as well as new challenges and ideas, in a framework of mutual benefit for both entrepreneurs and the company.

Endesa's firm commitment to entrepreneurship is manifested in the sponsorship for the tenth consecutive year of "South Summit", the largest innovation and entrepreneurship exhibition in southern Europe, which took place between 8 and 10 June 2022. This year's edition had 15,400 participants from more than 120 countries, as well as having all its content in virtual format to achieve greater dissemination and impact. Endesa presented several initiatives that are under development to achieve the goal of being a Net Zero company by 2040, in which entrepreneurship plays an important role in its strategic axes for the energy transition: Innovability, Decarbonisation, Electrification, Digitalization and People. It is worth mentioning the "Endesa Startup Lovers" meeting, a networking space to connect entrepreneurs who want to create new companies.

3.4.2.2.3. Innovation culture: Idea Hub

The culture of innovation among Endesa employees is a key factor of transformation within the context of energy transition.

In this sense, Endesa structures innovation with a series of initiatives, grouped in the Idea Hub, with the aim of promoting creativity, the culture of innovation and intrapreneurship within the company, with the use of joint creation methodologies, employee projects and training on specific innovation tools. This activity is established through different programmes:

- **Make it Happen!:** Intrapreneurship programme that gives Endesa's employees the possibility of becoming entrepreneurs within the company, with the presentation of projects on new business models or transformation of existing ones. In these cases, Endesa can choose to fund the projects with the highest value.
- **Business challenge support sessions:** Application of innovative methodologies for the search for solutions to face the company's challenges.
- **Innovation ambassadors:** Global network of dynamic employees within the company, whose objectives include promoting culture and appropriate behaviour to enhance the Open Innovation and Agile culture throughout the company, and support business areas in solving their challenges by applying methodologies such as Creative Problem Solving, Design Thinking, Lean Startup and Agile work frameworks, supporting each stage of the innovation process from the needs collection phase during the design of new solutions, to the implementation phase.
- **Shakers community:** Online theme-based community for employees interested in innovation.
- **Innovation Academy:** Training programme specialising in innovation tools.

3.4.2.3. Innovation in electricity generation

Within the Generation business, and in line with the dynamics of recent years, innovation is managed under an open innovation model. This model is based on the active collaboration of both external entities, such as start-ups, large technology providers and research centres, and through the promotion of internal innovation, by creating specific programmes in which company employees can come up with new innovative ideas, as is the case of the entrepreneurship programmes “Make it Happen” and

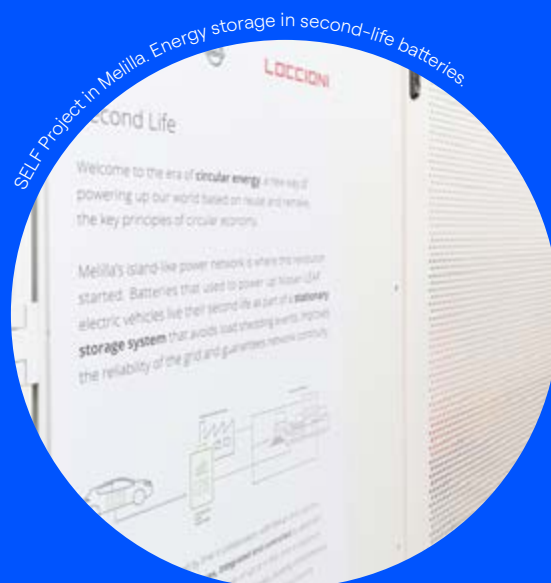
“PowerG” the continuous improvement programme to create new innovative ideas which specifically focusses on activities in the generation business line. This model promotes innovation as a key tool in incremental improvement and the development of the entire business value chain in the medium term.

This year we can highlight the following strategic areas where a very important part of the main innovation projects of the generation business line has been developed:

Energy storage

Energy storage is one of the key lines to achieve the decarbonisation of the electricity generation sector. To this end, Endesa is leading the development of these systems by launching demo projects of different types of energy storage systems. These projects are **pioneering initiatives in Europe** and demonstrate Endesa's commitment to technological development and the search for the most sustainable solutions. These demonstration projects are aimed at identifying technological solutions that reduce the costs of energy storage, as well as reducing their dependency on critical raw materials and their environmental impact, either by reducing the use of toxic or flammable substances or by using more easily recyclable solutions.

In this area, we must highlight the SELF project in Melilla to use second-life batteries from electric vehicles as stationary storage, whose 4MW plant began operations in the Melilla plant in the first quarter of 2022, the demonstration project of vanadium redox flow batteries developed in Mallorca and in the construction phase, and the 2 demonstration projects of iron redox flow batteries and hybrid



cathode under development in the Canary Islands. The feasibility studies for the development of a long-term energy storage system in Tenerife using liquid air energy storage technology should also be noted.

Robotic solutions

These initiatives are aimed at introducing new robotics solutions for the inspection of assets and to incorporate autonomous robots as support elements during the tasks associated with the operation of generation plants.

Endesa has worked hand-in-hand with many different start-ups and technology companies to develop these projects, providing its support during the development of new features and adapting solutions in each use case.

One of the aims of these projects is the improvement of inspection activities during the maintenance tasks in generation plants, with the development of new technical capacities, which allow the inspection of inaccessible areas, and the reduction of risks to people, by limiting their access to areas with intrinsic hazards, such as confined spaces or high-altitude work. The project involved the continued validation of solutions based on ground robots to inspect industrial assets and autonomous drones for the inspection of ducts and channels in hydraulic power plants. Finally, the company worked with several start-ups on the development of specific solutions for the on-site inspection of wind farm components, such as wind towers and the detection of problems on blades, as well as photovoltaic



modules using thermography from autonomous robots and piloted drones.

With regards to the development of operational support robots, specific projects have been developed for the validation of automatic wind turbine blades, cleaning of photovoltaic module cleaning solutions and for the automatic clearing and stripping of plants in solar photovoltaic plants.

Improved efficiency and increased flexibility of power plants

Within this area, various innovative solutions are being developed, focused on enhancing plant efficiency or increasing operational flexibility in order to have assets capable of better adapting to market requirements. The following initiatives should be highlighted

- Flexibility project in hydroelectric plants with two demonstration projects, one to provide variable speed at the Les Illes plant, which is already in operation, and another under development at the Guillena pumping plant.
- In the wind energy area, machine learning models were incorporated to improve predictive maintenance. Improvements have also been implemented in the controls of some wind turbine models, making it possible to improve their performance. Finally, validation pilots of new technology were developed this year to resolve operational problems such as lightning strikes, and solutions are beginning to be tested to avoid ice from forming on the blades.
- In the photovoltaic area, artificial intelligence solutions were considered to improve the sched-



uling of module washing and detect problems in inverters.

Finally, an operation aid system is being developed in the renewable control room based on Artificial Intelligence, which will improve the response time to incidents by reducing production losses.

Construction of new renewable generation plants

Different innovative solutions are being developed within this area, focused on improving the following aspects:

- Shortening of time required for the execution of the work through the identification of pre-assembly technologies for photovoltaic modules, a key aspect in the accelerated decarbonisation promoted by Endesa; and
- Improvement in safety aspects for workers on site, reducing existing risks, with the validation of artificial viewing systems and protection systems for load lifting processes.



Improving the end-of-life of equipment and systems, with a circular economy approach

With regards to these types of projects, it is worth mentioning the development of two pioneering projects in Spain, which focus on the end-of-life of wind farm and battery sector assets. Both projects have been designed to develop the first demo recycling plant for these types of materials on the surrounding areas of the former Compostilla plant.

The wind turbine blade recycling project focuses on the recovery of the glass and carbon fibres that make up the composites on wind turbine blades. These recovery processes would allow a second use of these materials in other industrial processes such as for the development of construction materials or as raw materials in the ceramic sector. This project is part of the European initiative

Blades2Build, framed within the HORIZON 2020 aid programme.

The second project focuses on the recycling of lithium-ion batteries, paying special attention to batteries sourced from the automotive sector. The project aims to develop the first lithium-ion battery recycling plant in Spain and provide a valid solution for the sector across Spain. This initiative would be developed in collaboration with the company Sertego. These developments would include a battery recycling line for second-life solutions, in order to maximise the use of batteries that still have a residual value after they have been used in electric vehicles.

Reducing the environmental impacts of generation activities

In this area, work has continued on developing the pilot agrovoltaic projects in 5 photovoltaic plants in the Autonomous Communities of Murcia, Extremadura and Andalusia. The aim of these projects is to validate the compatibility of photovoltaic power generation and agricultural production at the same site. Each pilot project is designed and adapted to the soil conditions and the type of traditional crops of each site, as required to ensure that representative results are achieved.

This year, activities focused on the validation of new soil remediation processes and more environmentally sustainable solutions for use in landfills in closed processes have also been completed, with 3 demonstration projects in the plants of Compostilla, Melilla and As Pontes.

Lastly, the different pilot programmes that were conducted for the validation of new systems to improve bird protection in the vicinity of wind farms should be noted, which use cameras and artificial



intelligence. These pilot projects have been rolled out at the El Campo, Motilla and La Estanca wind farms.

Reduction of occupational risks in the new plant construction and operation activities

With regards to these projects, it is worth highlighting this year's use of artificial intelligence technologies and artificial vision for the identification of occupational risks. This system is based on the use of cameras and it can identify and report risks to workers when the safety requirements are not being met. This development is being validated

this year in a pilot at the Granadilla thermal power plant.

It is also worth mentioning the development of a digital registration system for controlling access to wind turbines during maintenance tasks, whose objective is to limit potential accidents due to lack of coordination with the control centre.

3.4.2.3.1. Innovation in generation from nuclear energy

Endesa has continued to invest in R&D in the field of nuclear power by participating in different programmes. Endesa is the secretary of the CEIDEN Spanish Nuclear Fission Energy Technology Platform, which coordinates R+D+i activities in the sector. Likewise, through the Nuclear Energy Committee of the Nuclear Forum, the company promotes research projects of interest to its nuclear power plants. The following programmes are of particular relevance:

- EPRI Nuclear Programme, which pursues operational excellence at nuclear power plants.
- €8.8M were invested in the R&D and Technological Innovation (IT) projects of the investee nuclear power plants of Ascó and Vandellós (ANAV); the 2021 tax deductions were allocated to these projects.

Endesa's nuclear power plants, thanks to investments in innovation, are prepared for long-term safe operation, beyond 40 years. The long-term operation of the plants, which do not emit CO₂ and which have a significant contribution to production in the Spanish electricity system, favours the reduction of greenhouse gas emissions at the national level.

Endesa, through EPRI, participates in research programmes to improve generation processes in a large number of areas such as: materials management, chemical and fuel treatment, improvement of plant performance and a variety of strategic initiatives. These programmes are developed jointly by all EPRI members across the world.

More details of the programmes that are carried out can be found at <https://www.epri.com/research/sectors/nuclear/programs>.

3.4.2.4. Innovation in the electricity distribution network

3-3 EUSS Management, research and development approach

For Endesa, innovation within its electricity distribution network is key, with a double objective: provide a response to the demands of its customers, making it easier for the consumer to have a more participatory role, and improve

energy efficiency and integrate renewable generation into the grid. The company is developing several projects and concept tests with these objectives, which can be classified according to its scope of action:

3.4.2.4.1. Smart Grid Projects

Endesa is implementing different initiatives to digitalize the grid, validating technological solutions in the different Living Labs used by the company, which include those in Malaga and Garraf in Barcelona. These laboratories are real environments, under normal operating

conditions and with the presence of end users, where the most common products and services of *smart grids* are tested and assessed. The aim of these projects is to enable grids to offer an effective response to their users' needs:

- **Aerial-Core Project.** development of an integrated aerial cognitive robotic system (a drone) that will have capabilities in the range of operation, handling of grid elements with a robotic arm and safety in interaction with people.
- **Smart5Grid project:** The Spanish demo project is in the HV/MV substation of the Garraf Natural Park in Barcelona. The aim is to establish a safe area in volumetric terms, so that field technicians will be monitored by a real-time tracking system that will use a private 5G network. The project uses alarm signals to warn and make sure that no operators are near energised elements of the substation.
- **Resisto Project:** the goal of the project is to minimise the impact of weather and other risks by increasing the resilience of the power grid through the use of sensors, prevention algorithms and autonomous drones in the Doñana national park.
- **RE2GRID Project:** inspection of substations using autonomous drones with BVOLS flight and advanced monitoring and action on high-power transformers in order to contribute to improving the resilience of the power grid and minimise the impact of potential meteorological phenomena.
- **LEO Satellite project:** connectivity through low-Earth orbit satellites to enable network automation and tele-control in remote areas, thus providing global coverage where mobile phone or fibre optic networks are not available.

In addition to these innovation projects, in 2022, edistribución developed different technological proofs of concept with startups and technology centres aimed at facilitating the incorporation of new technologies and new concepts into the distribution network.

- “Delimitation of Areas in Transformation Centres”: a high-precision monitoring system that helps prevent access to risk areas within enclosed spaces, such as transformation sites (medium voltage/low voltage).
- “Advanced Monitoring of High Voltage Lines” in forest environments, and high and medium voltage networks, the “Living Lab” of Garraf (Barcelona province) begins to be the scenario for tests of different sensor technologies, for the calculation of the maximum date of the line and its structural integrity.
- “Reset”: Development of a low-voltage four-branch Statcom converter. The aim is to reduce neutral currents and minimise technical losses from the grid.
- “App Waste Crowdsourcing”: development of a digital tool (mobile application and backend website platform)

for recording and reporting both waste and incidents with birdlife found in the vicinity of aerial networks in rural and forest areas to facilitate their subsequent management.

3.4.2.4.2. Flexibility projects

The aim is to develop projects that create the network and platform conditions, which will allow customers to take advantage of the flexibility of small generators and the demand of small generators, injecting unused electricity into the system while improving the network stability. This category includes the Coordinet, Flow BeFlexible initiatives.

- **“Coordinet” Project:** the aim is to improve collaboration between transmission and distribution grid operators and electricity consumers to contribute to the development of a smart, secure and more resilient energy system. This is to be done by exploring the possibilities offered by the flexibility to use the grid infrastructure more efficiently. The project ended in 2022. The Spanish pilot has been developed in five locations: Cadiz, Malaga, Murcia, Alicante and Albacete, where different mechanisms were tested to study how the introduction of underutilized resources into the market can generate value for their owners and for the system as a whole. The flexibility provided by more than 1,100 MW (combined generation from renewable parks, cogeneration plants, batteries, municipal and business consumption) was leveraged to contribute to local congestion management and voltage control in the system.
- **“Flow” Project:** the project seeks to test new services for the distribution company making use of the mass implementation of electric mobility and to provide flexibility services through different electric vehicle charging stations connected to the distribution networks on the island of Minorca. The project started in 2022, and the different use cases will be studied.
- **“BeFlexible” Project:** the project aims to overcome existing limitations by applying versatile solutions that will enable distribution networks to adapt to future scenarios. It will promote flexible services that provide benefits to all players in the energy market by responding to all manner of consumer needs. For the e-distribution use-case demonstrator, the flexibility services from electric heaters installed in homes in the city of Zaragoza will be studied. The project started in 2022, and the different use cases will be studied.

3.4.2.5. Innovation in energy supply

The Retailing business executes proofs of concept and pilot projects with the validation of basic ideas for new technology tests in real environments, new work approaches looking for areas of improvement and the optimisation of

processes, focusing on the improvement of the value proposition to our customers.

In 2022, the main innovation projects in the Supply area were:

Projects	Description
<i>"Única": First energy subscription model</i>	In a context of high volatility in energy prices, Project Única has become Endesa's firm commitment to offer energy to its customers at stable prices in the long term. Thanks to digitalization and big data, Endesa offers a customised individual price to each customer, without penalties, with 100% renewable electricity and neutral gas emissions, 100% digital, and it also includes a challenge plan that rewards efficient consumption. With this proposal, Endesa also offers additional services that can be included in Project "Única", such as annual maintenance inspections, repairs or third-party services at discounted prices (for example: Netflix). It seeks to make life easier at homes, thanks to the use of new technologies.
GEA	Social and environmental innovation project for Endesa's customers, allowing them to choose the initiatives that they would like the company to support. Some of the initiatives promoted include the support for families with members suffering from Jacobsen Syndrome, Food Banks, support for the Endesa Forest and training for the employment of people at a risk of social exclusion.
Valuable 500	By joining the Valuable 500 initiative, Endesa will conduct an in-depth review of the accessibility of all its processes and service channels. In particular, the Company is working on improving the face-to-face service channels, the telephone and digital service channels, in collaboration with Fundación Ilunion, as well as improving the products and services offered to its customers so that they are accessible to the largest possible number of people and especially to those groups of persons with disabilities.
RC4ALL	The RC4ALL (Responsible Consumption 4 ALL) project uses Artificial Intelligence and Big Data techniques to generate personalised recommendations for Customers, with the aim of improving consumption efficiency, promoting responsible and efficient consumption, reducing energy consumed and unused, contributing to the decarbonisation of society and meeting the UN's Sustainable Development Goals (SDGs). This project is funded by the Ministry of Science and Innovation and is carried out jointly by Endesa and Comillas-IIT (Institute of Technological Research).
Voice biometrics at Call Centres	Pilot project that uses voice biometrics for customer authentication purposes at call centres, facilitating the validation of security policies in their interactions with Endesa, through a two-step process: <ul style="list-style-type: none"> • Enrolment. Customer request, after completing a transaction via Watson (AI) to create the customer's voiceprint after recording the conversation with an agent. • Authentication. Identification of the telephone number used by the customer to call us and check the customer's voice (if enrolled) against the voiceprint assigned to this number.
Online sentiment analysis in the call centre.	This initiative analyses customer sentiment and assists agents during customer calls by providing them with the necessary information in the customer service flow to reduce the average operation time, improve the quality of service and reduce customer dissatisfaction.
Customer data enrichment for activation on digital platforms	With the analysis of the life cycle of a claim, from its registration to its resolution, a solution based on chart database technology has been implemented, which has allowed the company to identify those points in which the flow of the claim creates bottlenecks, as well as other additional findings in which problems are found.
Anonymisation of sensitive data in customer documents	Introducing an automatic mechanism, fully integrated with the incoming Social Bonus application channels, that can recognise documents that are not required for this type of applications and anonymise sensitive information within them but without destroying them so that the nature of the document remains recognisable.
Integration with bank APIs	Solution for access through "APIs" to customers' bank data, thus facilitating automatic management of direct debit payments. This initiative, in line with European PSD2 regulations, allows customers who wish to change their direct debit address in the private area of Endesa's website to select the bank they work with from a list and, with prior consent, access it with their passwords and automatically enter the data required for the change of direct debit address.
"Confía"	Project for the improvement of the management of vulnerable customers, developed jointly with Malaga City Council, the University of Malaga and several collaborators to improve the exchange of information between the public administrations involved, social services and energy companies.
Analysis of customers' website/ app browsing behaviour	Customer Experience Analytics platform to track and visualise customer digital behaviours. Aspects such as user frustration, navigation fluidity, the degree of "engagement" with the "web/app", the fluidity of interaction with forms, and the technical aspects of the "web" and the "app" (loading speed, response speed, validation errors, etc.) are reviewed.

3.4.3. Circular economy



Line of action	2020	2021	2022	2022-2024 target	2023-2025 Sustainability Plan (PES)	
					2023 target	2025 target
To drive a change in culture that boosts the development of the Circular Economy (number of external people who have participated in Circular Economy promotion activities) ⁽¹⁾	—	Creation of the Circular Economy Academy and addition of a Circular Economy course in Endesa's training portfolio	320	60	>200	—
Circular Economy solution proposals. Identification and feasibility analysis of Circular Economy solutions and new business models that focus on key technologies, in collaboration with different business areas. (number of proposed solutions)	—	3	4	4	4	6
Partnerships with companies	—	Partnership design	Consolidation of the alliance and two initiatives with two companies	Strengthening partnerships with leading companies in the Circular Economy from different sectors, from the design of the partnership with 6 companies in 2021 to the incorporation of companies to the partnership in 2023	1 initiative in collaboration with another company	1 initiative in collaboration with another company
Strengthening agreements with cities and other public entities on matters related to the Circular Economy (no. of agreements)	—	—	2	1	1	1
Improvement of the circularity of generation facilities (reduction of materials and fuel vs 2015) ⁽²⁾	—	66%	67%	90% in 2030	91% in 2030	

⁽¹⁾ The project ends in 2023

⁽²⁾ Reduction in the use of materials and fuel at the generation facilities throughout the life cycle, as compared to 2025 (nuclear generation activities are not included).

Actions deserving special mention

- 1 In 2022, the "Confirming Circular" initiative was launched, which is a new financial solution for suppliers that aims to improve their competitiveness by reducing their financing costs, while rewarding their good sustainable practices and, more specifically, their actions to advance the circular economy.
- 2 In 2022, 85% of non-hazardous waste was recovered during the dismantling of plants, avoiding the emission of 74,531 tons of CO₂ into the atmosphere.

The scope of the information provided in this chapter covers both Endesa, S.A. and its investee companies in Spain and Portugal, the same as in the Legal Documentation reports. For further information, see sections 1.1.2.6.

Organisational structure and 2. Report boundary (Appendix I: Methodology for preparing the report). Possible variations to the scope described here are presented throughout the chapter.

3.4.3.1. Circular approach

The energy transition towards a generation model based on renewable energy sources will reduce the economy's dependence on fossil fuels, but will mean the emergence of new demands for materials and raw materials. According to the latest long-term decarbonisation scenarios for large-scale production using renewable generation technologies, the demand for certain materials will increase by four to six times by 2040, and it is estimated that the production of these raw materials will be geographically concentrated in a few countries.

In this context, a circular economy approach is needed to address challenges such as the supply of materials, reducing strategic dependence on sensitive areas such as critical raw materials and end of useful life management through reuse and recycling.

In fact, recent studies show that the circular economy makes up nearly half of the worldwide effort to deliver decarbonisation targets. Accordingly, circular economy provides an opportunity for complementing the decarbonisation process and tackling the current environmental situation more effectively.

Endesa started on the path towards the consolidation of the circular economy some years ago and this is now a key strategic, driving agent in its business, as well as an accelerator of growth across the entire value chain.

With this new approach, Endesa has implemented policies and actions for the following:

- **Decouple economic activity from the extraction of non-renewable resources**, mainly based on reducing consumption and asset use habits:

- Reducing the consumption of raw materials through eco-design, the reuse and reconditioning of materials, equipment and installations.
- Keeping assets in use, improving predictive and corrective maintenance, and prioritising repair over replacing equipment and components.
- Recycling equipment, components and materials to recover their value and introduce them back into the production system.

- **Regenerating renewable resources and ecosystems** through:

- Agrovoltaic practices, especially in the construction of photovoltaic farms, which help the sector to actively rebuild biodiversity and safeguard the health of ecosystems.
- The application of the principles of the circular economy to reduce the consumption of raw materials, because more land area can be indirectly returned to nature and regenerate the ecosystem.

To implement the circular economy, Endesa is reassessing business all across the value chain by applying innovative thinking and taking into account both energy flow and materials, from the design and procurement phases to the end-customers, including energy generation, infrastructures and networks.

All this is being applied with specific approaches in the Company's different units.

3.4.3.2. Circularity in the value chain

3.4.3.2.1. Suppliers

The procurement process is being transformed, and suppliers are becoming one of the key actors in the implementation of business strategies aimed at the establishment of a sustainable and circular production process. The initial design and procurement stages are critical in the transition to a circular business model. The decisions made in these stages have both a pre-supply chain impact on the raw materials consumed and energy used, and a post-life impact, influencing the possibility of extending the life of an asset or reusing its materials at the end of its useful life.

To this end, it is necessary to apply an approach based on "circularity by design" with the aim of redesigning the value chain, in collaboration with suppliers. In other words, the

valuable materials contained in products must shape and determine their design, not only their purpose, to maximise their capacity to be reused and recycled.

With this in mind, Endesa is working to prioritise the acquisition of goods and the contracting of projects and services that minimise the negative environmental impacts and the generation of waste during its life cycle. In addition, to drive the transformation of procurement, those suppliers that stand out in their commitment to the transition to the circular economy will be classified as priority suppliers. The way to do this is through a parameter called "K for sustainability", which is applied to positively weight any offers that meet the established sustainability and circular economy criteria. In 2022, and as a result of this policy, Endesa introduced indicators relating to sustainability in more than 99% of the tendered amount.

Furthermore, the application for EPDs (Environmental Product Declaration) encourages materials passport, certifications related to the carbon footprint and self-declarations related to circularity, the use of products made with recycled or low-emission materials, the reuse and recycling of waste and participation in projects for the reuse of products or their components once they have reached the end of their life. This is how Endesa encourages the proactivity and collaboration of suppliers, by promoting and accelerating the path towards growth and innovation in the transition towards a circular economy model.

Along this same line, Endesa launched the **Confirming Circular initiative**, which is a new financial solution for suppliers that aims to improve their competitiveness by

reducing their financing costs, while rewarding their good sustainable practices and, more specifically, their actions to advance the circular economy. The tool is part of Endesa's Iberia Supplier Improvement Programme, which was designed to help companies, particularly SMEs, and give them extra support to assume sustainability as the strategic tool that provides them with a differential added-value.

The Confirming Circular initiative solution offers companies additional bonuses as they increase their circular practices, allowing them to reduce the costs of receiving advance payments for their invoices from 35% to over 50%. The scope in which circular economy actions can be certified includes: energy, emissions, waste, water and circular economy business strategies.

Main actions in circular economy

Actions	Description	Geographical scope	Type of action	Participation
Incorporation of "K for sustainability" parameter in tenders	Incorporation of a factor (parameter "k") in the bidding process that positively weights bids with a higher degree of involvement with aspects related to sustainability and the circular economy.	Spain and Portugal	Systematic	Supply chain
Promotion of ecodesign in products and services to be contracted	Application for the main purchasing families of certifications related to the impact and optimal use of raw materials used in manufacturing (EPDs, materials passport, carbon footprint or self-declarations related to circularity)	Spain and Portugal	Systematic	Supply chain
Circular Reverse Factoring	Financial tool that rewards the circular behaviours of suppliers through discounts on invoice advance costs.	Spain and Portugal	Systematic	Supply chain

3.4.3.2.2. Assets

Currently, the huge growth of renewable energy technologies associated with the energy transition poses great challenges in terms of material supply, production and end-of-life management. Hence the importance of addressing the energy transition by incorporating circular economy criteria.

Endesa is implementing a circular approach to its main assets: generation plants and electricity distribution networks. From planning (design and selections of materials), through construction and operation (maintenance aimed at extending its useful life), to dismantling (management of surfaces, equipment, materials and infrastructures) to identify new life cycles through reuse, *upcycling*, reconditioning, recycling, etc.

3.4.3.2.2.1. Generation assets

Wind turbines

Following the principles of circular economy, Endesa applies the philosophy of repairing, restoring and re-using those components that break down in the wind turbines installed in its wind farms in order to reduce costs and consumption of materials. This enables the life of the components to be extended whilst simultaneously generating economic activity in the areas where there has been implementation of companies specialising in repairs. Galicia, Aragón, Castile-León, Madrid and the Canary Islands. In 2022, the Company saved €3.3M after repairing and recovering 2,429 components and preventing their replacement.

Corrective maintenance initiatives were also carried out, analysing and monitoring operating variables (vibrations, temperature, lubricating or hydraulic oil condition, etc.) to locate faults in wind components (multipliers, bearings, generators and transformers) of wind turbines. Early detection of the fault makes it possible to repair the compo-

nent before the failure occurs, which resulted in a saving of 2 million euros in 2022.

Likewise, in repowered wind farms, reusing dismantled wind turbines is promoted, prioritising the internal reuse of the components as spare parts in other Endesa wind farms, and, secondly, the sale of the wind turbine to third parties in other markets. Wind turbines that cannot be re-used are recovered then broken down into components in accordance with their materials which are recovered and recycled.

A specific project that was started in 2022 is the "Power Boost", which consists of implementing a new version of software to obtain various improvements in the power curve of the turbines to thus increase energy production. In 2022, energy production increased by 1,272 MWh. This action improves the circularity of our facilities by increasing the ratio of energy produced in relation to the resources consumed.

New uses and recycling processes are currently being investigated for wind turbine blades. Endesa is developing an experimental test plan with different companies in different industrial fields that will allow the concept of circular economy to be truly applied, recovering materials and using them in the manufacture of new products. This type of collaboration works on developing a complete value chain that enables a circular process to be generated for this type of materials and their recycling and re-use to be encouraged.

Photovoltaic panels

The recycling rate of photovoltaic modules is already one of the highest of the electrical and electronic equipment available on the market, with material recovery percentages (glass, aluminium and copper) ranging between 80% and 90% of the total weight of the module. However, existing recycling technologies do not yet recover the most precious or rare elements contained within the modules, such as silicon or silver. Therefore, the current proposal is innovation projects to test new technologies that recover most of the precious or rare elements contained in photovoltaic modules.

In this context, Endesa is analysing with a technological partner the possibility of deploying a photovoltaic panel recycling plant in Spain using innovative technology capable of increasing the material recovery rate by selectively separating the highest value materials from the module such as copper, silver and high purity silicon. For more information see section: 3.4.2.3. *Innovation in electricity generation*.

Batteries

Start-ups, universities and key players in the sector are involved in the analysis and evaluation of solutions for the management of lithium batteries at the end of their useful life and the related environmental, economic and social impacts. In this context, Endesa is designing an industrial-scale pilot plant for recycling electric vehicle batteries.

The plant will identify those batteries that still have an additional use and to which it will be possible to give a second life. The others will be subjected to a process to extract the elements of which they are composed. This will make it possible to recycle the materials from the batteries, including aluminium, copper and plastics, as well as the "black-mass", which constitutes the fraction rich in strategic metals which are of great value in Europe, such as cobalt and nickel, both essential for the manufacture of batteries.

Another of the circular models assessed by Endesa is based on a "second battery life" approach with the Melilla Second Life project. The concept of the project is the re-use of electric-car batteries that have reached the end of their life cycle and their subsequent use for other applications. In fact, a battery with a residual capacity of 60-80%, while not sufficient to power an electric vehicle (i.e. for a minimum number of kilometres), can still be used effectively in other applications such as stationary energy storage. For more information see section: 3.4.2.3. *Innovation in electricity generation*.

Plants in closure

Endesa is especially committed to thermal power plants that are in the final stage, before closing down. The dismantling of these plants has been proposed with a global approach. This is part of the framework of the "Futur-e" projects of Andorra (Teruel), Compostilla (León) and Carboneras (Almería), which include the concept of circularity both in terms of reusing the location and infrastructures, looking for new re-industrialisation and business development activities within the region, in addition to the dismantling activities.

With regards to new activities, it is a question of taking advantage of the energy possibilities of each site through renewable projects, and when this is not possible, looking for third-party industrial alternatives through a series of international calls for projects to attract economic activity and create jobs in the region, with the possibility of reusing part of the existing facilities and infrastructures.

With regard to the dismantling of the Compostilla, Teruel, As Pontes and Litoral, plants, Endesa is applying circular economy principles to give a second life to equipment and compo-

nents and to the installation's materials in the "Spare parts and equipment New Life" project. Analysing the possibility of their internal reuse in other company facilities or through their sale to third parties, looking for a second life when these cannot be used internally. In 2022, this activity led to the internal use of 819 warehouse products, saving €436,000 and the re-usage of 187 equipment from the plants, in addition to a reduction in the generation of waste. Moreover, warehouse components and non-reusable plant equipment worth €925,000 were sold internally to third parties.

With regards to equipment and materials that cannot be reused, Endesa is changing the conception of waste for that of materials, understanding that such waste can be

re-used in other production processes, which entails no extraction of new raw materials. This approach is a requirement that the company incorporates into the conditions for the companies awarded contracts to dismantle the plants by means of a "Circular Decommissioning Plan". The Circular Dismantling Plan includes a series of indicators, which are reviewed at regular intervals and which can show the results obtained in a simple way, thanks to the measures applied, such as the recovery of more than 90% of the non-hazardous waste at the end of the construction project. Specifically, in 2022, 85% of the non-hazardous waste was recovered from the dismantling of plants, avoiding the emission of 74,531 tons of CO₂ into the atmosphere.

Main actions in circular economy

Actions	Description	Geographical scope	Type of action	Participation
Repair and reuse of wind components	Change in the way of carrying out the maintenance of wind farms; moving from a model based on replacing equipment when it breaks down, to a new model based on the repair and reuse of damaged equipment (small component).	Galicia, Aragón, Castile-León, Madrid and the Canary Islands	Systematic	Suppliers
Preventive maintenance	Analysis and monitoring of operating variables (vibrations, temperature, lubricating oil condition, etc.) to locate faults in wind components (multipliers, bearings, generators, transformers) of wind turbines. Early detection of the fault allows the component to be repaired before failure occurs	Spain	Systematic	Suppliers
Power Boost	This consists of the implementation of a new software version that involves several improvements in the power curve of the turbines, in order to obtain an increase in energy production.	Spain	Systematic	Turbine manufacturers
Wind turbine blade recycling plant	Participation in the European project BLADES2BUILD of the HORIZON programme to develop new applications for the material obtained from the wind blade recycling process, thus closing the circle of a new useful life, and for the construction of a blade recycling plant in Cubillos del Sil (León).	Spain and Portugal	One-off	PreZero (industrial waste treatment company)
Battery recycling plant	This is a facility capable of reusing and recovering batteries from electric vehicles. The batteries that allow it will be adapted for reuse. The others will be electrically discharged, disassembled and subjected to a separation and crushing process that will enable recycling of the materials they contain, such as plastics, aluminium and copper, as well as the "black-mass", which constitutes the part that is rich in strategic metals that are of great value in Europe, like cobalt and nickel, both essential for the manufacture of new batteries.	Spain and Portugal	One-off	Sertego (industrial waste subsidiary of Urbaser)
Reuse and sale of equipment from plants being dismantled	Analysing the possibility of their internal reuse in other company facilities or through their sale to third parties, looking for a second life when these cannot be used internally. In 2022, this activity led to the internal use of 819 warehouse products, saving €436,000 and the re-usage of 187 equipment from the plants, in addition to a reduction in the generation of waste. Moreover, warehouse components and non-reusable plant equipment worth €925,000 were sold internally to third parties.	Compostilla, Teruel, As Pontes and Litoral	Systematic	Demolition and industrial waste companies, and NGOs.
Recovery of materials from plants being decommissioned	The Circular Dismantling Plan includes the obligation to recover more than 90% of non-hazardous waste at the end of the work. Specifically, in 2022, 91,478 tons of non-hazardous waste were recovered from the dismantling of plants, avoiding 74,531 tons of CO ₂ from being emitted into the atmosphere.	Compostilla, Teruel, As Pontes and Litoral	Systematic	Demolition and industrial waste companies
Recovery and sale of coal from plants being decommissioned	The coal mixed with earth and the scraping of soil from the warehouses of the plants being decommissioned has been sold to third companies, achieving a double objective: to recover waste, avoiding it from being deposited in landfills and avoiding the cost of waste management.	Teruel and Compostilla	Systematic	Geocycle, Candel Energía, Cementos Cosmos

3.4.3.2.2. Infrastructures and networks

Endesa is redesigning its infrastructure and network-related processes to transform its industrial approach into a roadmap towards what we call a *Zero Emissions Ambition*. To do this, it works on the main phases of the process from a circular perspective, including the design, maintenance and end-of-life phase of assets to recover components and materials.

Circular design

In the activity of infrastructures and networks, the highest emissions are generated by the supplies that come through the supply chain, meaning equipment and materials, and the works and services for their installation and operation. Consequently, to develop sustainable infrastructures it is necessary to follow a "circular design" approach, increasingly using sustainable equipment and secondary raw materials, which reduce the use of raw materials and, therefore, CO₂ emissions.

To accelerate the construction of sustainable infrastructures and, consequently, the reduction of CO₂ emissions, in 2022, Endesa signed a collaboration agreement with suppliers in the construction sector, with the aim of testing solutions with sustainable concrete based on cement with a low carbon footprint (with a reduction of up to 70% of CO₂). Two pilot tests were launched this year. The first consists of carrying out the civil works of a high voltage substation using low CO₂ concrete instead of conventional concrete and, in the second, the use 100% recycled concrete and low CO₂ in connections and pipes of a distribution area is proposed.

Extension of useful life

Every time a product is removed from the power grid, it is also losing energy and resources that went into its manufacture. Along this line, we can mention the "Life extension of high voltage transformers through the reuse of components".

The initiative consists of taking advantage of certain components from high voltage transformers that reach the end of their life maintain other transformers that are in use. This makes it possible to repair transformers in operation by replacing damaged and discontinued parts that are no longer on the market, and, consequently, extend the life of high voltage transformers.

Grid mining

Based on the concept of urban mining, which considers urban centres as mines from which existing resources and materials can be used at the end of the useful life of products, avoiding as much as possible the extraction of new resources. Endesa is developing the "Grid Mining" concept.

"Grid Mining" is the extension of the concept of urban mining, created in the context of the circular economy, applied to electrical infrastructures. Therefore, it tries to model the characteristics and composition of the mine's resources, and to understand how the flow of materials behaves. The idea behind the "Grid Mining" programme is to roll out actions in the different stages of the value chain, aimed at retaining the value of the material that makes up Endesa's distribution network: From procurement, including circular economy criteria that increase the percentages of recycled and recyclable materials, to the end-of-life stage, incorporating reverse logistics actions with suppliers or better treatment methods that increase the recovery percentages.

The distribution network consists of lines, metal towers, transformers and other elements. From the point of view of materials, it mainly contains metals (copper, aluminium, iron and steel) in addition to plastics and ceramics.

In particular, about 100% of the metal waste generated is recovered. In 2022, 2,545 tons of metal waste were recovered, with the resulting reduction in the use of raw materials, energy and emissions of CO₂ into the atmosphere.

Main actions in circular economy

Actions	Description	Geographical scope	Type of action	Participation
Pilot Test. Zumajo substation low in CO₂ emissions	In which 2,000m ³ of conventional concrete used in civil works, mainly in foundations, are replaced by sustainable concrete made of cement whose carbon footprint is 70% lower	Jerez de la Frontera (Cádiz)	One-off	Construction companies
Pilot Test. Recycled and low CO₂ concrete for pipes	This consists of using 100% recycled concrete low in CO ₂ in the pipelines in the Barcelona South distribution area.	South Barcelona	One-off	Distribution contractor, Construction companies
Extension of the life of high voltage transformers	Reuse of high-voltage transformer components that are reaching the end of their life to perform maintenance on other transformers in use. This makes it possible to repair transformers in operation. Between 30 and 40 transformers are removed and scrapped from the high-voltage network every year. Before scrapping transformers, the strategic components (switches, control controls, tram terminals, etc.) are reconditioned and prepared to be reused as spare parts in damaged transformers.	Spain	Systematic	Suppliers
Recovery of metal waste	Endesa recovers 100% of metal waste through a framework agreement with waste managers. In 2022, 2,545 tons of metal waste were recovered..	Spain	Systematic	Distribution contractors and waste managers

3.4.3.2.3. Customers

Endesa aims to become a driver and accelerator of customer circularity, based on a wide range of solutions, fulfilling an innovative role in the market.

Endesa's solutions aimed at customers, such as photovoltaic systems, heating systems, public lighting, energy management systems or electric vehicle charging stations, promote a new energy model based on renewable energies, energy efficiency and the electrification of key sectors, such as transport and buildings. In addition, the incorporation of business models based on servitisation

and the improvement of the final product phase are key strategies to facilitate the transition towards a circular model.

The ALVA project is being developed with the aim of improving the end of life of the products that Endesa supplies to its customers. It is an initiative that proposes a system for collecting waste, mainly household appliances, through a collective system of extended producer responsibility (SCRAP). In this way, the equipment that is removed from the customer's home is analysed to be recovered: equipment that is repairable is repaired for re-use, and if it is not, it will go through a recovery process to recover its components and materials.

Main actions in circular economy

Actions	Description	Geographical scope	Type of action	Participation
ALVA Project: Recovery Alternatives	It is an initiative that proposes a system for collecting waste, mainly household appliances, through a collective system of extended producer responsibility (SCRAP)	Andalusia	One-off	Service Points ENDESA, Ecotic (SCRAP)

3.4.3.3. Circular cities

Cities are responsible for approximately 80% of the global GDP and are also the areas where global challenges are most critical, contributing to more than two-thirds of global emissions and consumption of natural resources. Therefore, they represent a laboratory for the definition and implementation of solutions to face the current global challenges of energy transition.

The circular city is a development of the smart city concept. It is all about a change of focus. In this way, we move

from an outlook that focused on new technologies and energy services on to a holistic approach that takes into account all the resources consumed by a city: energy, raw materials and water, among others, while generating emissions and waste due to the corporate and economic activity. With this new approach, technology will continue to play a pivotal role. For instance, infrastructures are transversal to other areas of operations; e.g., the increasingly digitalized electricity grid or lighting.

Endesa's focus on circular cities aims to maximise the synergies between decarbonisation and the circular economy. It is essential to manage raw materials and bio-resources to achieve the circular transformation of a city, while acting on the electrification of demand.

An example of this is the eCityMálaga initiative, launched in 2021 in Málaga TechPark, applying to this technology park the benefits of applying the principles of the circular economy, such as sustainability and competitiveness. The aim is to create an urban benchmark in construction, transport and the management of resources (e.g., energy, water and materials), supported by digital technology. The project will be carried out until 2027 through a public-private partnership between the Málaga TechPark, Málaga City Council, Endesa and other entities and companies located in the park. So far, 41 entities have already joined.

The strategies, lines of action and objectives of the project were defined this year and shared with all the entities in the first assembly of participants held in February 2022, and the different working groups have been specified: circular economy, energy, buildings, urban spaces, sustainable and digital mobility.

Among the initiatives carried out by the working groups, we can highlight the following:

- A circular economy academy for companies in Málaga TechPark, promoting the creation of an ecosystem of companies interested in the circular economy. The academy was attended by professionals from 25 companies who received up to 30 hours of training on this new sustainable economic model.
- Implementation of initial technical studies for the installation of a photovoltaic plant in the largest car park in Málaga TechPark.
- Design of a shared bus service for all Málaga TechPark companies.

In addition, the "buildings" and "urban spaces" working groups have moved forward with energy characterisation to adopt energy efficiency and waste management measures through surveys to deploy recycling islands respectively.

3.4.3.4. A new circular economy culture

Endesa is working actively on promoting both an internal and external circular culture. To this end, within the Company, Endesa is raising awareness about the circular economy among employees through a variety of initiatives, such as: Online courses, *ad hoc* training sessions for specific functions that play a role in key activities relating to the circular economy, podcasts and internal communications.

The Endesa Circular Economic Academy was created in line with this goal, an internal school for training employees on the circular economy. In the 2022 edition, a total of 29 students took part in 37 hours of training given by four universities, with internal and external speakers. The training programme was designed taking into account inclusion of cross-cutting matters (e.g. finance and procurement) and participation by all business units, with the aim of sparking discussion on technological, process and business model aspects, and contractual, regulatory and institutional matters, etc.

In academic terms, as mentioned in the "Circular Cities" section, Endesa has also organised a training initiative for

the CityMálaga project ecosystem with the aim of promoting the circular economy in companies collaborating with the Málaga TechPark.

Endesa also participated in the dissemination of the global training initiative "Circular Economy Series", consisting of five virtual seminars related to central topics of the circular economy such as energy transition, communication, new technologies, biodiversity and social aspects. The seminars were given by globally recognised experts and were approached from the perspective of a new circular economic model.

Another important element is the "e-circular" platform, an internal platform with the aim of supporting the development of "circular" employee behaviour. Employees can use the platform to make available: their skills (e.g., language exchange), personal items or search for other items. The platform is a focal point for circular initiatives driven through information, news and multimedia content related to the circular economy.

3.5. Nature



Line of action	2020	2021	2022	2022-2024 target	2023-2025 Sustainability Plan (PES)	
					2023 target	2025 target
Implementation of biodiversity conservation programme (number of actions)	26	29	31	> 20	>25	>25
Internal awareness-raising initiatives on biodiversity protection (NEW)	—	—	—	—	Employee communication campaign in 2023	
Promote the minimisation of waste generated in the electricity generation process ⁽¹⁾ (Tons)	30,958	15,475	13,838	< 18,000 tons in 2024	< 14,000 tons in 2025	
Water collected for industrial use in the electricity generation process (m3/GWh)	90.69	79.4	73.6	108.0	88,8	74.2
SO2 emissions (g/kWhbc)	0.17	0.13	0.12	0.17	0,14	0.13
NOx emissions (g/kWhbc)	0.77	0.75	0.67	0.77	0,71	0.68
Particle emissions (g/kWh)	0.01	0.01	0.01	0.013	0,01	0.01
Mercury emissions (mg/kWh)	0.0003	0.00014	0.00012	0.00005	9.25 E-05	0
Implementation of ISO 14001-certified environmental management systems (% of facilities)	100%	100%	100%	100%	100%	100%
Reduction of the environmental footprint (% reduction)	6,098.1	5,659	5,463	5% reduction in 2024 (vs 2021)	1% reduction in 2025 (vs 2022)	
Certification in environmental energy management and indoor air quality in offices ⁽²⁾ (% surface area)	53%	54%	52%	54% of the surface area of offices certified in 2024	52%	52%
Reduction of energy consumption ⁽²⁾ in offices (% of annual reduction)	-17.6%	-10.6%	+4.4% vs. 2021	-0.5% vs previous year in the 2022-2024 period	-0.5% vs previous year in the 2023-2025 period	
Reduction of water consumption ⁽²⁾ in offices (% of annual reduction)	-26.6%	-24.8%	+5% vs. 2021	-0.5% vs previous year in the 2022-2024 period	-0.5% vs previous year in the 2023-2025 period	
Reduction in the generation of waste paper and cardboard in offices ⁽²⁾ (% reduction)	-0.50%	-30.8%	-53.8% vs. 2021	-3% in the 2022-2024 period	-0.5% vs previous year in the 2023-2025 period	
Reduction in the generation of single-use plastics in offices ⁽²⁾ (% reduction)	-64.0%	-31.0%	-85%	70.0%	-85%	-85%
Reduction of space in all Endesa buildings (reduction in m ²)	1,252	7,734	801	8,900 m ² reduced in the 2022-2024 period	8,400 m ² reduced in the 2023-2025 period	
CO ₂ emissions in buildings ⁽²⁾ (tonnes)	4,719	4,348	2,204 ⁽⁴⁾	6% reduction in 2024	0 tonnes from 2023	

⁽¹⁾ Hazardous and non-hazardous waste.

⁽²⁾ Only SIGAEC environmentally certified buildings are included.

⁽³⁾ The reduction of emissions is determined by the reduction of electricity consumption.

⁽⁴⁾ Data in metric tons of CO₂.

Line of action	2020	2021	2022	2022-2024 target	2023-2025 Sustainability Plan (PES)	
					2023 target	2025 target
Office transformation and improvement (millions of euros)	2.5	8.5	6.0	> 9.5 million employees in the period 2022-2023	>15 million euros in the 2023-2025 period	
Sustainable fleet management: electrification and optimisation: electric vehicles (% vehicles in the fleet)	9.0%	9.5%	10%	13% of electric vehicles in the fleet in 2024	57% of electric vehicles in the fleet in 2025	
Sustainable fleet management: electrification and optimisation: plug-in hybrid vehicles (% of vehicles in the fleet)	26.0%	28.0%	36%	61% plug-in hybrid vehicles in the fleet in 2024	3% plug-in hybrid vehicles in the fleet in 2025	
Sustainable fleet management: electrification and optimisation: hybrid vehicles (% vehicles in the fleet)	9%	6.5%	6%	6% hybrid vehicles in the fleet in 2024	10% hybrid vehicles in the fleet in 2025	
Sustainable fleet management: electrification and optimisation: fossil fuel vehicles (% vehicles in the fleet)	56%	56%	48%	20% fossil fuel vehicles in the fleet in 2024	25% fossil fuel vehicles in the fleet in 2025	
Reduction of CO ₂ emissions in the management of Endesa's fleets (% reduction vs. 2021)	4,136	3,886.0	4,096 ⁽⁴⁾	29.5% reduction in 2024	25% reduction in 2025	
Electrification of car parks at HQs (No of places) ⁽⁵⁾	719	899	886	1,000 electrified spaces in 2024	1,000 electrified spaces in 2025	
Responsible management of taxi use: Shared taxi (% of employees) ⁽⁶⁾	38%	32%	38%	35% employees in shared taxi in 2023	41% employees in shared taxi in 2025	
Responsible management of taxi use: % km travelled in environmentally friendly taxis ⁽⁷⁾	72%	70%	72%	71% km travelled in environmentally friendly taxis in 2023	75% km travelled in environmentally friendly taxis in 2025	
Promotion of the e-carsharing service (km travelled)	5,645	16,265	19,184	140,000 km in the 2022-2024 period	60,000 km in the 2023-2025 period	
E-bike service (km travelled) ⁽⁸⁾	4,095	0	0	30,000 km in the 2022-2024 period	7,500 km by e-bike in the 2023-2025 period	
Electric scooter service (km travelled) ⁽⁸⁾	989	0	0	7,000 km in the 2022-2024 period	3,000 km by electric scooter in the 2023-2025 period	
Transport card (number of employees)	831	494	619	543	716 employees in 2025	

⁽⁵⁾ The figure refers to the places that have an electric vehicle recharging system installed.

⁽⁶⁾ % of the total number of employees who use the taxi for their business travel.

⁽⁷⁾ Ecotaxis use one of the following technologies: hybrid, electric, LPG or CNG.

⁽⁸⁾ Service suspended temporarily due to the pandemic.

Actions deserving special mention:

- 1** Maintenance of the certification of the environmental management system for all generation and distribution facilities, in addition to all supply activities.
- 2** Continuation of the progress in the coal closure roadmap, with the cessation of operation of the Litoral Coal-fired Thermal Power Plant (Almería).
- 3** Announcement of the No Net Loss of Biodiversity by 2030 goal. Starting the implementation in selected projects of high biodiversity importance from 2025.
- 4** Announcement of the No Net Deforestation in 2030 goal. This goal has been developed with the "Endesa Forest" initiative since 2016, through which more than 40,000 trees have been planted and some 90 hectares have been reforested.
- 5** Implementation of a range of initiatives at thermal generation and combined cycle plants with a view to reducing water consumption as part of the internal WAVE project.

The scope of the information provided in this chapter covers both Endesa, S.A. and its investee companies in Spain and Portugal, the same as in the Legal Documentation reports. For further information, see sections 1.1.2.6. *Organisational structure* and 2. *Report boundary (Appendix I: Methodology for preparing the report)*. Possible var-

iations to the scope described here are presented throughout the chapter.

Data is also included relating to facilities over which Endesa does not have control in proportion to its shareholding, as is the case of nuclear facilities.

3.5.1. Environmental management

3-3 Material Management Approach

3-3 Energy Management Approach

Sustainable development is one of the main pillars of Endesa's strategy and environmental protection and care for natural capital are amongst the company's most important commitments. This stance sets Endesa apart from other companies as it is a positive difference that shapes the company's behaviour and is expressly included in its corporate values and reflected in its strategic plan.

Through its commitment, Endesa aims to minimise the impact of its activities on the natural environment where it operates. It encompasses initiatives primarily related to air quality, exemplary management of waste, caring for biodiversity, minimising waste, managing contaminated land and other potential negative impacts.

Furthermore, Endesa's approach to environmental management seeks to ensure the sustainable use of energy and water resources as well as raw materials, committing to the protection and promotion of the biodiversity of ecosystems in the environments in which it operates, in addition to re-

storing environments where its operations have ceased, to foster their natural capital.

Commitments acquired in the company's various environmental and sustainability policies are fulfilled in the environmental management systems of Endesa's different activities. These systems make it possible to align the environmental dimension within the various activities carried out by the company by integrating the SDGs and articulating the mechanisms to measure and assess environmental performance over the entire life cycle, thus integrating the concepts of circular economy and natural capital in the management of its activities.

Assessment of the environmental risks inherent in the company's activities and the environmental certifications obtained from external agents help ensure excellence in Endesa's environmental management and demonstrate that it is fully integrated into and aligned with the company's corporate strategy.

3.5.1.1. Environmental Policy

3-3 Material Management Approach

3-3 Energy Management Approach

3-3 Environmental Compliance Approach

2-23

The protection of the environment, the fight against climate change and the defence of sustainable economic development are the strategic factors in the planning and development of Endesa's activities, which considers environmental excellence as a fundamental value of its business culture.

In fulfilling its environmental commitments, Endesa identifies, evaluates and manages the environmental aspects and impacts derived from its activities, striving to minimise negative ones and maximise positive ones, as mentioned in its Environmental Policy approved by the Board of Directors in June 2021, which includes its commitment to environmental excellence. Endesa carries on its activities respecting the environment and in accordance with the Sustainable Development Goals (SDGs) and is firmly committed to the conservation and sustainable use of resources in line with the principles

of the circular economy, always applying criteria of excellence.

Endesa's Environmental Policy²¹ is based on five basic principles:

- Protect the environment by preventing impacts.
- Improve and promote the environmental sustainability of products and services.
- Create shared value for the company and its stakeholders.
- Comply with legal obligations and voluntary commitments by promoting ambitious environmental management behaviours.
- Contribute to the fight against climate change through the decarbonisation of the generation mix and offering solutions for the decarbonisation of society through electrification.

3.5.1.2. Environmental objectives

Endesa is aware of the environmental impact of its activities, which is why the company pays particular attention to environmental protection and the efficient and sustainable use of natural resources. Endesa carries out its activities in an environmentally friendly manner, acting beyond compliance with legal requirements, adopting more ambitious environmental requirements and objectives, involving its suppliers who are required to implement environmental policies based on these same principles, and customers by involving them in the responsible use of energy and the energy efficiency of their processes and behaviour.

Endesa annually reviews the environmental objectives established within the Sustainability Plan in order to up-

date its ambition and match it with the expectations of its stakeholders. The consultations carried out in the framework of the 2022 materiality study have revealed that the most relevant environmental issues when it comes to promoting a sustainable business model are decarbonising the energy mix and preserving ecosystems by pursuing appropriate environmental management. Consequently, Endesa includes specific objectives for these areas in its latest published Sustainability Plan.

For further information, see section 1.1.1.3.2. *Compliance with the objectives in the 2022-2024 Endesa Sustainability Plan.*

3.5.1.3. Investment in environmental management

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With a view to achieving environmental excellence and sustainable development of its activities, Endesa is making significant investments in:

Environment investment and cost

Millions of euros

	2020	2021	2022
Investment	61	41	27
Cost	238	88	87

²¹ https://www.endesa.com/content/dam/enel-es/endesa-en/home/investors/corporategovernance/corporatepolicies/documents/POLITICA-MEDIOAMBIENTAL-ENDESA-21_06_21_EN.pdf

3.5.1.4. Managing environmental risks and impacts

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Resources dedicated to the prevention of environmental risks

Endesa is subject to environmental regulations which affect both the normal course of its operations and activities, as well as the development of its new projects, leading to increased risks and costs. Furthermore, Endesa is exposed to environmental risks which are inherent in its business, including those relating to the management of waste, spillages and emissions generated by all its activities and therefore, for which it can be declared as being responsible for environmental damage.

To comply with the obligations deriving from the Spanish Environmental Responsibility Law, Endesa has developed the MIRAT Project, based on a methodology developed at sector level and approved by the Ministry of Ecological Transition and the Demographic Challenge, the objective of which, through environmental risk analyses, was to establish the mandatory financial guarantee required by this Law for conventional thermal and combined cycle power plants with a thermal capacity of more than 50 MW. With the results of the environmental risk analyses of all conventional thermal and combined cycle power plants, the corresponding formal statements were submitted to the Administration.

Endesa continued to use the tool for the analysis of environmental aspects, impacts and risks in 2022, called "Environmental Risk Assessment" (ERA), in which the environmental risks associated with Endesa's different businesses and facilities are collected and assessed annually. In addition to the results of the assessment and the significance of the environmental aspects, the methodology includes organisational, strategic, economic and reputational aspects associated with the businesses' different activities and infrastructures. The ERA tool also evaluates legal compliance and the effectiveness of the operational controls in place, both legally required and voluntary, and provides an assessment of the "Residual Risk" inherent in each facility. Depending on the results returned, specific action plans may be required to mitigate the environmental risks associated with the activity. The results of the assessments performed in ERA make it possible to compare the environmental risk associated with the different facilities and technologies.

The results obtained in the 2022 evaluation and the most relevant actions carried out based on it are as follows:

- **Renewable generation:** the most notable potential impact is the impact on birdlife caused by wind technology. With a view to mitigating this risk, work has continued to install systems to detect and mitigate possible birdlife and bat collisions at the most generating wind farms, constantly revising the list of work with developers and different companies to actively search for the best technological systems on the market and implement them. In 2022, a total of 11 bat detection and deterrence systems were installed in 3 wind farms; and 24 bird detection and deterrence systems in 4 farms.

The different pilot programmes that were conducted for the validation of new systems to improve bird protection in the vicinity of wind farms should be noted, which use cameras and artificial intelligence. These pilot projects have been rolled out at the El Campo, Mottilla and La Estanca wind farms. For further information, see section 3.4.2.3. *Innovation in electricity generation*. Furthermore, the company closely collaborates with expert associations to implement projects to recover the most affected species, including: management of "muladar" spaces for the conservation of necrophagous species in El Espinar (Ávila); marking of Egyptian vulture specimens and agri-environmental measures aimed at improving the habitat of Montagu's harrier in Malaga; lesser kestrel hacking in Fuente de Piedra (Malaga) and Zuera (Zaragoza); ecological reserve and agri-environmental measures in favour of the Ricot lark in Granada, Guadalajara and Teruel; and agri-environmental measures aimed at promoting the habitat of the little bustard in Mottilla del Palancar (Cuenca).

In reference to hydroelectric technology, where the greatest risk is that of accidental spills into the aquatic environment, an external service has been launched for rapid intervention in incidents that pose an environmental risk, thus minimising the possibility of causing damage to the environment.

- **Thermal generation:** a reputational risk related to climate change has been identified, mainly linked to thermal generation with coal, and that has increased this year due to the energy crisis derived from the war in Ukraine, which has led to an increase in the production of electricity from this fossil fuel. After the 2020 closure of the Compostilla and Teruel coal plants, the 2021 closure of Litoral in Almería, and

after receiving a resolution proposal in 2022 for the closure of two of the four groups of the As Pontes thermal power plant, at this time Endesa only has the other two groups of the As Pontes thermal power plant in operation, whose closure is conditioned to variables of power availability of the electrical system, and groups 3 and 4 of the Alcudia thermal power plant that would operate at a maximum of 500 hours a year to guarantee the electricity supply on the island of Mallorca until the new connection cable with the mainland is installed.

This risk will be mitigated in the coming years thanks to the planned plans and requests for closure submitted by the coal plants, as long as these are granted by the competent authorities, and due to the company's 4.4 GW expected growth in renewable energy in the 2023-2025.

- **Electricity distribution:** the results obtained were consistent with the objective significance of environmental aspects, based on indicators, reinforcing the trend of greater restrictions and demands in relation to the impact of infrastructure on preserving biodiversity. In particular, the level of residual risk associated with the affectation of avifauna has led to the launch of specific actions in the technical, legal and communication fields.

Furthermore, as part of its commitment to protecting the environment, Endesa feels obliged to eliminate environmental liabilities, and, therefore, each facility identifies these liabilities and addresses them within the framework of their environmental management programmes, which may be reflected in their elimination, disposal or reuse.

Endesa's activity is also affected by the risks associated with climate change, which are described in detail in section 3.1.4. Risk management.

Environmental liability insurance policy

Endesa has environmental insurance coverage that covers personal injury and/or property damage to third parties and is included in the global civil liability insurance policy. The environmental section covers Endesa's liability in accordance with European Directive 35/2004 on environmental liability and equivalent national legislation (Law 26/2007 on Environmental Liability), as well as its implementation in the national legislation of other countries in which Endesa has a presence and any other court decision related to environmental damage, including harm to biodiversity. The general limit of the policy is 150 million euros and the general deductible limit is 250,000 euros.

3.5.1.5. Environmental management systems

3-3 Management approach Environmental compliance

The commitments acquired under the Environmental Policy are reflected in the Environmental Management Systems of Endesa's different businesses. These systems make it possible to align the environmental aspects of the company's sustainability model, including the Sustainable Development Goals and coordinating the mechanisms for measuring and assessing environmental performance through a series of indicators that take the life cycle into consideration and thus include the concepts of the circular economy and natural capital into management.

The indicators of said environmental management systems include the facilities' impact on all aspects of the environment and enable compliance with all existing legal obligations regarding environmental matters in relation to the business operations to be verified, as well as alignment with the path laid out by Endesa to evaluate the degree to which the strategic objectives and goals defined.

Endesa's environmental policy, mentioned in previous sections, establishes basic principles of action with regard to the prevention of pollution. These principles are implemented through management systems appropriate to the company's different activities. The policy covers all environmental vectors (air, water, soil, etc.) in order to achieve excellence in the environmental management of the company's activity, based on continuous improvement, aimed at preventing pollution and ensuring compliance with the environmental legislation applicable to the sites, as well as the management standards adopted. To this end, Endesa established in its 2022-2024 Sustainability Plan the goal of maintaining 100% of its generation and distribution facilities certified to the International Standard ISO 14001. The target was met in 2022 and, in order to maintain the commitment, it is included in the new PES for the 2023-2025 period.

Certification of environmental management systems

Endesa's environmental management systems are supported by international standards and procedures and are audited by accredited independent institutions of recog-

nised prestige. These systems ensure regular and systematic identification, evaluation and control of the environmental impacts that could be generated by its facilities and operations. Currently, the Company has the following environmental certifications:

Activity	Standard	% certified in 2022
Electricity generation (thermal, hydro and renewable)	ISO14001:2015	100%
	9001	100%
	50001	3 thermal power plants
	EMAS	12 thermal power plants (74% of the net installed capacity)
Electricity distribution	14001, 9001, 50001	100%
Port terminals	14001, 9001, EMAS, Zero Waste	100%
Corporate headquarters and office buildings	14001, 50001, UNE-EN 171,330-3	5 main offices
Endesa Energía	9001, 14001	100% of its activity
Endesa X	9001, 14001	100% of its activity

Endesa's headquarters in Madrid, Ribera del Loire, in addition to being part of the already consolidated Environmental, Energy and Indoor Air Quality Management System (SIGAEC), was awarded the LEED ORO certification (Leadership in Energy and Environment Design) in the category of "Sustainable Operations and Building Maintenance", which was purchased in January 2017 and renovated in 2022. This standard evaluates the sustainability of the building by assessing its impact in five main areas: sustainable location, efficiency in the use of water, electricity and

atmosphere, conservation of materials and natural resources, and indoor air quality. In 2022, the Ribera del Loire building was awarded the "Madrid Excelente" seal by the Community of Madrid. This seal of quality recognises organisations that care for the planet, improve people's lives, seek progress and have a purpose that gives them meaning, being added to the recognition obtained in 2016, when it received the "Sustainable Building" badge of Madrid for being designed for energy saving and future sustainability.

Main achievements of endesa's headquarters, highlighted by the certification

Sustainable mobility	Through the implementation of emission reduction measures, both to promote the use of electric vehicles, and to offer other alternative mobility solutions.
Energy efficiency	Through the implementation of energy saving devices and measures.
Habitat protection	The headquarters has garden areas with native plants.
Optimisation of water consumption	By significantly reducing water consumption indoors and for irrigation.
Quality of the indoor environment	All spaces have the necessary outdoor air levels. Additionally, the building is certified in the UNE 171330 Indoor Air Quality standard.
Reduction of the impact operations	By selecting and using sustainable materials to carry out renovation works.
Eco-friendly cleaning	By implementing the use of environmentally responsible products with less toxicity in the cleaning of all facilities.
Material improvement and waste optimisation	By progressively replacing building lighting with more efficient and sustainable technologies. Assessment of there being a space for the separation and management of waste.

Meanwhile, since 2019, the Vilanova building headquarters in Barcelona have held the LEED SILVER certification in the same category "Sustainable Operations and Maintenance in buildings".

These offices, Ribera del Loira and Vilanova, represent 40.32% of the surface area of Endesa's office park.

3.5.1.6. Management of nuclear activity

Endesa is firmly committed to the safe management of its nuclear activity, as expressed in the Nuclear Policy approved by the Board of Directors in 2011 and published on the website of the companies that conduct this activity.

This policy establishes the commitment to act in such a way that, in all nuclear activities, whether Endesa is a majority or minority shareholder, the main priorities are: The safety and protection of workers, the public and the environment, as well as the promotion of excellence in all activities, going beyond mere compliance with legal requirements.

3.5.1.6.1. Risk prevention and management

3-3 Spill and waste management approach EUSS

Endesa supervises compliance with Nuclear Policy by the nuclear power plants in which it participates, which includes minimising discharges of effluent into the environment and the generation of radioactive waste.

In line with the technical specifications of each facility, Endesa nuclear power plants continuously monitor and control liquid and gaseous discharges, with very strict limits established by the regulatory body, the Nuclear Safety Council, in order to avoid affecting the environment and the population. In addition, as provided in said specifications, radiological surveillance of the surrounding environment is carried out, including numerous air, water and soil analyses, as well as extensive sampling and analysis of food. These environmental controls are also monitored and inspected by the regulatory body.

3.5.1.6.2. Emergency management

3-3 Disasters/Emergency planning and response management approach EUSS

Endesa's nuclear power plants are prepared to face emergency situations with the resources and procedures defined in:

- **The Internal Nuclear Emergency Plan (PEI)**, which is structured according to the regulations on nuclear and radioactive facilities (state regulations). Each nuclear power plant has a specific PEI that details the actions, measures and responsibilities for preparing

and responding to the accident conditions, in order to mitigate its consequences, protect the facility personnel and immediately notify the competent authorities, including the initial assessment of the potential consequences of the emergency. In addition, the PEIs establish the actions planned by the licensee to assist in protection interventions outside the facility, as established by the Basic Nuclear Emergency Plan (PLABEN).

- **The External Nuclear Emergency Plan (PEN)** aims to avoid, or at least reduce as much as possible, the adverse effects of ionising radiation on the population and the environment. They are based on the standards and criteria established by PLABEN and assign responsibilities to public entities or bodies, with the collaboration of the owners of the facilities.

The emergencies that are declared to deal with possible accidents in the nuclear power plants are classified into four categories depending on the severity of the event and the nature and amount of radioactive material that may be released (from Pre-alert to General Emergency). The measures to protect the population in the event of a real emergency are defined by state authorities following the guidelines of the Nuclear Safety Council based on the information provided continuously by the emergency centres of the affected nuclear power plant and its own information systems.

Emergency preparedness is ensured through periodic exercises (drills) and specific training for all personnel involved. The drills are supervised by the Nuclear Safety Council, as well as by duly trained personnel belonging to the organisation itself in order to identify areas for improvement within the continuous improvement process. Preparedness for emergencies is periodically inspected by the Nuclear Safety Council and periodically audited by the organisation itself. In addition, it is periodically evaluated by the *World Association of Nuclear Operators* (WANO), against the highest industry standards. The identified improvement areas are processed and incorporated, as part of the continuous improvement process.

Stress tests on the safety of nuclear power plants, which were carried out in Spain and throughout Europe immediately after the Fukushima accident, determined safety margins in extreme scenarios (earthquakes, floods, failure of all sources of electrical energy or absence of water to cool the reactors) to check the response of the plants and whether measures were required to increase their robustness to cope with these scenarios.

As a result of this exercise, a series of improvements have been made that have been implemented by all Endesa plants. These include the availability of portable pumping and power generation equipment that can be easily connected to the plant in the event of a total loss of electrical energy; the installation of passive hydrogen recombiners in the containment building; construction of a new centre for emergency management, and venting systems filtering the atmosphere of the containment building.

The recovery phase, after an emergency, is covered by the Nuclear Emergency Plans. Recovery measures are mainly directed towards the physical environment and the restoration of normal living conditions. Their purpose is to reduce:

- External irradiation due to the radioactive substances deposited.
- The transmission of radioactive substances to people, animals and food.
- The resuspension of radioactive substances.

3.5.1.6.3. Dismantling

3-3 Plant dismantling Management Approach EUSS

In Spain, the dismantling of nuclear power plants and the management of radioactive waste, including spent nuclear fuel, is the responsibility of the State. This responsibility is assigned to ENRESA²², a state-owned company.

The General Radioactive Waste Plan, an official document approved by the Ministry of Industry that is currently in its sixth edition, describes the scope, planning and economic assumptions for the provisions of the fund for the dismantling and management of radioactive waste from all Spanish nuclear power plants. This

All this, through the Internal Nuclear Emergency Plans (PEI), responsibility of the owner of the facility and regulated by the regulations on nuclear and radioactive facilities (state regulations); of the External Nuclear Emergency Plans (PEN), based on the standards and criteria established by the Basic Nuclear Emergency Plan, assigning responsibilities to public entities or bodies; and of the local Information Committees, in which the Regulator, the Ministry, the Town Councils of the areas affected by the nuclear power plants and the representatives of the facilities participate, to coordinate aspects at the local level.

The regulatory body maintains a plant safety supervision system, called SISC, the results of which are updated quarterly with the results published on its website (https://www.csn.es/sisc/index_i.do) along with the rating of each of the plants. One of the areas under evaluation is emergency preparedness, with three indicators called E1, E2 and E3 that characterise the situation of each plant in this area.

fund is fed by a tax on the monthly contributions of nuclear power plant owners.

In November 2022, the Ministry published the Revised Version of the 7th PGRR, requesting the respective reports from the Nuclear Safety Council (CSN) and the autonomous communities. Once these reports are received, the Ministry will prepare the final proposal of the 7th PGRR, which will be sent to the environmental body to draw up the Strategic Environmental Declaration. Lastly, it will be approved by the Council of Ministers.

3.5.2. Environmental footprint

Endesa calculates its environmental footprint using a methodology based on the most relevant international references, including the guidelines developed by the European Union to calculate the environmental footprint of its organisations and products.

The environmental footprint is a multi-criteria measure of the company's environmental performance that evaluates the effects of the company's activities on the environ-

ment under the perspective of Life Cycle Assessment (LCA) (ISO/TS 14072:2014 standard) or "cradle-to-grave analysis"; this means considering all stages from the extraction of raw materials to the management of end-of-life products, through the stages of production and use. The objectives of Endesa's environmental footprint are:

²² <https://www.enresa.es/eng/index/about-enresa/creation-of-enresa>

- Quantify and homogenise the company's environmental performance.
- Analyse the impact of its activity on the different categories of environmental impact (sub-footprints).
- Contribute to the monitoring of the organisation's environmental performance and allow the traceability of business objectives and environmental improvements.
- Identify and assess the environmental aspects that are most relevant in the company's activity.

In 2022, Endesa maintained its commitment to excellence in environmental sustainability while easily meeting the targets for reducing its environmental footprint included in the Strategic Plan. All this has helped the organisation to reduce its environmental footprint by 50% compared to 2019.

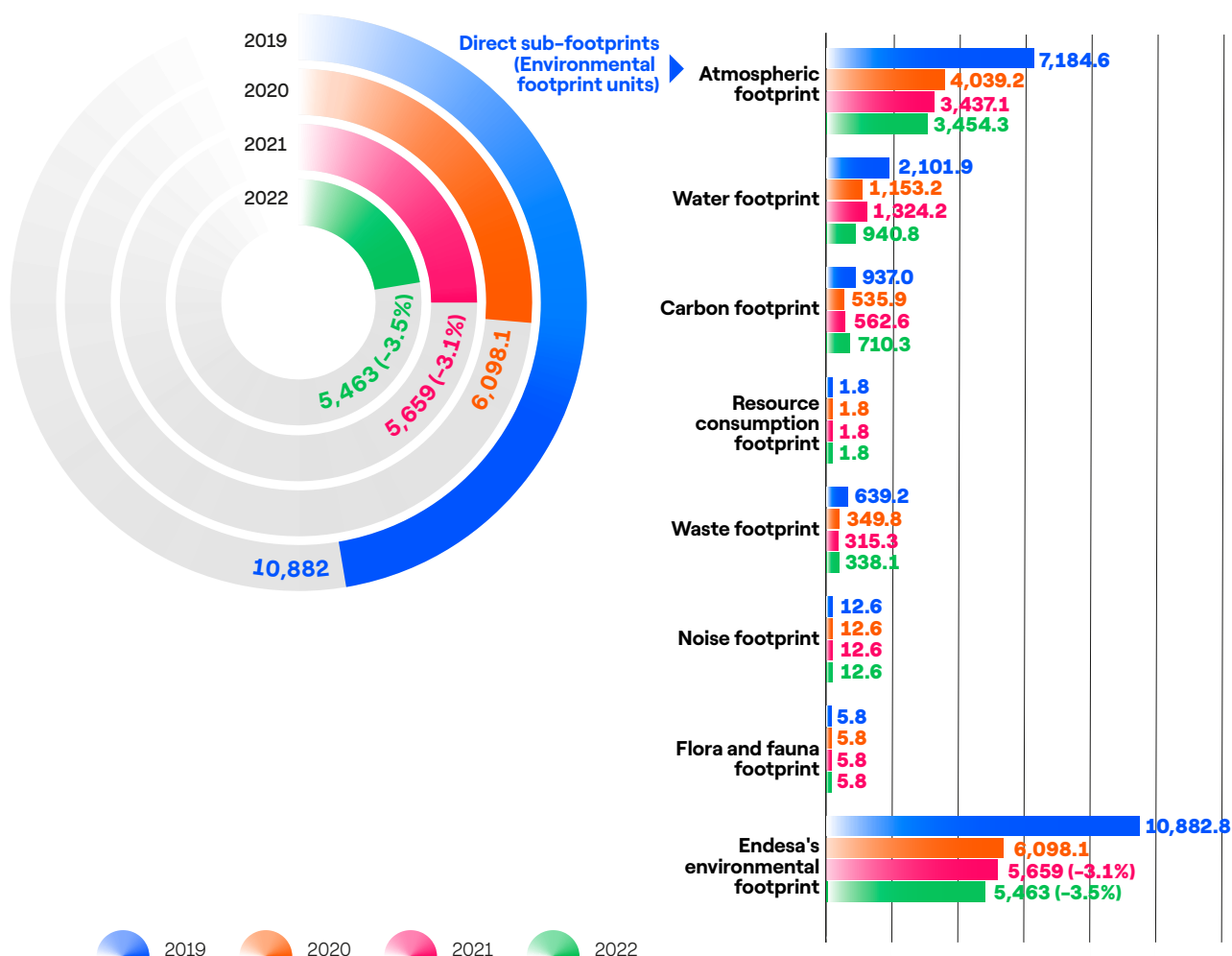
Direct sub-footprints⁽¹⁾

Units of footprints

	2020	2021	2022
Atmospheric footprint	4,039.2	3,437.1	3,454.3
Water footprint	1,153.2	1,324.2	940.8
Carbon footprint	535.9	562.6	710.3
Resource consumption footprint	1.8	1.8	1.8
Waste footprint	349.8	315.3	338.1
Noise footprint	12.6	12.6	12.6
Flora and fauna footprint	5.8	5.8	5.8
Endesa's environmental footprint	6,098.1	5,659 (-3.1%)	5,463 (-3.5%)

⁽¹⁾ The value of the atmospheric footprint for 2021, and consequently the total environmental footprint, was corrected due to a calculation error.

Endesa's environmental footprint



3.5.2.1. Energy resources

3-3 Energy Management Approach

Endesa remains pledged to energy efficiency which covers optimising generation processes, reducing losses in its distribution networks and reducing energy consumption at buildings and facilities. We also offer our customers a wide range of efficient products and services.

Endesa also promotes efficiency via communication and raising awareness among society and participates, both in Spain and abroad, in the main forums for knowledge and dissemination of energy efficiency.

3.5.2.1.1. Electricity consumption

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The electricity consumed at generation facilities is supplied by the company itself, so its value is not reported to avoid double counting.

3.5.2.1.2. Fuel consumption

301-1 302-1

The materials used to produce electricity are mainly fossil fuels. The use of coal has increased as a result of the energy crisis resulting from the war in Ukraine. The increase in the consumption of natural gas derived from the Iberian exception of gas, which caused a large amount of electricity to be generated that was exported to France, is noteworthy, added to the need to compensate electricity production through cogeneration not initially contemplated in Royal Decree-Law 10/2022.

The table includes fuels consumed in all Endesa's activities. The use for electricity generation (all fuels) predominates, followed by electricity distribution (diesel) and to a lesser extent in buildings (diesel and natural gas) and vehicle fleet (diesel).

Consumption of materials

Tipo de combustible	2020	2021	2022
Coal (kt)	907	412	559
Fuel oil (kt)	867	792	805
Diesel (kt)	809	861	963
Natural gas (10 ⁶ m ³)	1,585	2,148	3,235
Uranium (t equivalent of uranium)	62.1	67.5	52

The amount of Uranium included in the table corresponds to the new Uranium replaced in the cores.

Additionally, there was consumption of biogas amounting to 1,172,000 m³.

3.5.2.1.3. Energy consumption

Internal energy consumption

The organisation's energy consumption is associated with the fuels consumed for electricity generation, distribution and commercialisation processes. Electricity self-consumption associated with generation installations has not been considered since installations are supplied by electricity produced by the organisation itself.

There has been an increase in total energy consumption, mainly on account of the higher performance of combined gas cycle and coal power plants in 2022 to respond to demand for electricity.

Internal energy consumption by primary energy

TJ⁽¹⁾

Type of fuel	2020	2021	2022
Coal	17,529	8,315	11,281
Fuel oil	34,873	31,877	32,386
Gas oil	35,040	37,334	41,758
Natural gas	59,791	81,025	122,051
Uranium	273,845	270,605	282,872
Total	421,078	429,156	490,348

⁽¹⁾ TJ: Terajoules.

External energy consumption

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For 2022, external energy consumption was estimated at 48.07 TJ, considering the fuel expenditure of the vehicles of the suppliers that work regularly with Endesa, and considering the same perimeter as in previous years. The calculation is made based on the carbon footprint tool that is verified by AENOR according to UNE EN ISO 14064. The data are subject to some modification because at the time of preparation of this publication, the external verification process was being carried out according to the requirements of the UNE EN ISO 14064 standard.

For more information see section 3.1.5.1. *Carbon footprint*.

Non-renewable and renewable energy consumption

Non-renewable energy consumption

TJ	
	2022
Consumption of fuels from non-renewable sources (coal, fuel oil, diesel, natural gas, uranium)	490,348
Purchase of electricity, heat, steam and cooling generated from non-renewable sources	34
Other	0
Non-renewable energy consumption	490,382
Percentage of non-renewable energy consumption	99.97

Renewable energy consumption

TJ	
	2022
Fuel consumption from renewable sources (biomass, biogas, renewable waste, green hydrogen, etc.)	26
Purchase of electricity, heat, steam and cooling generated from renewable sources	100
Self-consumption of renewable energy (electricity produced and consumed by renewable electricity generation facilities)	0
Renewable energy consumption	126
Percentage of renewable energy consumption	0.03
Total energy consumption	490,508

As a novelty in this period, since April 2022, electricity from renewable sources is consumed in all office buildings, through Guarantees of Origin, thus contributing to 75% of the final electricity consumption of the facilities having been of renewable origin.



Energy efficiency in internal processes

Within the process of continuous improvement, Endesa is immersed in a global process of digitisation of all the processes involved in its activity, pursuant to the objectives of the 2023-2025 Strategic Plan. During 2022, Endesa inten-

sified this digitisation process to improve the environmental protection and control processes. The most notable projects in this area are:

Project	Development
Improvements in emission and discharge data acquisition systems	Optimisation of the systems for the acquisition of data on emissions, air quality and discharges of the facilities, improving the communication of remote stations, taking advantage of CLOUD-type storage available on the market and facilitating the adaptation of calculation processes to emerging environmental legislation.
Digital Waste Project	Digitisation of waste management in generation plants, creating a platform that helps in the logistics management of waste storage, and a document control platform that will speed up waste management procedures with authorised managers.
EDEN Project	Development of the digital platform for the treatment of environmental information for its internal and external reporting. It will facilitate the collection of information and will ensure the reliability of the information provided and its subsequent analysis for the management of environmental improvements.
DIMAS project	Design of a customised internal platform for the integrated management system of the facilities (environment, safety and quality). Facilitates the better control of the evaluation of environmental aspects, setting of objectives and goals for continuous improvement, identification and evaluation of legal compliance, as well as the resolution of non-conformities and observations occurring day-to-day is maintained.
HEQ4U project	Development of a platform that allows all plant personnel to register potential environmental or security incidents ("Near Miss"), which makes it possible to detect situations that may pose a potential risk to the environment or security before the incident occurs, so that improvement actions can be implemented in time to prevent their occurrence.

In addition to the generation activity projects mentioned, in the distribution area, a new functional tool was developed in 2022 that contributes to the environmental diagnosis of facilities, developed to support the registration of issues related to legal requirements.

Reduction of energy consumption – Energy saving

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In 2022 Endesa has saved 6,997 GJ of energy thanks to the development of energy efficiency improvement programs. Also, of great importance this year are programmes focused on the maintenance and adaptation of equipment. These feature modifications in lighting systems that were transformed to LED systems in a number of buildings and installations, as well as placing vinyl solar protection in a number of window units and replacement with more efficient chiller machines in the headquarters in the Canary Islands and Catalonia.

The optimisation of schedules and operating surfaces for both lighting and air conditioning according to the needs of the building, the optimisation of the operation of air conditioning equipment, prioritising the use of the most efficient cooling machines and the modification of temperature set-points to 27°C in cooling and 19°C in heating in accordance with Royal Decree Law 14/2022, on economic sustainability measures in the field of transport, and energy saving and efficiency measures, have also contributed to energy savings. This energy saving means a reduction in the carbon footprint of the company and contributes to the reduction of the operating costs of the business.

Energy savings due to energy efficiency and improvements

GJ			
Types of improvements	2020	2021	2022
Redesign of processes	1,802,006	230,070	0.3
Conservation and equipment adaptations	5,948	3,343	6,724
Total	1,807,954	233,413	6,997

In the case of energy savings due to efficiency improvements applied to generation, this value (GJ) is obtained by direct measurement at the output terminals in the facilities. This year there have been no major process redesign projects in our thermal power plants; these projects usually result in significant energy savings by improving their operating regime.

The 2022 implementation of a project to detect and repair natural gas leaks in all facilities that consume this fuel is worth noting. As a result of the project, 134 minor leaks were detected at 7 plants. Once reviewed and recounted after the repairs carried out, a 90% reduction in accidental emission into the atmosphere associated with these small leaks was found (which is approximately 48 t CH₄/year) and work continues to reach 100%. The project not only represents a key improvement in the safety of the facilities and contributes greatly to enhancing efficiency and the responsible use of a finite resource such as natural gas but is also an example of the spirit of continuous improvement and awareness in reducing the emission of gases with a potential greenhouse effect into the atmosphere, which further contributes to the fight against climate change.

Energy intensity

302-3

Energy intensity has been calculated considering internal energy consumption. The energy intensity value is affected by the proportion in the different generation technologies and the operation of each of them in the year.

Energy intensity

Classification	2020	2021	2022
Total energy consumption (TJ)	421,574	429,156	490,373
Net production (GWh)	56,269	57,592	64,715
Energy intensity (TJ/GWh)	7.5	7.45	7.58

Intensity of energy consumption

Classification	2020	2021	2022
Energy consumption (GWh) ⁽¹⁾	117,105	119,211	136,215
Revenues (million euros)	17,050	20,899	32,896
Energy intensity (GWh/million euros)	6.9	5.7	4.1

⁽¹⁾ 1 GWh is considered to be equal to 3.6 TJ.

3.5.2.1.4. Other consumption

Endesa uses other resources that are necessary in production. During 2022, the total consumption was 10,457.24 tons, decreasing by 9.5% compared to 2021, due, one more year, mainly to the reduction in the consumption of limestone for the desulfurization process of combustion gases from thermal power plants of coal.

Consumibles de Endesa

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Types	2020	2021	2022
Lime	490.4	306.2	61.4
Iron chloride	213.3	144.0	173.2
Ammonia	96.1	451.6	335.3
Caustic soda	480.6	169.5	430.6
Sulphuric acid and chlorhydric acid	671.1	532.3	397.4
Sodium hypochlorite	709.0	800.0	595.0
Chlorine dioxide	2.8	0.7	0.0
Magnesium oxide	55.4	33.8	93.3
Limestone used for combustion-gas desulphurisation	16,212.5	3,260.4	1,873.9
Lubricating oil	4,253.3	4,479.9	4,467.9
Dielectric oil	658.1	154.9	624.9
Other*	1,097.7	1,218	1,404.1
Total	24,940.3	11,551.3	10,457.2

* Includes rarely used chemical compounds.

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USE OF RECYCLED MATERIALS

tonnes

Materials	2020	2021	2022
Lubricating oil filtered and reused	79.0	461.6	460.1
Reused dielectric oil	262.5	103.3	404.0
Total recycled	342.9	565.0	864.0

The percentage of recycled input materials used to manufacture the company's main products and services in total inputs amounts to 8.3%. In this regard, we would like to point out that the percentage of the main materials re-used in inputs included in the previous table amount to 17%.

There is also an increase of more than 50% in the use of recycled materials, thus demonstrating the company's firm commitment to the implementation of effective policies to give a second life to many materials by giving them a new use.

3.5.2.1.5. Energy efficiency and unavailability in electricity generation

3-3 System Efficiency Management Approach EUSS EU11

EU30

As in previous years, Endesa remains firmly committed to energy efficiency in its generation business, the energy return obtained from the natural resources used being key.

In a process of continuous improvement, the company continuously carries out actions to improve the efficiency of its plants, reducing emissions, reducing the consumption of ancillary products, optimising the start-up time and procedure, reducing leaks and installing recirculation systems, among others. In this regard, the efficiency of Endesa's thermal power plants in 2022 remained similar to the levels seen the previous year, with an increase in the efficiency of mainland combined cycle coal-fired power plants and non-peninsular plants, which has helped to increase the average performance of thermal power plants year on year by 5%.

2022 was an atypical year in terms of the operating regime of the mainland facilities, mainly due to the energy crisis derived from the war in Ukraine. Combined cycles have worked much more than in previous years, in regimes that have meant an improvement in the efficiency of this technology. As for coal, the As Pontes Thermal Power Plant, whose closure was already planned, has kept its groups 1 and 2 in operation, but with a discontinuous and anomalous operating regime, which has had a negative effect on its efficiency.

Energy efficiency of thermal power plants

%

Type of plant	2020	2021	2022
Coal-fired thermal power plants	29.9	35.2	33.3
Mainland combined cycle thermal power plants	54.5	51.7	55.3
Non-mainland thermal power plants	41.4	42.1	42.0
Average value	43.4	44.9	47.1

Availability factor at thermal power plants

%

Type of plant	2020	2021	2022
Coal-fired thermal power plants	6.4	4.5	0.5
Mainland combined cycle thermal power plants	14.3	15.0	14.2
Non-mainland thermal power plants	5.8	6.7	7.2
Average value	8.7	10.1	10.1

⁽¹⁾ Data without the effect of Puentes Coal, CCGT San Roque, Salinas Group 4, Los Guinchos Groups 9 and 10, Punta Grande Groups 1, 2 and 3.

Regarding unavailability, it is necessary to distinguish between programmed unavailability, which is different each year according to the maintenance cycles that correspond to the facilities, and unavailability due to fortuitous causes. With regard to the latter, it should be noted that as a result of the greater continuity of production in thermal power plants, the number of start-ups were half those recorded in 2021, with starts and stops being the moments of greatest risk for machine failure and where this fortuitous unavailability tends to occur.

For calculating the parameters of efficiency and non-availability the different regulatory regimes are considered separately as required by the GRI standard. Details of the criteria used for the calculation are:

- Coal-fired thermal power plants include coal-fired power plants on the Spanish mainland and the Balearic Islands.

- Mainland combined cycle thermal power plants include combined cycle power plants located on the Spanish mainland.
- Non-mainland thermal power plants include all thermal power plants located in non-mainland territories, for all technologies except for coal.

EU30

Energy efficiency of nuclear power plants

%

Type of plant	2020	2021	2022
Nuclear power stations	35.4	35.3	35.2

Availability factor of nuclear power plants

%

Type of plant	2020	2021	2022
Nuclear power stations	10.3	12.0	9.1

3.5.2.2. Air quality

3-3 Emissions Management Approach | 305-7

Endesa trends in absolute emissions of SO₂, NO_x and particles

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Emission type	2020	2021	2022
SO ₂	9,550	7,591	7,596
NO _x	43,139	43,413	43,088
Particles	757	703	682

Endesa's performance with regard to specific SO₂, NO_x and particle emissions

g/kWh

Emission type	2020	2021	2022
SO ₂	0.17	0.13	0.12
NO _x	0.77	0.75	0.67
Particles	0.01	0.01	0.01

During 2022 the trend in decreasing pollutant emissions of recent years was slowed by the energy crisis resulting from the war in Ukraine. Spain, like other European Union countries, has had to start up coal-fired thermal power plants, such as the As Pontes plant, and increase electricity production from natural gas combined cycle plants in order to meet demand. Although this has negatively affected the company's emissions, Endesa continues with its plan to close the coal plants with the implementation and start-up of various efficiency and environmental protection measures at its facilities.

As part of its climate action, Endesa has set itself the ambitious target of reducing emissions by dismantling its thermal power facilities to become a company with a fully renewable generation mix by 2040.

During the year, the company has continued to carry out actions aimed at improving air quality, such as:

- Final closure of the Litoral de Almería coal-fired power plant.
- In September 2022, a proposal for a closure resolution was received for the As Pontes TC,
- Study of the use of new, less polluting fuels, such as natural gas or alternative fuels (such as HVO), in electricity generation in non-mainland systems.

The implementation of all the aforementioned measures has led to a reduction in both absolute and specific emissions in 2022, which is reflected in the results obtained in all the environmental indicators related to atmospheric pollution.

Real-time control and monitoring system for all emissions

Endesa has an exhaustive real-time control and monitoring system in place for all its emissions, making it possible to

ensure compliance with the emission thresholds of each of its facilities at all times, in addition to environmental air quality. The company performs rigorous checks and maintenance on its chimney measurement equipment, subjecting them to annual inspections by accredited external laboratories.

The company complies with legally stipulated parameters, rolling out technologies that curb emissions and applying measures to reverse any resulting impacts. Endesa has protocols corresponding to access to the facilities by external entities that adopt work procedures to ensure the safety of both external and internal personnel which, in 2022, made it possible to continue with the inspection and quality assurance processes of the environmental control equipment and with the taking of samples to ensure compliance with the environmental requirements in force.

In 2022, Endesa continued to carry out actions with a view to ensuring compliance with the legal limits set out in Directive 2010/75 on industrial emissions and BREF (EU Best Available Techniques reference documents).

This year the Company also continued to optimise its emission control systems by renewing the analysers and replacing older ones with more modern ones.

3.5.2.3. Emissions of ozone-depleting substances

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In 2022, no ozone-depleting substances were produced.

3.5.2.4. Noise and light pollution

3-3 Emissions Management Approach

The limit values under which both the noise and light pollution parameters must be found are established in the environmental legislation and, in a consistent manner, the applicable limits are included in the authorisations of the different Endesa facilities. Assurance of maintenance of

the values within regulated margins is achieved through environmental management systems certified by independent third parties.

This is a non-material indicator for the company, as can be seen from the materiality analysis carried out annually.

3.5.3. Water resources

3-3 Water and Effluents Management Approach Water and Effluents Management Approach EUSS

Integrated water management is a strategic matter for Endesa. In the interest of preserving water quality and maintaining continuous improvement in its interaction with this resource, Endesa carries out its water abstractions efficiently and responsibly, always complying with

the regulations in force and in accordance with the principles of the environmental management system implemented in all facilities. All water uses at Endesa's facilities are carried out in a sustainable manner, especially water uses in generation facilities, always taking into account

their compatibility with pre-existing users. Power plants always operate in coordination with catchment bodies to ensure compliance with easements, maintain environmental flows and encourage the most rational use of the resource. Water is always discharged in compliance with the applicable regulations and according to the environmental management system implemented, which determines the discharge conditions for each facility.

Power generation facilities take advantage of the water they use in the process for other purposes such as irrigation, supply, or ecosystem conservation. This availability is achieved through cooperation with watershed organisations.

Hydroelectric infrastructures have various ecosystem services associated with them that are of benefit to society, including provision services, services for the regulation of flows, maintenance of the environment for humans, and cultural services, all maintained over time in a sustainable manner. In 2022, a series of activities were performed in relation to the management of water resources at hydroelectric plants:

- Actions established to minimise the impact of withdrawals from reservoirs and measures against their siltation, such as bathymetry activities to control sedimentation or environmental oversight plans as part of withdrawal activities, supporting recovery of affected water wildlife and removing invasive species.
- Continuation of the process to switch Kaplan turbines to oil-free systems to eliminate the risk of spills at the plants in Ribarroja and Flix. Improvements in turbines of several generators for enhanced efficiency in the use of the resource.
- Actions on dams and weirs to eliminate the barrier effect through improvements and construction of fish ladders.
- Implementation of measures to prevent animals falling into dams or facilitating their escape in channels that pose a risk to wildlife.

Endesa sets annual improvement targets related to the use of water in its interactions, as part of its environmental management system. To address these objectives, the company exhaustively and continuously analy-

ses each impact and objective, implementing different solutions:

- Water consumption control systems.
- Reuse of rainwater for irrigation.
- Continuous improvement of water quality by controlling discharges and wastewater.
- Preservation of the ecological status of reservoirs and associated regulated river sections.

Within this improvement process, it is worth highlighting the *WAVE project*, an ambition project that seeks to find and implement improvements for reducing the consumption of fresh process water, especially in those geographical areas affected by greater water stress.

In this regard, the action of the Mahón thermal power plant stands out, to reuse the water from the sewage treatment plant as a contribution to the plant, as does the project to detect and repair leaks in the system of underground water pipes of the fire protection system that is supplied with water from the public network at the TP in Alcudia.

Likewise, improvements aimed at reducing specific consumption of process water continue to be sought, especially in those plants that make use of fresh water, as is the case of the Besós combined cycle thermal plant, where an improvement has been implemented to replace mains water with demineralised water in the desalinated water generation process. This improvement not only reduces the consumption of drinking water from the mains, but also improves the energy efficiency of the process by reducing energy consumption for the generation of desalinated water.

CDP Water Disclosure

Endesa participated in the CDP Water Disclosure project for the fourteenth year running. This initiative requires companies to analyse the current and future risks of their water resources, reporting information related to water strategy and use, including use reduction objectives, and does so in accordance with the requirements of institutional investors and companies with great purchasing power. Endesa has achieved this year's Management category.

3.5.3.1. Water collection, consumption and discharges

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Comprehensive water management is one of Endesa's priority concerns. The main lines of action implemented by Endesa focus on efficient consumption, improvement of water quality in catchment water bodies by controlling spillages and waste water, and reservoir management,

assessing the ecological potential to provide shelter for birdlife, the possibilities to control invasive species and their permanent monitoring to prevent the existence of dried up sections of regulated rivers.

During the year 2022, 95,785 m³ of water have been recycled in the processes, which represents 2% of the total water collected from the environment for industrial use (not including refrigeration).

Process water withdrawal

MI			
Type of process	2020	2021	2022
Thermal Generation	3,449	2,889	3,195
Nuclear power	1,705	1,676	1,565
Total	5,154	4,565	4,760

Volumen de agua reciclada

MI			
	2020	2021	2022
Recycled water	130.0	38.4	95.8

The specific withdrawal of water for industrial use (does not include cooling water) in the electricity generation process in 2022 has been 73.6 l/MWh.

Water withdrawal by source

MI						
	2020		2021		2022	
	All areas	Stress zones	All areas	Stress zones	All areas	Stress zones
SURFACE WATER⁽¹⁾						
Freshwater (<=1000 mg/l)	1,956,019	0	1,909,155	0	2,501,414	936,658
Other water (>1000 mg/l)	51	0	21	0	25	25
Total	1,956,070	0	1,909,176	0	2,501,439	936,683
SEAWATER⁽²⁾						
Freshwater (<=1000 mg/l)	0	0	0	0	0	0
Other water (>1000 mg/l)	3,268,617	548,350	2,953,672	852,594	2,896,323	192,198
Total	3,268,617	548,350	2,953,672	852,594	2,896,323	192,198
GROUNDWATER						
Freshwater (<=1000 mg/l)	12	5	9	5	8	0
Other water (>1000 mg/l)	0	0	0	0	0	0
Total	12	5	9	5	8	0
THIRD PARTY WATER⁽³⁾						
Freshwater (<=1000 mg/l)	951	239	874	270	903	208
Other water (>1000 mg/l)	142	0	58	0	204	0
Total	1,093	239	932	270	1,107	208
TOTAL						
Freshwater (<=1000 mg/l)	1,956,982	244	1,910,038	275	2,502,325	936,866
Other water (>1000 mg/l)	3,268,810	548,350	2,953,751	852,594	2,896,552	192,233
Total	5,225,792	548,594	4,863,789	852,869	5,398,877	1,129,089

⁽¹⁾ Surface water is water collected from rivers, lakes, reservoirs and wetlands.

⁽²⁾ Collected water used in cooling and desalination processes.

⁽³⁾ Water collected from the municipal mains and external waste.

The following table details water collection by type of source, and an increase can be observed compared to 2021 in freshwater catchments for use in industrial processes, due to the greater operation of thermal and nuclear generation plants. It should be noted that the use of water in cooling is a non-consumptive use, which allows it to return to the environment in adequate conditions to guarantee its subsequent uses. 99% of the total water collected is returned to the environment in conditions suitable for possible subsequent uses.

Regarding discharges, Endesa has a series of procedures in place to help control and reduce discharges into water systems and improve water quality, mainly through wastewater treatment facilities. It is also worth mentioning the actions carried out by the hydraulic production units, which continued with the renovation in 2022 of the hydro-carbon detection systems in bilge pits with more modern equipment.

There was an increase in the water discharged from thermal and nuclear power plants in 2022 compared to 2021 due to higher levels of operation.

Water discharge by destination

MI						
	2020		2021		2022	
	All areas	Stress zones	All areas	Stress zones	All areas	Stress zones
SURFACE WATER⁽¹⁾						
Freshwater (<=1000 mg/l)	1,946,273	0	1,892,322	0	2,477,462	934,809
Other water (>1000 mg/l)	0	0	0	0	0	0
Total	1,946,273	0	1,892,322	0	2,477,462	934,809
SEAWATER⁽²⁾						
Freshwater (<=1000 mg/l)	650	0	602	44	377	0
Other water (>1000 mg/l)	3,247,378	547,935	2,949,568	852,076	2,894,268	192,196
Total	3,248,028	547,935	2,950,170	852,120	2,894,645	192,196
GROUNDWATER						
Freshwater (<=1000 mg/l)	0	0	0	0	0	0
Other water (>1000 mg/l)	0	0	0	0	0	0
Total	0	0	0	0	0	0
THIRD PARTY WATER⁽³⁾						
Freshwater (<=1000 mg/l)	5,375	79	3,345	122	462	108
Other water (>1000 mg/l)	467	0	286	0	500	0
Total	5,842	79	3,631	122	962	108
TOTAL						
Freshwater (<=1000 mg/l)	1,952,298	79	1,896,269	166	2,478,301	934,917
Other water (>1000 mg/l)	3,247,845	547,935	2,949,854	852,076	2,894,768	192,196
Total	5,200,143	548,014	4,846,123	852,242	5,373,069	1,127,113

⁽¹⁾ Surface waters are those of rivers, lakes, reservoirs and wetlands.

⁽²⁾ Seas or oceans.

⁽³⁾ Discharges to third parties (municipal mains or others).

Water consumption

MI						
Category	2020		2021		2022	
	All areas	Stress zones	All areas	Stress zones	All areas	Stress zones
Freshwater (<=1000 mg/l)	4,685	165	13,769	109	24,024	1,949
Other water (>1000 mg/l)	20,964	415	3,897	518	1,784	27
Total	25,649	580	17,666	627	25,808	1,976

⁽¹⁾ Understanding consumption as the difference between the water collected and the discharge made. Rainwater is not taken into account when calculating consumption.

As part of the process for continuously improving generation facilities, specific actions are being undertaken with a view to reducing water consumption and improving discharge conditions, including those performed by the hydro

production units, that during the year 2022 they have continued on the renewal of hydrocarbon detection systems in bilge pits using more modern equipment.

3.5.3.2. Water stress

3-3 Water and Effluents Management Approach

As with every year, Endesa carried out an analysis to identify which of its facilities that use a significant amount of water are in a water stress zone. It is important to highlight that the water stress of an area is inherent to the area and is not motivated in any case by the presence of an installation.

Water stress was analysed using the World Resources Institute (WRI) Aqueduct Water Risk Atlas tool, aimed at companies and organisations to facilitate the identification and analysis of the consumption of water produced during the development of their production activity, in addition to evaluating the risks related to their global opera-

tions and their supply chain in relation to the use of water resources. Water stress measures the relationship between total water withdrawals and available renewable supplies of surface and groundwater.

The analysis was carried out on the electricity production facilities that use and consume water for their operation. Hydroelectric power plants do not consume water because they make non-consumptive use of it.

The conclusions drawn from the water stress study are:

- A total of 11 thermal power plants are located in areas defined as water resources under stress, which represents 38% of Endesa's thermal plants. It should be noted that Endesa optimises the use of fresh water in all its installations, whether located in areas with or without water stress.
- Only 24% of Endesa's thermal power plants located in an area with low stress water resources (high and extremely high ratio (>40%) between total water withdrawals and available renewable supplies of surface and groundwater) that consume freshwater from the process. The sum of these consumptions is 0.139 hm³.

It should also be noted that all the plants have an ISO 14001-certified environmental management system. Many

of their environmental management programmes set objectives for reducing water consumption or improving discharges, measures that will reduce the plants' impact the availability of freshwater resources in their respective catchment areas.

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During 2022, the withdrawal of fresh water for industrial use in thermal power plants in stress areas and that consume part of this water has been 14.6% of the total water withdrawn for industrial use. 57.8% of the fresh water withdrawn for industrial use in a stress zone corresponds to the Almaraz nuclear power plant (water from the Torrejón-Tajo reservoir), which this year, after the water stress analysis, has entered a stress zone. In previous years, the freshwater process from plants in stress zones came almost entirely from the public supply network.

It should be borne in mind that 99% of the water abstracted is returned to the environment in conditions suitable for it to be reused.

The consumption of fresh water for the process of the facilities in stress areas with respect to the total consumption of water represents 0.54%. It should be noted that a large part of the process water used in Endesa's plants is desalinated seawater.

3.5.4. Waste management

[301-2](#) [306-1](#) [306-2](#) [306-3](#) [306-4](#) [306-5](#) [3-3 Materials Management Approach EUSS](#)
[3-3 Effluent and Waste Management Approach EUSS](#) [3-3 Waste Management Approach](#)

Endesa has environmental management systems in place that include specific operational procedures on the management of waste generated as part of all its activities, which are continuously reviewed to detect and make improvements and to encompass any legislative developments that may arise in this regard. Waste is managed according to the waste hierarchy (prevention, preparation for reuse, recycling, other types of recovery, including energy, and final disposal), always starting from prevention, and when that is not possible, prioritising the treatments of recovery and recycling of the waste it generates, especially inert waste, as well as the preparation for the reuse of those hazardous wastes that admit it, for example, used oils or cleaning solvents.

Waste management is outsourced to several authorised waste managers, for which there are mandatory require-

ments regarding documentation, deadlines and operations. A minimum percentage of recovery of both hazardous and non-hazardous waste is required, and priority is given to managers that ensure final recycling and recovery treatments. To ensure the correct management of waste through to its final treatment, Endesa requires that all agents have certification for the entire process through to the "end of life" of all waste removed and, in particular, the intermediate treatment generated. In particular, for some types of waste, evidence of 100% recycling/recovery final treatment is required. At the same time, pilot projects and studies are being performed to identify feasible alternatives (from a technical and economic perspective) to ensure the recovery of certain types of waste, in line with the principles of the circular economy, which is examined in more detail in chapter 3.4.3. *Circular economy*.

The recovery rate for all waste produced in Endesa's different activities in 2022 (construction, demolition and operation) was 95%, which corresponds to the recovery of 96% of total non-hazardous waste and 54% of total hazardous waste in the geographical area of Spain and Portugal.

Endesa mainly relies on contractors to carry out construction and dismantling activities, and they manage the waste generated, although Endesa establishes the same requirements for that waste as for that generated in the operation phase, with requirements of minimum recovery percentages and successful results in this regard, with the recovery of non-hazardous waste being almost total in the construction phase. At present, a detailed analysis

of all the types of waste generated in the different phases and activities of the activity carried out by the contractors is being made to ensure their correct classification in the phase in which they are generated.

The following table presents the details of the waste generated in the different phases of Endesa's activities (electricity generation and distribution): construction, dismantling and operation. Currently, and given the important transformation that the company is carrying out to materialise its commitment to energy transition and achieve a fully renewable generation by 2040, the construction and dismantling phases are very relevant, and consequently the waste generated in these phases reaches figures much higher than those generated in the operation phase.

Total waste by phase

	Hazardous waste (HW)	Percentage of recovery	Non-hazardous waste (NHW)	Percentage of recovery	Total
Construction Phase	7	31%	667,127	98%	667,134
Decommissioning Phase	6,569	10%	119,231	85%	125,801
Operation Phase	13,855	74%	28,410	96%	42,265
Total	20,431	54%	814,768	96%	835,200

Due to the order of magnitude and with the aim of not masking the management of the other types of waste, the waste of ash, slag and gypsum, corresponding to non-hazardous waste, is presented separately from the rest of the waste in an individual table.

The following table complements the previous table, with the inclusion of ash, slag and gypsum. It is worth noting its downward trend due to the disappearance of coal-fired generation.

Production and management of ash, slag, gypsum in operation phase⁽¹⁾

	2020			2021			2022		
	Produced	Recovered	Landfill	Produced	Recovered	Landfill	Produced	Recovered	Landfill
Ash	50,261	42,085	8,175	59,665	13,306	46,359	36,993	7,060	29,932
Slag	24,168	10,274	13,894	5,710	506	5,204	12,695	0	12,695
Gypsum	69,554	15,767	53,787	5,537	107	5,429	13,243	2,865	10,379
Recovered waste (%)		47.3%			19.6%			15.8%	

⁽¹⁾ Recovered waste is considered to be waste delivered to an authorised waste manager to undergo recovery by this company. The cement and construction industries are the main ash and slag recovery markets, while the panel-making sector acts as such for gypsum.

The following tables illustrate Endesa's efforts to properly manage the waste generated in the operation phase.

Waste generated by type in operation phase⁽¹⁾

t

	2020			2021			2022		
	Hazardous waste (HW)	Non-hazardous waste (NHW)	Total	Hazardous waste (HW)	Non-hazardous waste (NHW)	Total	Hazardous waste (HW)	Non-hazardous waste (NHW)	Total
Construction and demolition waste	43	13,420	13,463	34	16,065	16,098	19	1,373	1,392
Industrial Waste	2,682	5,306	7,987	6,457	6,695	13,152	8,241	4,217	12,458
Sludge	1,550	8,304	9,854	184	2,227	2,411	162	1,306	1,468
Aqueous oils and liquid residues	2,234	0	2,234	1,694	0	1,694	2,128	0	2,128
Municipal solid waste (MSW)	57	734	791	17	1,655	1,672	36	1,723	1,759
Electronic electrical waste	2,256	595	2,851	113	30	143	154	44	197
Other waste	2,276	31,576	33,854	3,287	12,879	16,167	3,116	19,747	22,863
Total	11,098	59,935	71,033	11,786	39,551	51,337	13,855	28,410	42,265

⁽¹⁾ The table does not contain ash, slag and gypsum, or radioactive waste.

Waste by type of treatment in the operation phase^{(1),(2)}

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	2020			2021			2022		
	Hazardous waste (HW)	Non-hazardous waste (NHW)	Total	Hazardous waste (HW)	Non-hazardous waste (NHW)	Total	Hazardous waste (HW)	Non-hazardous waste (NHW)	Total
Recovered waste	7,626	50,497	58,123	8,764	37,154	45,918	10,297	27,314	37,611
Recovery/ Recycling	7,626	50,497	58,123	8,764	37,154	45,918	10,297	27,314	37,611
Percentage of waste recovered (%)	68.7%	84.3%	81.8%	74.4%	93.9%	89.4%	74.3%	96.1%	89.0%
Waste disposed of	3,472	9,438	12,910	3,022	2,397	5,419	3,558	1,096	4,654
Incineration (with energy recovery)	—	—	—	554	54	608	639	53	693
Incineration (without energy recovery)	—	—	—	7	1	8	5	1	6
Transfer to landfill	—	—	—	626	1,561	2,187	1,140	533	1,673
Other disposal tasks	—	—	—	1,835	781	0	1,774	509	2,282
Percentage of waste destined for disposal (%)	31.3%	15.7%	18.2%	25.6%	6.1%	10.6%	25.7%	3.9%	11.0%
Total	11,098	59,935	71,033	11,786	39,551	51,337	13,855	28,410	42,265

⁽¹⁾ This refers to tasks performed outside facilities, as within facilities, none is produced.

⁽²⁾ The table does not contain ash, slag and gypsum, or radioactive waste.

Note: the details of disposal treatment prior to 2021 is not available.

Waste recovered by type in the operation phase⁽¹⁾

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	2020			2021			2022		
	Hazardous waste (HW)	Non-hazardous waste (NHW)	Total	Hazardous waste (HW)	Non-hazardous waste (NHW)	Total	Hazardous waste (HW)	Non-hazardous waste (NHW)	Total
Construction and demolition waste	19	12,253	12,271	25	15,652	15,677	13	1,260	1,273
Industrial Waste	1,785	5,175	6,960	5,132	6,599	11,731	6,744	4,197	10,941
Sludge	101	740	841	23	757	779	486	3,919	4,405
Aqueous oils and liquid residues	1,951	0	1,951	1,610	0	1,610	2,017	0	2,017
Municipal solid waste (MSW)	47	403	450	8	1,286	1,294	20	1,443	1,463
Electronic electrical waste	2,253	587	2,840	112	30	142	155	43	198
Other waste	1,470	31,340	32,810	1,853	12,831	14,684	862	16,452	17,314
Total	7,626	50,497	58,123	8,764	37,155	45,919	10,297	27,314	37,611

⁽¹⁾ The table does not contain ash, slag and gypsum, or radioactive waste.

Waste for disposal by type in operation phase⁽¹⁾

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	2020			2021			2022		
	Hazardous waste (HW)	Non-hazardous waste (NHW)	Total	Hazardous waste (HW)	Non-hazardous waste (NHW)	Total	Hazardous waste (HW)	Non-hazardous waste (NHW)	Total
Construction and demolition waste	24	1,167	1,192	8	413	421	6	112	118
Industrial Waste	896	131	1,027	1,324	96	1,421	1,626	21	1,646
Sludge	1,449	7,564	9,013	161	1,471	1,632	159	623	781
Aqueous oils and liquid residues	282	0	282	83	0	83	110	0	110
Municipal solid waste (MSW)	9	331	340	9	369	378	16	280	295
Electronic electrical waste	3	8	11	1	0	1	2	1	3
Other waste	808	237	1,045	1,435	48	1,483	1,641	60	1,701
Total	3,472	9,438	12,910	3,022	2,397	5,419	3,558	1,096	4,654

⁽¹⁾ The table does not contain ash, slag and gypsum, or radioactive waste.

2020			2021		2022	
Non-hazardous waste (NHW)	Produced	Recovered	Produced	Recovered	Produced	Recovered ⁽²⁾
Thermal Production Units (UPT)	20,021	12,029	5,700	4,050	2,807	2,107
Hydraulic Production Units (UPH)	525	72	302	144	419	140
Port terminals	648	633	347	347	81	81
Nuclear power	2,586	2,279	2,171	2,020	2,070	2,011
Distribution	35,898	35,345	30,826	30,414	22,797	22,762
Renewables (wind, photovoltaic, biomass)	7	6	12	11	43	37
Buildings	252	132	195	169	193	177
Total	59,935	50,497	39,551	37,155	28,410	27,314
Hazardous waste (HW)						
Thermal Production Units (UPT)	6,860	4,179	6,434	3,998	7,618	4,592
Hydraulic Production Units (UPH)	199	146	235	221	118	86
Port terminals	7	5	6	5	7	7
Nuclear power	612	233	479	118	599	253
Distribution	3,270	2,936	4,488	4,295	5,347	5,206
Renewables (wind, photovoltaic, biomass)	151	127	144	127	164	151
Buildings	0	0	1	1	4	3
Total	11,098	7,626	11,786	8,764	13,855	10,297

⁽²⁾ Recovered waste is considered to be the waste delivered to an authorised waste manager to undergo recovery by this company.

The following table shows the amounts of radioactive waste generated in nuclear power plants:

Radioactive waste produced

	2020	2021	2022
Liquids	5.6	0	0.0
Solids ⁽¹⁾	136.2	185.4	183.9

⁽¹⁾ The variation in the value of radioactive waste is attributable to refuelling activities.

The following table shows the amounts of waste generated at offices:

Type of waste generated at offices

	2020	2021	2022
Solid urban waste	189,000	135,665	152,539
Paper and cardboard	51,700	37,224	15,400
Plastic bottles	6,800	2,173	0
Metal containers	40	0	0
Total non-hazardous waste	247,540	175,062	167,939

⁽¹⁾ These wastes are counted in the non-hazardous waste of the previous tables.

3.5.5. Biodiversity conservation

3-3 Biodiversity Management Approach

3-3 EUSS Biodiversity Management Approach

International context

The United Nations Convention on Biological Diversity (CBD) highlights the important need for biodiversity conservation to maintain basic human needs. Biodiversity and natural capital are linked to the development, health and well-being of people and are two basic pillars for the social and economic development of today's society, being a key component of global sustainability.

The latest scientific study published in 2019 by the Intergovernmental Platform on Biodiversity and Ecosystem Services²³ (IPBES) mentions that the loss of biodiversity and ecosystems is reaching levels of no return, in addition to occurring at a speed never seen before. It has been proved that human activity is destroying the base of the global economy, food security, health and quality of life around the world. It calculates that more than half of the world's population depends on nature and, therefore, concern for nature should have the same priority as concern for climate change.

Given this fact, the international response recently materialised in the 15th Conference of the Parties (COP15) of the United Nations Convention on Biological Diversity, which, under the Chinese presidency, was held in Montreal (Canada) from 7-19 December 2022. The summit concluded with the approval of the post-2020 Global Biodiversity Framework, which, together with the Paris Agreement, paves the way for a climate-neutral, nature-positive and resilient world by 2050.

Post-2020 Global Biodiversity Framework Kunming-Montreal

The new global framework, which includes more than two years of intense international debate, is aligned with the 2030 Agenda and its 17 Sustainable Development Goals and establishes the path to reverse the loss of nature by 2030 and achieve a positive effect on it from that date, achieving "living in harmony with nature in 2050". To achieve this, it defines 4 objectives and establishes 23 goals.

Here are some of the most significant targets:

- Protection of 30% of the planet by 2030. The 30x30 goal is to ensure that at least 30% of the planet's sur-

face, both land and marine, is under an effective system of protection, conservation and management that preserves biodiversity.

- Resources for biodiversity. By 2030, at least 200 billion dollars a year will be mobilized, from public and private funds, so that developing countries can preserve nature.
- Pollution. By 2030, governments commit to reducing the negative impact of pollution to levels that are not harmful to biodiversity and ecosystem function.
- Likewise, they commit to minimising the impact of climate change on biodiversity and promoting adaptation, mitigation and reduction of disaster risks through nature-based solutions.
- Full integration of biodiversity into sectoral policies, especially in sectors with the greatest impact on biodiversity such as agriculture, fisheries, forest management and aquaculture, is another of the strong points of the agreement.
- Take legal, administrative or policy measures to encourage and enable business activity and, in particular, to ensure that companies and financial institutions monitor, assess and disclose their risks, dependencies and impacts on biodiversity, which includes requirements in their value chains. Increase positive impacts and promote sustainable protection actions.

It should be noted that the aforementioned Global Framework includes the main content of the proposal submitted by the EU, in turn included in its 2030 Biodiversity Strategy, which aims to place biodiversity in Europe on the path of recovery by that date. This represents progress in that the agreed Global Framework as a whole must be integrated into the national legislation of all the Parties to the Convention, which will imply the development of new objectives, strategies and national plans in the coming years.

In addition, the commitment reached at COP 15, which is binding but not sanctioning, is composed of six basic documents, relating to: the Global Biodiversity Framework; the resource mobilisation strategy; benefit-sharing of the use of digital genetic resource sequence information (DSI); the monitoring framework; the mechanism for monitoring, reporting and review; and the decision on capacity-building. All information is fully contained in the

²³ <https://ipbes.net/>

outcome document of the Kunming-Montreal Post-2020 Global Biodiversity Framework²⁴, submitted by the Chinese presidency of the COP and that has been approved by all its Parties.

Taskforce on Nature-related Financial Disclosures (TNFD)

With the aim of contributing to the global challenge of improving biodiversity and helping companies to include nature in their non-financial information, the *Taskforce on Nature-related Financial Disclosures* (TNFD)²⁵ is being developed; this work group is tasked with standardising information processes and actions in response to nature-related risks. The ultimate goal of this initiative is to support a change in global financial flows, in such a way that it has a positive impact on nature, in line with the CDB's Global Biodiversity Framework, the ambitious and much-needed aims of which seek to ensure that there is no net loss of nature in 2030 and that net gains are made by 2050. To this end, during the 2021-2022 period, work was done to define the framework of the TNFD, with a view to using it as the starting point for work in 2023, with a view to developing the impact reporting framework of organisations on nature and vice versa, i.e., their nature-related impacts and dependencies (TNFD Proposed Technical Scope).

Biodiversity at Endesa

Endesa considers the protection and conservation of biodiversity, natural capital and the services it provides to society (ecosystem services) as a priority aspect in the development of its business strategy and is fully aware of the risks involved in its loss, focusing its activity on the net loss of biodiversity by applying the mitigation hierarchy. Biodiversity protection was in fact already included in Endesa's first environmental policy, approved and published in 1998.

To fulfil this commitment, since its inception, Endesa has undertaken numerous voluntary projects to conserve and improve the natural environment around its installations. These projects are included in **Endesa's Biodiversity Conservation Plan (PCBE)**.

In order to reinforce its commitment in this area, in 2020 the Company achieved two milestones:

- **Endesa's Biodiversity Policy** was approved by the Board of Directors. The Company thus reinforced the integra-

tion of biodiversity protection into its governance and renewed its commitment to mitigating potential impacts on biodiversity and ecosystem services throughout the life cycle of its activities.

- **Endesa's Biodiversity Committee** was created. This is the corporate body responsible for including the objectives of said policy in the company's strategy and decision-making process. It meets every two months and is attended by representatives of all the company's different lines of business. At the sessions, the members review the status of the ongoing projects of the Biodiversity Conservation Plan, present the results of recently completed projects, and propose and evaluate new project proposals. Additionally, current affairs in terms of regulation, agreements and standards in relation to biodiversity, natural capital and ecosystem services affecting the company are presented and analysed.

In order to strengthen the analysis of risks and opportunities in the short and long term of the company, in 2019 Endesa began working in the Natural Capital and Energy Working Group. A global pioneer, this initiative is driven within the framework of the Sector Groups of the Natural Capital Factory²⁶ (which is the Spanish Hub of the Capitals Coalition), which held the results presentation on 8 November 2022, at the event "Measuring what matters: The impacts and dependencies of the natural capital of the Spanish energy sector", held at the Impact Hub in Madrid. At the same time, on the same day, the "Natural Capital and the Spanish Energy Sector" Guide, prepared by the working group, was published worldwide. Among other things, it presents a sectoral document on the nexus between natural capital and energy, the methodology for assessing the degree of relevance of the value contributed by natural capital to the activities and sub-activities developed by the member companies of the Natural Capital and Energy Working Group, a qualitative matrix, on a sectoral scale and by technologies, of the impacts (negative and positive) and dependencies of natural capital in the Spanish energy industry, and the details of the main impacts (negative and positive) and dependencies of natural capital in the Spanish energy industry. This information is available at: <https://capital-natural.es/>

In addition, since 2021 Endesa has been working on the #NATIVE project, which seeks to specify a baseline methodology for impacts/dependencies on the natural capital of renewable technologies and the distribution business in the construction and operation phases of infrastructure (in the case of hydroelectric power only in the operation

²⁴ <https://www.cbd.int/doc/c/e6d3/cd1d/daf663719a03902a9b116c34/cop-15-l-25-en.pdf>

²⁵ <https://tnfd.global/>

²⁶ <https://naturalcapitalfactory.es/en/sector-groups/>

phase). The initiative seeks measures to improve and offset these impacts/dependencies by technology with a view to the ultimate goal of avoiding a net loss of biodiversity, as stated in Endesa's biodiversity policy. It is hoped that the results obtained will serve the company as a basis for aligning with the approach proposed by the TNFD, structured around four pillars: governance, strategy, risk management and metrics and objectives. Also, the company aims to define, as part of its new #VIBE project (launched at the end of 2021) a 360° biodiversity strategy that makes it possible to include biodiversity in governance, define objectives and monitor their impacts/dependencies on nature to help manage the corresponding risks and opportunities, as is the case with climate change.

At present, and especially considering the energy crisis, Endesa is aware of the key role played by the development of renewable energies in the decarbonisation of the economy and the ecological transition. Such development involves major changes in land use and nature conservation that may ultimately undermine ecosystem services and biodiversity, and thus its ability to combat the adverse effects of climate change. Endesa is therefore working on creating a corporate strategy to better identify, manage and offset the current and future impacts of renewable energy and electricity distribution infrastruc-

ture. The ultimate goal is to ensure that Endesa's activities do not cause significant harm to nature and even generate a positive impact. In 2022, in this regard Endesa strengthened its commitment to biodiversity²⁷, directing all its activities towards compliance with the following principles:

- No net loss of biodiversity by 2030. Start of the implementation in selected projects of high biodiversity importance starting in 2025.
- No net deforestation by 2030. Beginning of implementation in selected projects of high importance for biodiversity from 2025. In this sense, Endesa has been voluntarily developing the "Bosque Endesa" initiative since 2016 through which they have planted more than 40,000 trees, reforesting some 90 ha on burnt and degraded land.

Endesa will not undertake any new projects in areas declared by UNESCO as World Natural Heritage Sites. This is in addition to the commitment not to operate thermal generation installations in protected natural areas on the Spanish mainland and not to design or develop new thermal generation installations in protected natural areas in non-mainland territories.

3.5.5.1. Biodiversity Conservation Plan

Endesa's Biodiversity Conservation Plan is the instrument that implements all biodiversity projects and actions developed by the company. All of the actions in the PCBE are voluntary and to go beyond the mandatory environmental requirements.

The main lines of action of the Plan are:

- Restoring the physical environment on the land and at our facilities to increase their capacity for hosting biodiversity.
- Managing the factors in the natural environment surrounding our facilities that contribute to improving the habitats of certain species.
- Recognising natural capital and the ecosystems it is home to, their value and state of conservation.

- Preserving native species and controlling invasive species at Endesa's installations and in the surrounding area.

The Biodiversity Conservation Plan ended 2022 with a total of 31 operational actions with the following results: 25 ongoing from previous years 5 of them were completed in 2022 and 20 will continue this year) in addition to making a start on 6 new actions in 2022.

All projects are carried out in collaboration with conservation entities, NGOs, local communities, recovery centres, research centres, local governments, universities and experts, in order to conserve and protect biodiversity, ensuring the participation of relevant stakeholders.

²⁷ <https://www.endesa.com/en/our-commitment/environment/biodiversity-conservation>

Exposure and assessment of biodiversity

Endesa has developed a project to assess the potential impact of its assets on biodiversity, for which there are KPIs specifically defined to measure this impact. This will make it possible to establish specific actions

to make progress towards the non-net loss of biodiversity.

The table below shows periodic assessments of the areas occupied by operational activities undertaken by Endesa and the implementation of biodiversity management plans to protect and restore habitats.

Installations and areas occupied by Endesa's operational activities⁽¹⁾

	Number of installations	Area (ha)
Number of sites and total surface area occupied by operational activities	295	4,531
Assessment		
Sites at which biodiversity impact assessments have been performed over the past five years	295	4,531
Exposure		
Sites with a biodiversity impact assessment very close to critical status and the total surface area of these sites ⁽²⁾	26	942
Management Plans		
Sites with a biodiversity impact assessment and located very close to critical areas that have a biodiversity management plan and the total surface area of these sites	26	942

⁽¹⁾ The figures included above take into account all Endesa's electricity generation installations; the distribution network and substations were not taken into account. The area occupied by reservoirs that have existed for 10 years or more were not included in the calculation. These data were obtained from Endesa's Biodiversity Indicators System.

⁽²⁾ Considered a distance to RN2000 equal to or less than 1 Km.

3.5.5.2. Highlights

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Endesa was awarded a prize in the 26th edition of the **Andalusia Environment Awards** in the **Conservation, Biodiversity and Sustainable Implementation** category for its outstanding performance in this area in the region. This award acknowledges Endesa's work in the field of biodiversity.

In addition to the award-winning projects, among the many actions carried out during 2022 by Endesa, where research, restoration, conservation, compensation or impact minimisation projects are developed, the following should be noted:

Classification	Description
Studies and Research	<ul style="list-style-type: none"> • Study and design of a model for prioritising corrective measures aimed at preventing birdlife accidents on Endesa's overhead power line supports. • Environmental impact study at photovoltaic solar facilities, in the project planning, construction and operation processes with a focus on biodiversity at the relevant sites. • National Inventory of damage to holm oaks and cork oaks caused by "La Seca" syndrome. • Study of the functions of Endesa's reservoirs as wetlands of environmental and natural importance • Biodiversity study project under the streets of power lines. Research project on the ecological assets generated under the streets generated under the power lines and their surroundings: these are ecological corridors of great value. Assessment of habitats and species, plant water stress, diseases, land use, erosion, etc.
Birdlife protection actions	<ul style="list-style-type: none"> • Red kite conservation measures through participation in the Life eurokite project. Search for the use of telemetry technology to identify the use of habitat by the target species and quantify the key reasons for mortality of birds of prey species in the European Union. • Eagle owl conservation project. Marking and monitoring of the species, interaction with Endesa infrastructure, causes of mortality. • Conservation measures for the population of osprey reintroduced in Cadiz. Protection of the species, placement of nests and nesting boxes, awareness-raising days, collaboration with volunteers. • Project for the recovery of lesser kestrel populations in Aragon and Andalusia. Recovery of the species, reintroduction of individuals by colony method in a building. • Project for tagging and monitoring the Black vulture in the International Tagus Natural Park, on the border between Spain and Portugal. • European Roller Conservation Project. Monitoring and analysis of population reproduction in the natural parks of Aiguamolls del Empordà (PNAE) and Montgri, Illes Medes and Baix Ter (PNMMBT). • PAS Project. Project for the conservation of large birds of prey and scavenging birds in the Pyrenees with the creation and conservation of supplementary feeding points to accommodate the growing population of black vultures and large birds of prey in the Pyrenees. • Project for the protection and conservation of Capercaillie in the Pyrenees. Protection and conservation of the species in the area with actions in areas, habitats and infrastructure
Projects with a socio-environmental component	<ul style="list-style-type: none"> • Endesa Forest Initiative. (Doñana in Andalusia, Atalaya in Madrid, Aliaga, Ejulve and La Zoma in Teruel and Sa-Duaia in the Balearic Islands). Projects for the restoration of degraded spaces.
Species and habitat protection projects	<ul style="list-style-type: none"> • "ENDESABATS" Project. Project implemented by Endesa since 2013 for the study and conservation of bats in the company's hydraulic facilities. The hydraulic caverns are large reservoirs of colonies of bats of various species, including endangered species. • Project for the Protection and Conservation of the Brown Bear in the Pyrenees. Project implemented in partnership with the Fundación Oso Pardo for the protection and conservation of the species in the Pyrenees area where the company shares spaces and infrastructure with the species. Endesa's own employees are directly involved and active agents in the conservation of this animal in danger of extinction in the area. • Mediterranean turtle reintroduction project. Conservation, reintroduction and protection of this critically endangered species with the creation of a stable colony in "Les Garrigues" to increase the number of individuals that can establish and consolidate the species in the area.
Publications, training and dissemination events	<ul style="list-style-type: none"> • CONEIA 2022. 11th National Congress on Environmental Impact Assessment. Held on 23, 24 and 25 March in Cáceres. Endesa participated as a special sponsor organising a number of sessions of interest with regard to Decarbonisation, Renewables and Biodiversity²⁸. • 16th National Environmental Conference (CONAMA 2022): Endesa organised a space for dialogue related to biodiversity where several relevant projects in which the company participates through its Biodiversity Conservation Plan were presented. Endesa also participates through numerous working groups that conduct their activities prior to the event and present their results at CONAMA. • Participation of Endesa and the Regional Government of Extremadura in the release of red kites in Valencia de Mombuey (Badajoz) by the Life Eurokite Project together with the AMUS Association, an action that will be repeated on a number of occasions as the kites arrive and are conditioned. • Participation of Endesa and the Junta de Andalucía in the release of lesser kestrels in the Malaga birdhouse in the project for the reintroduction of the species in Andalusia, alongside the DEMA Association. The colony aims to establish a stable population of this species in the area. • Presentation to the media of progress in the Brown Bear conservation project in the Pyrenees with the participation of Endesa. • Presentation through the newspaper La Vanguardia in the series "Transformadores" of projects in which Endesa participates in the protection of the Capercaillie and the Eagle Owl. The series is presented by Odile Rodríguez de la Fuente, the daughter of the famous naturalist Félix Rodríguez de la Fuente. • Endesa and e-distribución participated in the Congress held by GREFA (Group for the Rehabilitation of Native Fauna and its Habitat) at the closing of the Life project "Aquila a. Life" for the protection and conservation of the Bonelli eagle in which Endesa presented its conservation actions developed within the project. • Endesa also took part in a cross-border conference on the protection of birdlife in the electricity sector held in Egypt on 30 October at the invitation of IUCN as part of the "Egypt Energy 2022" forum. Endesa presented its actions for the conservation and protection of birdlife in the areas surrounding the company's power lines. • Delivery of Endesa's publication "El Legado que seremos", a communication project that seeks to reflect the just energy transition in Spain through its key actors. In this case, it is a story told in the first person where Endesa is present, by Alfonso Godino of the AMUS association, a benchmark ornithologist, an expert in avifauna and responsible for the Life Eurokite project in which Endesa actively participates²⁹. • Presentation to the Andalusian regional government of the project for the recovery of osprey in the Odiel marshes in Huelva, where the company's biodiversity actions were presented, where Directors and staff of Endesa, the Migres Foundation and the Territorial Delegate for Sustainable Development of the Andalusian regional government participated, among others. • Participation in the annual meeting of the IEEB (Spanish Business and Biodiversity Initiative) of the Biodiversity Foundation, a collaboration between the public and private sectors in Spain on the conservation of Biodiversity where the Secretary of the Convention on Biological Diversity, the Ministry of Ecological Transition and Demographic Challenge, the Capitals Coalition and the CEOE participated. At the end of the day, a dialogue was held with the Secretary of State for the Environment of MITECO, Mr Hugo Morán, on public-private participation in biodiversity conservation actions and the participation and awareness of society in general. • Participation in the MITECO Biodiversity Foundation conference, on the updating and renewal of the Biodiversity Pact signed by Endesa with all the companies that are part of the IEEB. • Presentation ceremony of Bosque Endesa Doñana to the Government. • Innova azul. The Innova Azul congress was held in Cadiz from 29 November to 2 December 2022. Endesa participated by presenting biodiversity conservation projects and their relationship with the blue economy. The "Study on exotic invasive algae in the Bay of Algeciras (Cádiz)" and the "Osprey" projects were presented³⁰

²⁸ <https://www.coneia.com/site/programme/?a=coneia2022#>

²⁹ <https://www.endesa.com/en/the-e-face/ecological-transition/reial-milans-protection-project>

³⁰ <https://innovazul.es/en/>

3.5.5.3. Environmental restoration

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Endesa's activities, whether voluntary or required to ensure compliance with the regulations, have always been connected to environmental restoration. In 2022, Endesa published a new objective of no net deforestation for 2030, beginning its implementation in selected projects of high importance for biodiversity from 2025³¹.

To this end, Endesa goes one step further, adding this objective to the Endesa Forest initiative, a pioneering programme in the national energy sector that emerged in 2016 and contributes to recovering lost ecosystems. The initiative consists of forest restoration of degraded land that has been burned at the national level through planting and seeding techniques of native forest species, as they are best adapted to the environment (forests are capable of absorbing and storing greenhouse gases in the atmosphere and are also a niche of biodiversity).

At present, Endesa has several projects from the initiative under way in Spain, three of them registered in the carbon dioxide (CO₂) sinks section of the National Registry of Carbon Footprint, Compensation and Absorption Projects of the Spanish Office for Climate Change (OECC) under the Ministry of Ecological Transition and Demographic Challenge. Such projects include: Endesa La Atalaya Forest (Sierra de Madrid), Endesa Doñana Forest (Doñana Natural Park, Huelva) and Endesa Teruel Forest (in the surroundings of the former Andorra thermal power plant, Aragon). The rest of the initiative's projects are in the execution and registration phase in the aforementioned registry; these are the Bosque Endesa Baleares and Bosque Endesa Pirineos (Catalonia).

The exemplary nature of the sustainability initiative is also worth particular mention, as beyond its positive environmental impacts, it is capable of generating a positive impact on economic and social factors, such as:

- **Environmentally:** contributes to generating a positive environmental impact by promoting the adaptation to climate change, promoting the recovery of biodiversity, developing natural capital and ecosystem services, combatting desertification, protecting the water cycle, and curbing soil degradation against runoff, among others.
- **Economically:** by restoring woodland, natural capital and the associated ecosystem services in which populations in the surrounding area of the project often lift (nature tourism, picking fruit, wild mushrooms, hunting, etc.). Therefore, it helps to invigorate the nearby rural environment.
- **Socially:** in the recruitment of staff to carry out forest restoration and maintenance work, priority is given to hiring unemployed people, young people, women, people over 45 years of age or people at risk of social exclusion in the project environment. It also has great potential as a tool to develop environmental awareness, training, dissemination and volunteering activities.

Below is a summary of Endesa's active environmental restoration actions in 2022 and their description:

Habitat area (Ha)	199
Work being done to improve the biodiversity of the offset habitat.	Recovery of native fauna/flora and their habitats after a fire/degradation process/mining exploitation in Endesa's activity environment. Consists of the reforestation of burned areas using direct planting techniques and planting of native forest species with subsequent registration in the Spanish Climate Change Office as a CO ₂ absorption project, providing return in the form of carbon credits. Collaboration in the climate change mitigation, promoting adaptation and development of biodiversity with the "Endesa Forest" initiative, an example of a sustainable project promoting improvement of the environment, and the social and economic development of the rural environments where they are carried out.
Main species conserved/protected	<i>P.pinea/ Phalepensis/ P.nigra/ Q.suber/ Q.ilex/ Q.faginea/ Sorbus aria/ Hacer monspessulanum/ C.monogyna/ Amelanchier ovalis/ Prunus spinosa/ Olea europaea/ Arbutus unedo/ Myrtus comunis/ Pyrus bourgeana/ Fraxinus angustifolia/ Malus sylvestris/ Prunus spp/ Sorbus spp.</i>
Description of the habitat	Forest/Meadow/Steppe/Sub-steppe
Comparison of the biodiversity of the original habitat before the company's activities with the biodiversity of the offset habitat	Most of them are forest restorations of burned and/or degraded land in the national territory, through the use of native species, the choice of which takes into account the changes in environmental and climatic parameters in the area where the project is located. In the cases associated with the restoration of spaces related to past mining exploitation (eco-restoration), it does not necessarily have to be forestry, but rather serves the objective of fully reintegrating the restored land with its immediate surroundings.
Biodiversity monitoring and notification period at offset sites	Between 3 and 40.

³¹ <https://www.endesa.com/en/our-commitment/environment/biodiversity-conservation>

3.5.5.4. Impacts caused by activities or operations in protected areas

304-1 304-2 304-4 EU13

As a process included in the environmental management systems implemented in Endesa's business lines, and in accordance with the provisions of the environmental authorisations and environmental monitoring plans applicable in each case, Endesa monitors all significant environmental aspects and ensures that in each case its environmental impact is minimised and offset. This includes in particular those facilities that are within a protected natural space.

Additionally, and as a measure of the impact caused by the mere presence of Endesa facilities in protected natural spaces, the area occupied by company centers and infrastructures within spaces belonging to the Natura 2000 Network (ZEC, LIC and ZEPA) has been calculated, assuming a total of 374.2 km². These data have been obtained as part of Endesa's Biodiversity Indicators System for the year 2022, with data from the close of 2021:

Thermal generation

Surface (km ²) occupied by facilities in Natura 2000 Network spaces	0.03
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Renewable generation

Surface area (km ²) occupied by facilities in Natura 2000 Network spaces (hydroelectric generation)	372.9
Surface area (km ²) occupied by facilities in Natura 2000 Network spaces (wind generation)	1.2
Surface area (km ²) occupied by facilities in Natura 2000 Network spaces (solar generation)	0
Surface area (km ²) occupied by facilities in Natura 2000 Network spaces (biomass generation)	0

* The surface of the water sheet stored within RN 2000 Protected Natural Areas is included. Some of these spaces occupied by reservoirs have given rise to Protected Natural Areas such as Ramsar or RN 2000 spaces such as the Cordobilla, Malpasillo, Orellana and Puerto Peña reservoirs.

Below are the details of the total number of species that appear on the IUCN Red List and in national conservation lists whose habitats are in areas affected by Endesa's operations, by level of extinction risk:

IUCN classification	No. of species
Critically endangered:	25
In danger:	99
Vulnerable:	87
Near threatened:	182
Least concern:	817

Endesa, as reflected in its Biodiversity Policy, is firmly committed to not operating thermal generation facilities in protected natural spaces on the Spanish mainland and to not designing or developing new thermal generation facilities in protected natural spaces in non-mainland territories.

3.6. People

3.6.1. Empowering our people



Line of action	2020	2021	2022	2022-2024 Targets	2023-2025 Sustainability Plan (PES)	
					2023 target	2025 target
To increase the presence of women (% women in the workforce)	—	25.5%	26.3%	26.0%	26.5%	27.5%
To increase the presence of women in positions of responsibility: Manager ¹ and middle manager (CGI+GC0) (% women)	—	33.0%	34.1%	32.0%	34.0%	34.4%
To increase the presence of women in positions of responsibility: Manager ¹	19.8%	20.8%	18.9%	20.0%	18.9%	20.2%
To increase the presence of women in positions of responsibility: Middle manager (CGI+GC0) (% female)	32.6%	33.8%	34.9%	32.5%	34.7%	35.0%
To increase the presence of women in positions of responsibility: Middle manager (CGI) (% female)	27.8%	30.4%	31.5%	29.3%	29.8%	30.8%
To increase the presence of women (% women in management positions with revenue-generating roles)	26.0%	26.2%	27.5%	26.4%	27.3%	28.0%
Promoting gender diversity as part of selection processes (% women)	36%	53%	51%	50%	50%	50%
Promoting gender diversity in the recruitment process (% all women recruited)	32.0%	37.0%	38.2%	38.0%	38.5%	39.5%
Professional guidance in STEM areas for women	572	1,560	1,702	4,500 women involved in the 2022-2024 period	>5,000 women involved in the 2023-2025 period	
Presence of women in STEM positions (% of women)	—	17.8%	19.2%	18.0%	18.5%	19.0%
Disability. Launch of specific campaigns to integrate disabled persons (number of specific communications)	2	3	3	3 campaigns per year in the 2022-2024 period	3 campaigns per year in the 2023-2025 period	
Disability Action Plan. Valuable 500	—	First year of the Action Plan	Second year of the Action Plan	2021-2023 Action Plan	Design and implementation by 2023 of initiatives to improve the inclusion of people with disabilities, improving and expanding measures relating to digital accessibility, autonomy, mobility, development and employability	
Incorporation of people with disabilities (number of people/year) (NEW)	—	—	18	—	15	15
Awareness of LGBTQ+ (number of actions/year) (NEW)	—	—	—	—	3 actions	3 actions
Promotion of line training for employees (hours/employee)	42.6	44.0	45.7	38.5	39.5	40.0
Training programme for new recruits (number of hours/employee)	—	49.6	45.9	12.0	31.0	31.0

Line of action	2020	2021	2022	2022-2024 Targets	2023-2025 Sustainability Plan (PES)	
					2023 target	2025 target
Number of people included in the knowledge transfer initiatives (mentoring, age and gender)	120	262	174	130	175	175
Succession Plan for Managers (% of women among those involved)	—	40.6%	43.65%	43.0%	43.0%	43.0%
To promote the level of employee involvement ² (engagement)	A: 100% S: 90%	A: 100% S: 90%	A: 100% S: 85% P: 75%	Scope: 100% Satisfaction: 85%	Scope: 100% Satisfaction: 85%	Scope: 100% Satisfaction: 86%
Performance assessment (Open Feedback Evaluation) (% employees)	A ³ : 100% P: 99.6%	A ³ : 100% P: 99%	A ³ : 100% P: 99%	Scope ³ : 100% Participation: 99%	Scope ³ : 100% Participation: 99%	Scope ³ : 100% Participation: 99%
Improvement of work areas in offices (no. employees benefited)	701	1,236	637	1,712 employees in the 2022-2024 period	1,850 employees in the 2023-2025 period	
Promotion of services that favour the work-life balance of employees ⁴ (number of services)	74	69	68	70 services in 2024	62 services in 2025	
Crisis Management – Drill Plan	—	0	2	1 drill per year over the 2022-2024 period	1 drill per year over the 2023-2025 period	
Raising awareness of safety (No. of actions)	34	38	45	36	38	42

¹ Manager: TOP 200 + managerial level.

² Biennial survey. 2022 survey results.

³ Eligible and accessible persons who have worked in the Group for at least 3 months.

⁴ The data refer to the total number of services offered in the 7 Endesa headquarters as a whole, including: financial advice, nutritionist, travel agency, car hire, repair and cleaning of vehicles, dry cleaning, catering, changing room, breastfeeding room, etc. The objective has been redefined by adjusting services to the new work model.

Actions deserving special mention

- 1 Endesa has established a Gender Diversity Action Plan, which is monitored by the Board of Directors's Sustainability and Corporate Governance Committee, in line with the Diversity and Inclusion Policy. In 2022, progress has been made with other aspects of diversity such as the inclusion of people with disabilities and the visibility and inclusion of LGBTQ+ people.
- 2 In 2022, Endesa launched a cultural evolution plan focussed on people and their well-being. Worth particular mention are the initiatives focussed on developing the way of working, which improves striking a work-life balance and fosters relationships and teamwork harnessing digitalization and new, more collaborative workspaces. Also worth mentioning is the Soft Leadership programme, which incorporates listening and feedback and recognition, closeness and trust and inclusion as outstanding elements to bring out everybody's talent and turn our culture into a competitive advantage.
- 3 In 2022, the New Work Model was implemented at Endesa for all employees whose activity permits their work to be carried out through a hybrid model. Endesa has continued to offer measures that allow the working day to be adapted to the needs of its employees, through time flexibility, temporary changes to hours, reductions in working hours, family care leave, paid leave, unpaid leave and absences and working from home.

The scope of the information provided in this chapter covers both Endesa, S.A. and its investee companies in Spain and Portugal, the same as in the Legal Documentation reports. Employees of investee companies in France, the Netherlands and Germany are also included. The following percentages of the company's participation has been consolidated for the quantitative information re-

ported by the companies SALIME and ANAV: 50% for SALIME and 85% for ANAV.

Possible variations to the scope described here are presented throughout the chapter. For further information, see sections 1.1.2.6. *Organisational structure* and 2. *Report boundary (Appendix i: methodology for preparing the report)*.

3.6.1.1. Workforce

2-7

Endesa had a workforce of 9,258 employees at 31 December 2022, of which 9,238 were employed in Spain and 20 in Portugal.

Workforce as at 31 december

	2020	2021	2022
Spain	9,577	9,242	9,238
Portugal	14	16	20
Total	9,591	9,258	9,258

Workforce by gender

	Men			Women		
	2020	2021	2022	2020	2021	2022
Total	7,235	6,894	6,820	2,356	2,364	2,438
%	75.4	74.5	73.7	24.6	25.5	26.3

Average workforce by gender

	2020	2021	2022	% change 2022 vs. 2021
Men	7,388	6,964	6,776	-2.7%
Women	2,333	2,307	2,367	2.6%
Total	9,721	9,271	9,143	-1.4%

405-1

When breaking down the workforce by age, it can be seen that the largest number of employees, 59.5%, is aged between 30 and 50. The average age of the workforce is 45.9.

Workforce by age

	2020	2021	2022
<30	352	506	569
30-50	5,264	5,565	5,505
>50	3,975	3,187	3,184
Total	9,591	9,258	9,258

Workforce by age and professional category as at 31 december 2022

	<30	30-50	>50
Management	0	85	124
Middle Management	252	2,551	1,004
Administration and Management	270	2,176	1,637
Manual workers	47	694	419
Total	569	5,505	3,184

405-1

Distribution of the workforce at the end of the year by gender: The workforce consisted of 73.7% men and 26.3% women. With regard to the composition of the workforce by professional category, 44% corresponded to administration and management personnel, followed by the group of middle managers with 41%, manual workers 13% and managers 2%.

Distribution of the workforce by gender and professional classification

	Men			Women		
	2020	2021	2022	2020	2021	2022
Management	217	196	169	54	52	40
Middle Management	2,380	2,421	2,477	1,152	1,236	1,330
Administration and Management	3,441	3,188	3,066	1,109	1,035	1,016
Manual Workers	1,197	1,089	1,107	41	42	53
Total	7,235	6,894	6,820	2,356	2,364	2,438

Distribution of the workforce as at 31 december 2022

	Management	Middle Management	Administration and management staff	Manual Workers	Total
Workforce	209	3,807	4,083	1,159	9,258
Average workforce	239	3,690	4,102	1,112	9,143

Breakdown of recruitment

In 2022, it is worth noting that 97.63% of employment contracts were for an indefinite period, with a total of 9,039 contracts. Fixed-term contracts accounted for 2.37 % of the total.

Type of working day: The vast majority of the workforce works full time. The number of employees in full-time employment is 9,254, with 4 in part-time employment.

Distribution of employees by type of contract and working day in Spain and Portugal as at 31 december 2022

	Men	Women
Open-ended contract	6,652	2,387
Fixed-term contract	168	51
Part time	2	2
Full time	6,818	2,436

Number of employees by type of contract at the end of the year

	Full time			Part time			Total		
	2020	2021	2022	2020	2021	2022	2020	2021	2022
Open-ended	9,335	9,021	9,038	7	1	1	9,342	9,022	9,039
Fixed term	249	235	216	0	1	3	249	236	219
Total	9,584	9,256	9,254	7	2	4	9,591	9,258	9,258

Number of contracts by gender – average workforce

	Open-ended contract						Fixed-term contract					
	Full time		Part time		Total		Full time		Part time		Total	
	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022
Women	2,244	2,300	1	1	2,245	2,301	62	66	0	0	62	66
Men	6,800	6,597	0	0	6,800	6,597	163	178	1	1	164	179
Total	9,044	8,897	1	1	9,045	8,898	225	244	1	1	226	245

Number of contracts by age – average workforce

	Open-ended contract						Fixed-term contract					
	Full time		Part time		Total		Full time		Part time		Total	
	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022
<30	298	374	0	0	298	374	71	99	0	0	71	99
30-50	5,215	5,204	1	0	5,216	5,204	145	141	1	1	146	142
>50	3,530	3,319	0	1	3,530	3,320	10	4	0	0	10	4
Total	9,043	8,897	1	1	9,044	8,898	226	244	1	1	227	245

Number of contracts by professional category – average workforce

	Open-ended contract						Fixed-term contract					
	Full time		Part time		Total		Full time		Part time		Total	
	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022
Management	258	239	0	0	258	239	0	0	0	0	0	0
Middle Management	3,487	3,643	0	0	3,487	3,643	47	47	0	0	47	47
Admin and Management	4,180	3,973	1	1	4,181	3,974	131	127	1	1	132	128
Manual workers	1,118	1,042	0	0	1,118	1,042	48	70	0	0	48	70
Total	9,043	8,897	1	1	9,044	8,898	226	244	1	1	227	245

The stability of the company's workforce can be seen by the fact that the total number of fixed-term employees represents just 2.37% of the average workforce.

EU15

Employees in Spain with the possibility of access to retirement in the coming years by professional category

	Retirement in the next 5 years		Retirement in the next 10 years	
	2021	2022	2021	2022
Management	3.3%	3.0%	4.0%	3.6%
Middle Management	23.6%	22.6%	24.6%	26.1%
Administration Staff	58.7%	57.3%	57.5%	55.6%
Manual workers	14.3%	17.2%	14.0%	14.7%
Total	100.0%	100.0%	100.0%	100.0%

401-1

In 2022, 648 people joined the company. New recruits constitute an indicator that shows Endesa as a generator of employment. These figures are important because they represent a thermometer for the renewal of the company and its adaptation to new trends. To this end, of the 648 recruits, 101 correspond to employees who had previously completed a work placement in the company.

New recruits

	2018	2019	2020	2021	2022
Total new recruits	393	426	253	678	648
Percentage of open positions that were filled by internal candidates (%)	45.7	45.5	54.8	63.9	50.1

Hiring by gender and age

	Men	Women	Total
<30 years	179	108	287
30 to 50	246	108	354
> 50 years	5	2	7
Total	430	218	648

This year 559 contract terminations have been registered for the following reasons:

Contracts coming to an end

	2020	2021	2022
Voluntary departures	34	54	75
Voluntary redundancy with incentive ¹	291	679	265
Retirements	83	87	58
Layoffs	10	10	11
Others ²	178	104	150
Total	596	934	559

¹ Voluntary redundancy with incentive: early retirement included.

² Others: the vast majority are due to contracts coming to an end.

Contract terminations for the last three years, by gender, are as follows:

Contracts coming to an end by gender

		2020	2021	2022
Total number leaving workforce (resignation, redundancy and retirement)	Men	498	759	432
	Women	98	175	127
Total departures as % of total workforce	Men	6.9%	11.0%	6.3%
	Women	4.2%	7.4%	5.2%

401-1

Endesa aims to be an excellent company to work for, therefore, attention is paid to low staff turnover as an indication of the satisfaction of the people who work for the company. The turnover rate in Spain in 2022 was 6.04%, a figure that falls within the values expected by the Company.

Turnover rate by gender and age

	Women	Men	Total
< 30	0.33%	0.58%	0.92%
30-50	0.43%	1.04%	1.48%
>50	0.60%	3.05%	3.65%
Total	1.37%	4.67%	6.04%

Voluntary turnover rate

	2018	2019	2020	2021	2022
Percentage of total turnover rate	4.6%	2.6%	6.2%	10.1%	6%
Percentage of voluntary turnover rate	0.6%	0.4%	0.4%	0.6%	0.8%

The average time an employee stays with the company is 17.2 years, while more than 73.7% of the workforce had been working for the company for over 10 years.

Average length of service in the company

Number of employees who have been less than 10 years in the company	2,431
Number of employees who have been 10-19 years in the company	3,205
Number of employees who have been 20-29 years in the company	1,916
Number of employees who have been 30-34 years in the company	1,098
Number of employees who have been more than 35 years in the company	607

Layoffs

In 2022 there were 11 layoffs in Endesa, 2 women and 9 men, which represents 0.11% of the total workforce at the end of the reporting period.

Layoffs

		2020	2021	2022
Gender	Women	1	3	2
	Men	9	7	9
Age	<30	1	2	2
	30-50	2	7	6
	>50	7	1	3
Professional category	Management	1	0	1
	Middle Management	2	4	0
	Admin and Management	4	3	6
	Manual workers	3	3	4

3.6.1.2. Talent and leadership management

3-3 Approach to the Management of Education and Training

Endesa is committed to putting people at the centre of its culture. The transformation of the business also implies a cultural evolution, which allows us to accompany this change and face the challenges that lie ahead. To better project ourselves in this new scenario, Endesa has a cultural evolution plan based on four pillars: Leadership and Self-Development, Wellness, Diversity and Inclusion and Recognition. Leadership is a critical lever in any process of change. At Endesa, it is based on the "Open Power" values (Responsibility, Innovation, Trust and Proactivity) that are present in people management. Leadership is also evolving, and in 2022 the Softleadership model was implemented, which is an emotional evolution based on caring for oneself, others and relationships. An empathetic, sensitive, gentle and inclusive leadership style that is based on 6 principles: inspiring with meaning, communicating, active listening, nurturing trust, abiding by transparency and accountability.

This evolution connects and is consistent with Endesa's commitment to the coaching culture that has been very present in recent years, through the Internal Coaching Network and leadership training itineraries based on coaching skills and competencies. This enables leaders and everyone in the organisation to use a management style and behaviours that are clearly geared towards people's development and growth.

Endesa seeks to empower people by being the protagonists of their own self-development, offering a diversity of training options and actions that promote people's personal and professional growth.

3.6.1.2.1. Leadership model

404-3

The evolution towards *Soft Leadership* places people at the centre of the process, placing a focus on each person's strengths and talents, promoting recognition openly throughout the organisation and valuing the potential of each person so that they can give their best. As a sign of this change, the evaluation process is now an open and participatory process for everyone, focusing on recognising people's talents, fostering their development and deploying the feedback culture.

Behavioural evaluation system

No. evaluations	2020	2021	2022
Open Feedback Evaluation (OFE)	8,301	7,816	7,855

Evaluation system for variable remuneration objectives

No. evaluations	2020	2021	2022
Management by Objectives for Managers (MBO)	201	190	202
Annual Bonus (AB)	2,725	2,608	2,615
Sales Force Objective (SFO)	409	405	505
Other Variable Remuneration systems	170	181	157

The Open Feedback Evaluation (OFE) focuses on Endesa's 15 competences, which are based on the Open Power values. It is an open process throughout the year with quarterly review periods structured into 3 areas: Talent, generosity and action.

- **Talent:** Designed for each person to identify up to three skills in which they believe they excel.
- **Generosity:** This is aimed at each person giving and asking for feedback from colleagues to recognise and drive their development.
- **Action:** The manager assigns professional goals to his/her team members, who have the option of proposing their own goals.

Endesa promotes close leadership accompanied by a 360° evaluation process, which is open to the entire organisation in order to enhance the *feedback* exchange culture at all levels.

In addition to this process, there are the Management By Objectives (MBO) and the Annual Bonus (AB) systems, which apply respectively to managers and employees who receive variable remuneration and the Sales Force Objectives system, which affects all salespeople receiving variable remuneration, excluding the MBO and AB and other Remuneration by Objectives systems in force.

38.05% of employees participated in the evaluation of objectives with variable remuneration in 2022.

Performance assessments by professional category and gender

	2020		2021		2022	
	Men	Women	Men	Women	Men	Women
Management	174	47	179	50	126	34
Middle Management	2,135	1,067	2,152	1,108	2,203	1,216
Administration and management staff	3,068	980	2,733	890	2,657	889
Manual workers	809	21	687	17	708	22
Total	6,186	2,115	5,751	2,065	5,694	2,161

Percentage performance assessments by professional category and gender

%

	2020		2021		2022	
	Men	Women	Men	Women	Men	Women
Management	3	2	3	2	2	2
Middle Management	35	50	37	54	39	56
Administration and management staff	50	46	48	43	47	41
Manual workers	13	1	12	1	12	1
Total	100	100	100	100	100	100

Target assessments by professional category and gender

	2020		2021		2022	
	Men	Women	Men	Women	Men	Women
Management	214	53	181	50	181	50
Middle Management	2,019	939	1,968	951	1,949	945
Administration and management staff	191	89	158	76	157	76
Manual workers	0	0	0	0	0	0
Total	2,424	1,081	2,307	1,077	2,287	1,071

Percentage of target assessments by professional category and gender

%

	2020		2021		2022	
	Men	Women	Men	Women	Men	Women
Management	9	5	8	5	8	5
Middle Management	83	87	85	88	85	88
Administration and management staff	8	8	7	7	7	7
Manual workers	0	0	0	0	0	0
Total	100	100	100	100	100	100

3.6.1.2.2. Talent development

404-2

Endesa is committed to talent development, and personal and professional growth as part of its business strategy focused on the sustainability of human capital. A number of these actions are detailed below:

- **Onboarding:** this process aims to facilitate the addition of new employees into the organisation, creating a sense of belonging from the very beginning and promoting well-being and motivation. This is a process that combines digitalization to speed up new recruits' incorporation into the company, with a personalised and continuous accompaniment to transfer the culture, values,

transversal processes, tools and any information that facilitates their integration into the company.

- **Talent Engagement Program:** A programme aimed at High Potential young people with the goal of creating and developing their leadership strengths through training and development initiatives that allow them to gain greater business knowledge and integration into the Company's culture.
- **Softleadership:** Global programme aimed at implementing Softleadership, an empathetic, sensitive, gentle and inclusive leadership style, at all levels of the company. We identified 110 Softleadership ambassadors in Spain to serve as role models and facilitate the development of this leadership approach in the organisation. To achieve this, an action plan was drawn up

that includes training activities, inspirational talks, meetings and communication activities in line with the 6 principles of softleadership: inspiring with meaning, communicating, active listening, nurturing trust, abiding by transparency and accountability.

- **Coaching:** Endesa remains strongly committed to coaching via individual or team initiatives undertaken through the in-house coaching network in which over 52 in-house coaches – more than 22 are also team coaches – assist Endesa's professionals. The coaching team is one area where Endesa is considered to be a benchmark among IBEX 35 companies. The network is a key group that not only organises coaching processes, it also provides internal training to transfer coaching skills to daily management. Endesa's commitment to coaching has been recognised on several occasions. In 2022, it was selected as a finalist by the Spanish Association of Executive and Organisational Coaching (AECOP) in the Culture of Coaching in the Company section¹, having already been awarded the first and third prize for "Culture of Coaching in the Company" in 2019 and 2021. It was also awarded first prize for *company Best Practice* by Expocoaching in 2020.
- **Skills Workshops:** In 2022, a new training catalogue was designed for skills linked to the Company's 15 competencies, structured into 3 main areas: leadership, sustainable value creation and individual-group-organisation linkage. This provides a clear view of the training courses available to improve the implementation of the Endesa's competencies.

One of the outstanding competencies is Empowering and Coaching. With the challenge of incorporating more coaching in Endesa, the Internal Coaching Network offers coaching workshops such as Growing with Coaching, aimed at boosting and raising awareness amongst all employees, and Coaching Tools for your Development aimed at anyone who wants to know how to implement coaching skills in their everyday life. These workshops complement the "Manager Coach", "Manager Coach +", "Manager Coach III" and "Agent of Evolution" courses, aimed at people managers. It is also worth mentioning the new course, Become a Softleader, aimed at managers of the organisation with the aim of facilitating the integration of coaching skills in their management.

- **Mentoring:** Continuing the line of action launched in previous years, Endesa has kept this knowledge transfer project in place, as part of which professionals with particular experience in a specific skill or area of knowledge tutor and mentor other colleagues for a period of 3 to 6 months. In 2022, apart from the internal mentoring programme, an international Mentoring project was held with Enel Peru, and a cross-mentoring programme together with other companies in which women with potential were mentored by leading figures from companies in different sectors.
- **Job Shadowing:** This development action, aimed at getting to know another area of the Company, consists of accompanying another professional of the Company in his or her day-to-day work for a set period, sharing experiences and points of view. An annual campaign is launched for the entire organisation offering the opportunity to participate in this programme.
- **Talent Development Consultancy:** One of the great achievements of the field of Talent Development is carrying out customised solutions for businesses that need it. In 2022, Endesa continued to strengthen an internal consultancy line that provides "ad hoc" solutions to business needs (facilitation of workshops, dynamisation of teams, tailor-made conferences, etc.).
- **Succession Plans:** In 2022, Endesa continued with the identification of successors for the positions of greatest managerial responsibility in the organisation. Criteria are defined for this identification, including the requirement that at least half of the successors chosen for each plan must be women, thus contributing to the achievement of the Gender Diversity objectives. Successors nominated in a Succession Plan have a catalogue of actions structured into three blocks of initiatives: accompanied, training-oriented or experiential, among which candidates can choose the one they consider will have the greatest impact on their personal and career growth.
- **Total Rewarding:** This process promotes recognition management in a broad sense. It includes not only economic actions, but also training and implementation actions exclusively for those people who, due to their track record, attitude and performance, are to be recognised accordingly.

Development actions

Nº Participants

	2020	2021	2022
Active mentoring	88	100	42
Active Coaching	137	238	171
Active Job Shadowing	N/A	78	89
Manager Coach and Manager Coach + workshops	219	407	200
Coach Manager III, Evolution Agent and Become a Softleader	N/A	N/A	42
Growing with coaching and Coaching Tools for your development	N/A	746	319
Empowerment processes People and business partners ¹	N/A	86	N/A

¹ Initiative completed in 2021.

3.6.1.2.3. Attracting and retaining talent

401-1

During 2022, Endesa participated in around 25 events aimed at attracting young talent: job fairs, events specialised in STEM profiles, conferences at universities and training centres, as well as a greater presence in the media.

Endesa's People & Organisation activity has been strengthened on social media, generating and sharing specialised content, as well as the multiple job opportunities offered by the company. Job offers have been published, distributed throughout the Spanish geography and incorporating the perspective of diversity and inclusion (age, sex, race, ability and gender identity).

In 2022, more than 160 young graduates were recruited through the Grants programme. The training projects associated with the scholarships enabled students to maximise their development and raise their level of employability to continue on their career path. There is a commitment to try to incorporate the largest number of students who study scholarships into the workforce; in 2022, more than 100 young people from this Programme joined as new Endesa employees.

Within the framework of the internal communities that have been created in the company, whose objective is to integrate, include and enhance the bond of employees with the company, there are specific communities aimed at attracting and retaining talent. In these groups, both young graduates who study scholarships, as well as newly incorporated employees, have the opportunity to connect, develop and share in an open and collaborative environment.

3.6.1.2.3.1. International mobility

In 2022, Endesa maintained its international mobility programmes for employees to contribute to their development in international arenas, widen their global business vision and enhance their technical knowledge.

As a result of the development of teleworking models, which require less physical presence in the workplace, the need for international travel between countries that share similar time zones has been reduced. On the contrary, international mobility processes between countries with significant time differences have been reactivated with new expatriations after the stagnation caused by the COVID-19 Pandemic.

The new teleworking models are making it possible to promote the international development of Endesa's employees by facilitating their life-work balance, meaning that they can work for another country without having to physically travel to that country. This also makes it possible to reduce the company's logistical and administrative costs associated with traditional expatriation.

In 2022, Endesa managed 41 processes for expatriate employees and 14 for returning Enel Group employees. These are mobility programmes that promote global careers and foster a multinational culture. In these processes, special attention is paid to the following aspects:

- Ensuring that expatriate staff maintain living conditions similar to those of the country of origin.
- Compensating for difficulties related to expatriation.
- Offering a significant package of employee benefits.

Within the framework of compliance with the Diversity Policy, special attention is paid to the integration of the expatriate at their destination by assigning a tutor/mentor during the expatriation period and allocating support for the spouse and the schooling of the children both during the international assignment and upon return to their country of origin.

3.6.1.2.3.2. Recruitment

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3-3 Market Presence Management Approach

The objective of the selection process is to fill each vacancy with the most suitable candidate for the required profile. The profile not only takes into account the technical aspect of the position, but also abilities in line with corporate values.

Endesa promotes the participation of employees in the selection processes in order to favour internal mobility and provide development and learning opportunities for employees.

In cases where Endesa is unable to make use of internal mobility, it seeks to recruit people directly linked to the company's activities through internships, grants programmes and specific fixed-term contracts. In addition, vacancies are offered on the Endesa website, specialised job portals, universities and training centres throughout Spain.

Endesa has globally applicable guidelines and the Endesa Collective Agreement sets out the specific features of the process for filling vacancies.

Employees recruited

	2020	2021	2022
Total local employees joining the workforce over the course of the year	223	363	352
Total local Senior Manager (managers + middle managers) joining the workforce over the course of the year	132	271	255

In 2022, the number of new recruits was higher than in 2021 and significantly higher than previous years. The needs to cover vacancies are aligned with the investment and growth of the company in the country.

Most of the senior management come from the local community, 13 members of the Executive Management Committee out of a total of 16.

3.6.1.2.3.3. Rejection of forced and child labour

[3-3 Child Labour Management Approach](#)

[Forced Labour Management Approach](#) [408-1](#) [409-1](#)

Endesa expressly condemns child labour and forced labour in its Code of Ethics and its Human Rights Policy and is committed to strict compliance with international standards such as the United Nations Global Compact and the United Nations Guiding Principles on Business and Human Rights, with the aim of fostering a working environment that respects human rights. It should also be noted that Endesa operates in an environment (Spain and Portugal) where there is a regulatory framework that establishes the necessary guarantees to ensure that there are no violations with regard to child or forced labour. In order to guarantee strict compliance with current legislation, as well as international standards and the principles of the International Labour Organisation (ILO) in this area, the company has the most advanced prevention, control and monitoring mechanisms. As a result, there were no complaints with regard to this in 2022.

Endesa extends this approach to all contractor companies and suppliers with which it maintains a relationship. To this end, it incorporates human rights clauses in the general contracting conditions, evaluates human rights aspects in the supplier qualification system and undertakes social audits to verify compliance. It also conducts due diligence to verify that its actions respect both the framework of the UN Guiding Principles on Business and Human Rights and its own Human Rights Policy. For more information, see section 3.6.3.3.2. *Compliance with Human Rights*.

3.6.1.2.3.4. Remuneration policy

[2-19](#) [3-3 Market Presence Management Approach](#)

Endesa's remuneration policy is aligned with Spanish and international regulatory recommendations in the area of Corporate Governance. The main objective is to retain, attract and motivate the best talent, prioritising internal equality, external competitiveness and establishing remuneration in line with the best practices used on the market.

Endesa's remuneration policy ensures competitive and fair remuneration for its employees. Remuneration is determined following an analysis of external competitiveness based on wage surveys in the market by employing a job valuation methodology with criteria used by similar companies in terms of number of employees and turnover.

At Endesa, the remuneration policy is marked by the Fifth Collective Agreement for all employees. This Agreement establishes the remuneration levels taking into account the level of responsibility for the occupation of employees. The Agreement is negotiated with the Social Representation and is published in the BOE [Official State Gazette]. All remuneration is adapted to market salaries and specifically the electricity sector.

Endesa has regulated the different salary increases in article 8 of the Fifth Framework Agreement, with February's pay slip including all regulated increases that apply in each case.

The remuneration of employees excluded from the agreement is based on the assessment of each position, applying best market practices to ensure talent is attracted to and remains at the company.

In the case of Senior Management and the Chief Executive Officer, any change in their remuneration is submitted by the Appointments and Remuneration Committee for approval by the Board of Directors or the General Shareholders' Meeting, as set out in the Remuneration Policy, Annual Remuneration Report and Committee Regulations.

The Appointments and Remuneration Committee takes investor and proxy policies into account when considering the suitability of short- and long-term targets, with a particular focus on meeting ESG objectives.

Endesa's remuneration policy is also merit-based. In 2022, as in previous years, the individual salary review process was carried out for all employees in all professional categories. The main purpose of these processes is to acknowledge the efforts, responsibility and commitment of the Company's employees, adjusting remuneration.

neration on a case-by-case basis, which guarantees the minimums established in the 5th Endesa Framework Collective Bargaining Agreement.

Furthermore, section 3.8 of the Code of Ethics expressly states that when the employment relationship is established, each employee receives precise information on the characteristics of the position and the tasks to be performed, as well as the normative and remuneration elements regulated in accordance with the collective bargaining agreement.

The ordinary or short-term variable remuneration for 2022 aims to align the interest of the assignees with the company's strategy, with the aim of creating value for shareholders in the short term, supporting the definition and deployment of specific action plans aimed at achieving budgetary objectives, and ensuring the transparency and coherence of the objective allocation process.

In 2022, there continued to be transparency of communication to the staff during the salary review process. The budget, the launch of the process, as well as the result are communicated, with special emphasis on the gender perspective.

In order to minimise unconscious biases in meritocracy processes, digital tools are used to simulate the impact of the proposals on the gender gap value. This action, together with the dissemination of gap reports, is a result of Endesa's commitment to conscious decision-making focussed on reducing the gap value.

Endesa, in its objective of generating well-being for its employees, offers the following social advantages and benefits:

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Social benefits not required by law

Thousands of euros

	2020	2021	2022
Medical care	1,724	906	996
Cultural and recreational activities	1,031	971	1,087
Financing of electricity consumption	10,309	6,702	6,355
Non-occupational accident insurance	1,206	826	578
Pension funds	55,498	51,712	38,692
Other: (for example, length of service bonus, special grants, etc)	15,895	10,408	10,094
Employees involved in the social benefits policy (expressed in number of employees)	9,591	9,258	9,258

Flexible Remuneration

In 2022, 55.6%, of Endesa employees adhered to the Flexible Remuneration plan (5,083 employees). This is a remuneration system through which each employee voluntarily

decides how to receive part of their monetary remuneration to suit their personal and family needs at all times. Endesa's plan includes the following products: health insurance, nursery ticket, food card, transport card, training and action plan.

Flexible remuneration plan

Number of employees included

	2020	2021	2022
Health insurance	4,205	4,685	4,091
Nursery ticket	310	560	264
Food card	1,244	1,560	1,239
Transport card	831	494	574
Training	25	41	16
Endesa action plan	N/A	N/A	1,321

The annual amount of these contracts taken advantage of by employees in 2022 amounts to:

Health insurance 4,724,167.70 €, Nursery ticket 605,637.80 €, Food card 1,384,229.00 €, Transport card 149,536.04 €, Training 47,237.45 € y Endesa action plan 9,343,351.94 €.

Working overtime

The Management of the Company and the Social Representatives reached a number of Collective Agreements on the need to reduce working overtime to the minimum necessary through the establishment of work organisation tools and systems that enable a permanent improvement of the efficiency of the Organisation, in any case respecting current legislation and in particular, the provisions of Royal Decree 1561/1995, of 21 September 1995. The Collective Agreement establishes that, where overtime needs to be worked, employees may choose between financial compensation mechanisms or mixed compensation mechanisms (financial and rest hours).

Remuneration of Managers and Employees

Here follows a breakdown of the average salaries and their development by gender, age and professional classification. Fixed salaries, variable remuneration and social benefits are taken into consideration.

Average remuneration by age: fixed salary + variable remuneration+ social benefits

Euros

	2020	2021	2022
<30	41,381	40,267	41,712
30-50	62,600	62,308	64,926
>50	81,065	82,302	86,276

Average remuneration by professional category and gender: fixed salary + variable remuneration+ social benefits

Euros

	Men			Women			Average		
	2020	2021	2022	2020	2021	2022	2020	2021	2022
Management	204,209	205,894	224,885	174,203	174,273	197,311	197,953	198,972	219,456
Middle management	79,674	76,593	79,768	71,268	68,907	72,022	76,927	73,999	77,077
Administrative and office staff	61,308	59,869	62,254	54,283	52,563	54,890	59,603	58,087	60,432
Manual workers	58,765	59,153	62,642	58,456	58,696	58,801	58,754	59,136	62,471
Average	70,888	69,495	72,504	65,366	63,863	66,638	69,532	68,060	70,967

Average remuneration by professional category and gender: fixed salary

Euros

	Men			Women			Average		
	2020	2021	2022	2020	2021	2022	2020	2021	2022
Management	149,884	154,400	162,075	133,142	136,204	148,040	146,394	150,417	159,312
Middle management	71,807	70,174	72,769	65,440	64,096	66,596	69,727	68,123	70,624
Administrative and office staff	59,271	57,724	60,008	52,863	58,591	53,647	57,716	57,916	58,434
Manual workers	58,114	57,890	60,401	58,453	58,591	58,436	58,125	57,916	60,313
Average	65,713	64,682	67,109	60,924	59,996	62,351	64,537	63,488	65,863

Wage gap

In 2022, a detailed study was carried out on employees' salaries and the differences between men and women, and the wage data was equated to the same number of hours. This study took into account the basic salary, the variable salary, and social benefits.

Based on this data, the gap by professional category has been decreasing over the past 2 years in the categories in which the presence of women was more significant (Manager and Middle Manager). An effort is being made to hire women in those categories where the female gender has

less representation. These new hires suppose a greater weight in these categories, and consequently, a decrease in the average salary in the female gender due to the entry salary, which is below the first quartile of the salary band.

The objective at Endesa is to eliminate the gap in all professional categories, but so is the incorporation of women into the workforce in all occupations, although this slows down the zero gap goal. At Endesa, we are committed to a company with equal opportunities and an equal workforce, without any underrepresented gender.

Wage gap¹

%, weighted average by age range

	2020				2021				2022			
	<30	30-50	>50	Total	<30	30-50	>50	Total	<30	30-50	>50	Total
Management		3.7	12.7	9.3		6.1	13.6	10.6		0.1	9.9	6.2
Middle Management	0.2	3.7	11.6	6.0	-2.3	3.8	13.7	5.9	-0.8	2.7	13.0	5.2
Administrative staff	4.2	8.2	9.1	8.5	-1.6	8.8	11.1	9.2	5.7	8.6	10.5	9.2
Manual workers	34.4	-6.5	-6.8	-6.2	22.4	-6.2	-6.0	-5.3	8.1	-1.5	11.4	3.5
Total	3.8	4.2	7.9	5.7	-0.3	4.7	9.7	6.1	2.9	4.5	11.4	6.8

Endesa's plans to achieve the aim of zero gaps will involve initiatives structured around recruitment, targeted remuneration policies, elimination of unconscious bias, etc. Endesa believes that by 2030 the gap values for all age ranges and professional categories will be below 5%, in one direction or another.

Comparative analyses were made of positions of the same value, segregated by activity, and this showed that the few cases with the greatest difference are explained by the number of years they have been in the company, as a result of recruitment under different collective agreements and by the lower presence of women in certain positions of high technical content.

It may be concluded that, at Endesa wage discrimination is not responsible for the wage gap.

To understand the existence of this inequality in the composition of the Endesa staff, several factors need to be taken into account:

- The company's industrial character.
- The low rate of turnover in the workforce.

- The previous gender composition of the company, due to past cultural and socio-demographic factors, resulting in a higher average seniority of men compared to women.
- The conditions of agreements of origin.

In 2019, the Conscious Decisions programme was created through which the Gap Calculator is used to visualise the impact that salary review decisions have on the gap for each unit. This has enabled Endesa to include the variable for gender diversity in the decision-making process in order to consciously manage its reduction.

The median was analysed as an indicator for the wage gap in Endesa. This indicator avoids the impact of the most extreme values on the results and yields specific information on wage discrimination details as it is not affected by the number of people in each group. The values located in the middle zone show a gap of 3.91% in 2022 with a slight decrease of 0.1% identified compared to the previous year.

405-2

Gender salary indicators

	Average salary for women 2021	Average salary for women 2022	Average salary for men 2021	Average salary for men 2022
Executive level ¹ (basic salary only)	136,204	148,040	154,400	162,075
Executive level ¹ (basic salary + other cash incentives)	174,273	197,311	205,894	224,884
Management level ² (basic salary only)	64,096	66,596	70,174	72,769
Management level ² (basic salary + other cash incentives)	68,907	72,021	76,593	79,768
Non-managerial level ³ (basic salary only)	51,369	53,882	57,274	60,112

¹ Executive level – Manager.

² Management level – Middle Manager.

³ Non-managerial level – White collar & blue collar.

Relationship between initial remuneration and minimum remuneration

202-1

At Endesa, a fair wage is established as a market wage for each activity, always above the Minimum Interprofessional Wage established each year. (14,000€, annual gross pay).

The ratio of the starting salary at Endesa (which corresponds to the starting salary of the lowest professional group in the company) and the legal minimum salary in Spain, which in 2022 stood at 1.87% and is in accordance with the company's remuneration policy, which seeks to

apply the best market practices, ensuring external competitiveness, in order to attract, retain, and motivate the best professionals.

At Endesa, zero employees have an unfair salary, with all wages well above (almost double) the Minimum Interprofessional Wage. Furthermore, market studies are subject to analysis, ensuring each year that the salaries paid to Endesa's employees are on average or above the energy sector.

Relationship between initial remuneration and minimum remuneration

	2020		2021		2022	
	Women	Men	Women	Men	Women	Men
Initial remuneration (euros)	24,762	24,762	25,134	25,134	26,200	26,200
Minimum remuneration Spain (euros)	13,300	13,300	13,300	13,300	14,000	14,000
Relationship between initial remuneration and minimum remuneration	1.86	1.86	1.89	1.89	1.87	1.87

3.6.1.2.3.5. Social welfare

201-3

All Endesa employees participate in the Pension Plan, unless they expressly opt out. With the signing of the first Framework Agreement on 25 October 2000, a defined contribution pension scheme was established for retirement, and a defined benefit scheme for death and incapacity. In 2022, A total of 10,188 people (active employees and staff in pre-retirement or VRA) had an individual pension fund sponsored by the company.

A scheme involving combined contributions by the company and the employee was established, with a maximum 6% of pensionable remuneration being borne by the Company and 3% of the same remuneration by the employee. Additionally, there are workers affected by original agreements who have a defined contribution for retirement but defined benefit for death and disability and with a benefit system and a contribution system different from the one described above, with details varying depending on the origin.

The company's contribution to the pension plan in 2022 for the entire Defined Contribution group was €35.7 million and the employees' contribution was €14.2 million

There are also two large groups of workers affected by original agreements with Defined Benefit Plans for retirement, death and disability:

- Electrical Ordinance Workers for the former Endesa. Closed group, in which the predetermined nature of the retirement benefit and its full insurance eliminate any risk.
The company's contribution in 2022 amounted to €3.5 million for a total of 915 people.
- Workers in the Fecsa/Enher/HidroEmpordá area. Closed group, in which the benefit is linked to developments in the Consumer Price Index (CPI) and is not insured except for the benefits incurred until 31 December 2011, at which time an insurance policy was signed to implement these benefits, by means of which any future obligation with respect to this group

is eliminated. For this group, there is a provision in the internal fund that amounts to €43.1 million, calculated in accordance with International Accounting Standards, which together with the plan's assets currently cover 100% of the present obligation.

The company's contribution in 2022 amounted to €2.6 million for a total of 478 people. Additionally, in 2022 a total of €12.6 million was paid due to a deficit in the plan.

In 2022, taking advantage of the increases in interest rates, beneficiaries holding life annuities were insured to eliminate the biometric and interest rate risk of the current self-insurance regime. This operation was closed on 3 November 2022, with a guaranteed net technical interest of expenses of 3.87%; and meant that 162.7 million euros was transferred from the pension fund to an insurance company.

Endesa's pension plans are administered in accordance with the general restrictions on management and risk assumption in the respective legislations applicable in Spain.

At present, the pension fund which manages the pension schemes promoted by Endesa companies assumes the risks that are inherent in the assets in which it is invested. These risks are mainly the following: Interest rate risk, credit quality risk, leverage through derivatives, foreign currency risk, liquidity risk and valuation risks.

Endesa's pension plan is operated by a manager that takes socially responsible investment criteria into account. This involves manager preparing and approving a Declaration of Socially Responsible Investment Policy that summarises the framework in which the activity of the company in this regard is developed with the assets under management. The Plan manager incorporates environmental, social and good governance (ESG) issues in the investment analysis and decision-making processes. It expects the companies and issuers in which it will invest to develop and carry out an ESG strategy that maximises long-term value for its shareholders and investors. It will positively value the adherence of companies to the United Nations Global Compact. Voting and com-

mitment activities, the impact of investments, and commitment to climate change are also considered. The Pension Fund (PF) is developing its own sustainability policy and its conceptual framework rests on three main pillars: The SDGs, through carbon footprint reduction objectives and impact investments, commitment, through a

3.6.1.3. Training

3-3 Education and Training Management Approach

In its commitment to people, Endesa's learning strategy puts them at the centre and offers a wide range of learning actions to provide and improve the technical qualification they need, and grow in their personal development, helping them to do their job better, contributing to making the company a benchmark in the sector. Endesa has a fully updated catalogue with courses on the most avant-garde skills and techniques; with learning experiences that reinforce people's integral well-being; and with practical lessons that help them to work with new tools and technologies, and lead in a new, more flexible, kinder, responsible and empathetic organisational model.

Endesa encourages people to develop their ability to remain in continuous learning and become the promoter and protagonist of their training. A new way of learning based on curiosity, openness and the ability to learn from experiences, as different personal and organisational changes develop; facilitating multidisciplinary and the dissemination of knowledge.

There has been a growth in learning communities on the eEducation digital learning platform, where it is possible to share knowledge and develop the social aspect as a meeting point for people. The content transcends the strictly professional with the development of new tools and skills to face the new model of hybrid work and a new gentle leadership.

There is evidence of a complete transformation of traditional in-person courses into virtual courses which are accessible from anywhere through all types of devices, with formats that have a shorter duration and adapted dynamics. There has been an increase in online learning content. A policy has been promoted for the adaptation of online courses that ensures their accessibility to people with visual and hearing disabilities.

Training actions in 2022 addressed the needs uncovered as a result of a number of processes undertaken to ascertain training requirements in order to ensure continuous and updated learning in the different categories defined

specific engagement and voting policy, and lastly, exclusions. Finally, in 2022, the PF revised its socially responsible investment beliefs. It should be noted that when monitoring of the PF, in addition to monitoring of financial results, a series of metrics linked to sustainability are also monitored.

and classified as upskilling and reskilling: *Human Skills*; Technical; Prevention and Prescriptive.

Within the framework of energy transition and decarbonisation, the strategic training plan in reskilling was completed in 2022, which has been developed since 2019 with great success.

3.6.1.3.1. Main dimensions and significant aspects

404-1

Training in Endesa

	2020	2021	2022 ¹
Employees trained (n°)	9,444	8,876	9,526
Percentage of staff trained (%) ²	98,5	95,9	98,2
Number of training events (n°)	4,418	5,387	5,694
Total hours of training (hr)	348,700	406,917	422,962
Direct and indirect investment (€ million)	30.8	34.3	36.1
Direct costs (€ million)	12.4	12.6	12.6

¹ In 2022, there was a change of criteria in the calculation of hours, and the hours of training of completed courses will now be taken into account, as well as the proportional hours of training on courses that have not been completed. The criteria applied in the 2020 and 2021 data only corresponded to training hours of completed courses.

² To calibrate the metric, this indicator identifies the trained people who are on staff at the end of 2022.

To undertake this activity, Endesa invested Euro 36.07 million in 2022, of which Euro 12.58 million came in the form of direct costs for training activities.

404-1

In 2022, Endesa held 5,694 training sessions in which 9,526 employees participated. This activity involved 422,962 hours of training, with an average of 45.69 hours per employee.

Number of hours of training by type of training

	2020	2021	2022
Online management training	94,074	113,252	123,704
In-person management training	54,617	8,177	11,272
Online technical/specific training	142,631	228,826	216,648
In-person technical/specific training	57,378	56,662	71,337
Total hours of training	348,700	406,917	422,962

Number of training courses by teaching source

	2020	2021	2022
In-house training	3,046	3,383	3,381
External training	1,372	2,004	2,313

Total training hours and average broken down by gender and professional category

	Management						Middle Management					
	Total hours			Average			Total hours			Average		
	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
Men	6,692	6,100	6,189	30.7	31.1	36.5	81,548	102,005	109,974	34.2	42.1	44.4
Women	2,223	2,007	1,804	41.4	38.8	45.4	40,183	49,046	53,362	34.9	39.7	40.1
Total	8,914	8,107	7,993	32.8	32.7	38.2	121,731	151,052	163,337	34.5	41.3	42.9
	Administrative and office staff						Manual workers					
	Total hours			Average			Total hours			Average		
	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
Men	120,155	157,340	150,492	34.9	49.4	49.8	66,907	54,780	60,865	55.8	50.3	55.0
Women	28,139	33,549	37,734	25.4	32.4	37.1	2,853	2,089	2,542	68.5	50.1	48.2
Total	148,294	190,889	188,226	32.6	45.2	47.7	69,760	56,869	63,407	56.2	50.3	49.1

3.6.1.3.2. Training type and content

404-2	3-3 Management approach Education and Training
3-3 Management approach Employment EUSS	205-2 403-5

The most significant training programmes undertaken in 2022 include the following:

Most significant programmes

Occupational health and safety	<ul style="list-style-type: none"> First aid. ISO 45001 Basic concepts in occupational health and safety. 	<ul style="list-style-type: none"> Safe driving. Self-Protection Plan Awareness. HGA: Hazardous Goods Activities.
Wellbeing	<ul style="list-style-type: none"> Mindfulness Stress reduction Basic emotions and emotional management Listen to your body 	<ul style="list-style-type: none"> Healthy habits Social skills Stress management Responsibility and relationship management
Diversity	<ul style="list-style-type: none"> The house of inclusion Valuable 500: Let's talk about disabilities 	<ul style="list-style-type: none"> Female talent Debunking biases
The environment	<ul style="list-style-type: none"> ISO 14001. Environmental awareness-raising 	<ul style="list-style-type: none"> Environmental aspects in distribution
Energy sustainability	<ul style="list-style-type: none"> Endesa "Circular Economy School". Circular Economy: General concept and business application. Sustainability Fridays 	<ul style="list-style-type: none"> Sustainability in Enel tools and shared corporate values Sustainability guides
Digitalization	<ul style="list-style-type: none"> Digital Routines in 21 days (R21D). EnData. Antiphishing kit 	<ul style="list-style-type: none"> Digital platform Human firewall Information classification and protection
Technical	<ul style="list-style-type: none"> Grid Blue sky. E4E. Network engineering Training in commercial systems. B2B self-consumption 	<ul style="list-style-type: none"> Photovoltaic solar plants Electricity risk. NES004 Operating and planning rules. NNM076 Operation and maintenance of hydraulic power plants

Most significant programmes

Compliance	<ul style="list-style-type: none"> • Criminal Risk Prevention and Anti-bribery. • Tax Compliance Management System. • Risk of illegal transfer of workers. 	<ul style="list-style-type: none"> • Competition right • Insider information • General Data Protection Policy
Other training activities	<ul style="list-style-type: none"> • Agile methodology programmes: "Let's talk about agile", "Scrum Master", "Product owner". • New work methodologies: "Design Thinking", "Visual Thinking", "Lean Startup" and "Creative Problem-solving". 	<ul style="list-style-type: none"> • Rebirth in relationships. • Become a softleader • Languages.

Training in sustainability

A commitment to sustainable development is a core aspect of Endesa's activity. Training in this area is important, with the design, development and implementation of courses aimed at ensuring Endesa employees take on board sustainability principles in their private and professional activities, and by changing their energy behaviour they become examples for society to follow.

In 2022, the 2nd edition of the Endesa *Circular Economy School* was worth particular mention to help explain how

Sustainability has become a core aspect of the business; in addition to the inclusion of learning in the circular economy, as an essential aspect for looking confidently towards the future and overcoming the transition towards increasingly sustainable and competitive models.

Promoting inclusion, diversity, ethics and transparency is an essential element within our business culture, which is why it is integrated into a training strategy, being the objective of the flagship courses on compliance and diversity: *Criminal Risk Prevention and Anti-bribery; Insider information; The house of inclusion and Dismantling biases*.

Training by theme or type

	2020		2021		2022	
	Hours	No. training	Hours	No. training	Hours	No. employees
Occupational health and safety	59,186	5,755	47,888	5,824	83,144	8,552
Environment	2,463	835	1,540	610	1,666	834
Code of Ethics	1,530	1,787	199	195	1,081	1,378
Anti-corruption	1,134	2,035	5,447	3,678	7,556	4,926
Diversity	1,772	1,190	993	1,159	2,427	4,007
Relationship with communities	34	4	268	29	341	141
Human Rights	196	594	782	1,027	620	576
Total	66,315	12,200	57,117	12,993	96,835	20,414

Security personnel training

410-1 | [3-3 Security Management Approach](#)

Physical security services in installations (surveillance) are provided by external personnel and their organisation adapts to the need to cover the services necessary to safeguard the company's assets at all times.

In any case, these services are provided by professionals who are duly accredited and authorised by the Ministry of the Interior. Their training includes aspects of Private Security legislation, basic rights of people and Human Rights.

Training of employees in Human Rights policies and procedures

There is an online Human Rights course available to all the workforce for the purpose of disseminating our commitment, knowledge about human rights and the actions that Endesa undertakes to respect these rights.

With this training, Endesa promotes knowledge, not only of its human rights policy and related implementation practices, but also of the due diligence process to identify, prevent, mitigate and report on the potential risks and consequences arising from the daily action of the employees.

Human rights training

	2020	2021	2022
Employee training hours on human rights-related policies and procedures relevant to their activities	196	782	620
Number of employees who received human rights training	594	1,027	576
Total number of employees	9,591	9,258	9,258
Percentage of employees who received human rights training (%)	6.2	11.1	6.2

3.6.1.4. Social dialogue

2-30 | 407-1 | 3-3 Freedom of Association and Collective Bargaining Management Approach
Worker Relations Management Approach

Within the framework of Endesa's labour regulations and the provisions of Title III of the Workers' Statute, and in order to implement labour relations based on dialogue and agreement, the company acknowledges Trade Union Representations that signed Endesa's Collective Agreements as interlocutors required to facilitate the resolution of any conflicts that may arise in the social-labour dynamics of Endesa.

The consultation and participation of workers in occupational health and safety issues is now an instrumental feature by virtue of the provisions of Articles 115 et seq. of the 5th Endesa Collective Bargaining Agreement.

Collective working conditions in Spain are regulated in Endesa through the different Collective Bargaining Agreements, the terms of which are more favourable than those required by labour legislation in each area in which the company operates. Endesa guarantees the right to freedom of association for its employees and for all its con-

tractors, suppliers and business partners. In Portugal, working conditions are established in the employment contract.

With regard to collective bargaining procedures, in 2022 they were undertaken in strict accordance with Spanish and Endesa regulations regarding the reorganisation, transfer of workers between Group companies, etc.

For those employees not covered by a collective agreement, their working and employment conditions are based on Collective Agreements, however, due to the special nature of this group there are conditions that are exclusively applicable to it and that are agreed individually.

2-30

At Endesa there were 2 collective agreements in force at the end of 2022, affecting 8,213 employees, 88.7% of the workforce. In 2021, no Agreement was signed.

Endesa employees

	Spain				Portugal				Total Spain and Portugal	
	Employees		%		Employees		%		Employees	%
	2021	2022	2021	2022	2021	2022	2021	2022		
Staff covered by collective agreement	8,255	8,213	89.3	88.9	0	0	0	0	8,213	88.7
Staff outside collective agreement	987	1,025	10.7	11.1	16	20	100	100	1,045	11.3
Total	9,242	9,238	100	100	16	20	100	100	9,258	100

3-3 Management of Relations between Workers and Management Approach/Freedom of Association and Collective Negotiation Management Approach

Pursuant to Spanish and Endesa labour regulations in 2022, the criteria to be followed in the event of business reorganisation and corporate restructuring were established, whereby Union representatives will be informed at least 30 days before any such corporate restructuring and reorganisation is actually implemented.

The most important actions with regard to collective bargaining in 2022 were as follows:

- Agreement on the transfer of workers to the company Endesa Movilidad Eléctrica and the inclusion of this company in the functional scope of the 5th Endesa Framework Collective Bargaining Agreement.
- Agreement on the transfer of workers to the company Gridspertis and the inclusion of this company in the functional scope of the 5th Endesa Framework Collective Bargaining Agreement.

- Agreement for the inclusion of Empresa de Alumbrado Eléctrico de Ceuta, S.A., Empresa de Alumbrado Eléctrico de Ceuta Distribución, S.A.U. and Energia Ceuta XXI Comercializadora de Referencia, S.A.U. within the functional scope of the 5th Framework Collective Bargaining Agreement of Endesa.
- Agreement on the new work model at Endesa - Remote working.
- Agreement on the diagnosis of the situation of the Equality Plan at Endesa.
- Agreement on the schedule applicable to the remote unit "Operation Control Room Iberia" (Interoperability Unit).
- Application of the new Preliminary Valuation Agreement at Endesa.

El 44.13 % of employees were affiliated to a union at the end of 2022.

Spain has been an ILO signatory since its foundation, and Endesa's conventional regulations meet the existing Conventions ratified by Spain.

Organisation of working time

The annual working day is established in accordance with the terms laid down in the Endesa regulations.

Hours worked by gender

	España		Portugal		Total	
	2021	2022	2021	2022	2021	2022
Workforce as at 31 December	9,242	9,238	16	20	9,258	9,258
Men	11,519,296	10,991,491	13,440	13,757	11,384,646	11,005,248
Women	3,727,550	3,829,399	15,360	15,345	3,771,278	3,844,744
Total hours worked in the year	15,246,845	14,820,890	28,800	29,102	15,155,924	14,849,992

The total number of hours worked with regard to contractors in 2022 amounted to 41,357,055.

Policy on the right to disconnect from work

Endesa recognises the right to disconnect, given the risk that the impact of technology on the company and its influence on new forms of existing flexible work may have an impact on work-life balance.

In this regard, following the approval at the end of 2018 of Organic Law 3/1028 of 5 December on the "Protection of Personal Data and guarantee of digital rights", Endesa identified the need to advance in the preventive field and address new measures that reduce or mitigate possible

cases of computer stress or fatigue in line with the provisions of said regulations and under the terms established in Article 46 of the 5th Endesa Framework Collective Agreement, for which the Company will prepare an internal Policy in which the procedures for exercising the right to digital disconnection and the training and awareness actions of workers on the reasonable use of technological tools will be defined to avoid the risk of computer fatigue.

In 2022, an Agreement was reached with the union representatives within the Equality Committee on the internal policy regulating the right to digital disconnection of Endesa employees. The policy defines the right to digital disconnection and the training and awareness actions

that the company makes available to workers to make reasonable use of technological tools, to avoid the risk of computer fatigue. In this sense, as it is an agreement reached in the Equality Committee with Social Representation, this policy is available to all workers.

3.6.1.5. Working climate

3-3 Employment Management Approach

Endesa continued to promote the new work model. In 2022, more than 70 % of the workforce (6,368 employees) enjoyed a hybrid work model combining remote work with face-to-face work in the offices. A variety of surveys, interviews, focus groups and initiatives were carried out at different levels within the organisation to gauge how employees felt and how they were adapting to the remote working and the partial return to on-site work, adding questions about workload, wellbeing, leadership, and their motivation and commitment to Endesa.

Survey results were positive. For example, in the “open listening” climate survey, participation was 71.4%, 17% higher than last year. Employee commitment to work scored 83.2% and 94.9% in the dimension related to professional and personal wellbeing.

The initiatives carried out in 2022 continue to focus on:

- Enhancing Endesa’s strengths and values as levers to reinforce the areas for improvement that were identified.
- Improving management skills in increasingly digital, flexible and diverse environments.
- Improving employee participation in decision-making activities in projects and processes, to help develop the values of trust, proactivity, responsibility and innovation underpinning Endesa’s management model.

Endesa’s priority is to place people at the heart of its business. To this end, the focus in 2022 was placed on improving the level of satisfaction and wellbeing, following the “Well-being, motivation, results” cycle that feeds back on itself to reach improved wellbeing, motivation and results.

To improve the climate and satisfaction, initiatives have been developed and a Global Well-being Plan has been launched focused on caring for people and personal well-being, both at work and in private life, with the aim of increasing the level of tranquillity and reinforcing the sense of belonging. To reinforce these initiatives, employees’ needs were listened to through the “Wellbeing” survey. In 2022, the survey found a wellbeing rating of 63% out of 100%. The Wellbeing Plan itself includes regular questionnaires on how employees feel in their professional and personal environment on a physical, psychological and relational level.

Further initiatives have been carried out such as the *Endesa Lovers days*, which were held from 21-30 September 2022 and in which there were 11,245 participations with a satisfaction of 7.6 out of 10. Those were days that reminded us that Endesa places people at the centre by focusing on their satisfaction and well-being. A multitude of simultaneous events were launched in all Endesa territories, full of music, entertainment and relaxation. This helped reconnect people with the Company’s cultural evolution strategy, based on 4 pillars: leadership and self-development, diversity, wellbeing and recognition.

We promoted the creation and implementation of communities that segment employees by stakeholder community (women’s community, data experts, LGBTQ+ community, energy linkers, inclusion community, etc.). This also contributed to improving the workplace climate and employee engagement.

All of the initiatives carried out in 2022 were monitored regularly to ensure that they conformed to the planning and targets set.

3.6.1.6. Responsible people management

3-3 Employment Management Approach

3.6.1.6.1. Diversity

3-3 Non-discrimination Management Approach

Diversity and Equal Opportunities Management Approach

Employment Management Approach

Endesa believes that diversity among its employees is a key factor in making the company a more enriching place to work. The progressive increase of women in the workforce, the recruitment of people from other nationalities, the recruitment of young people to rejuvenate the workforce, the recognition of the longest serving members of staff, as well as the integration of people with disabilities are a sign of respect for the different aspects that serve as the basis for its Diversity and Inclusion Policy (age, gender, culture and disability).

To ensure the promotion of diversity at Endesa, the Sustainability and Corporate Governance Committee reviews factors including but not limited to the definition and amendment of diversity and integration, equal opportunities and work-life balance policies, in addition to periodically assessing their degree of compliance.

3.6.1.6.1.1. The Diversity and Inclusion Policy

Within the framework of its Diversity and Inclusion Policy and the company's Human Rights policy, Endesa rejects all forms of discrimination and is committed to ensuring and promoting diversity, inclusion and equal opportunities. Endesa spares no efforts in fostering and maintaining a climate of respect for personal dignity and individuality, ensuring the highest standards of confidentiality as regards any information related to the private life of employees that it may become aware of. Therefore, as part of its compliance with the values and principles included in the Endesa Code of Ethics, and as part of this Code, the company adheres to the following essential principles:

- Non-discrimination.
- Equal opportunities and dignity for all forms of diversity.
- Inclusion.
- Striking a balance between personal, family and professional life.

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Based on the above principles, Endesa undertakes to implement specific actions to promote non-discrimination

and inclusion in the dimensions that make up its Diversity Policy, as well as to periodically monitor the actions and the different indicators.

In 2022 there were no incidents of discrimination at Endesa, a figure that the company periodically reports to the Workers' Representatives.

Likewise, there were no fines, sanctions and compensation for damages since there were no violations relating to workers' equal opportunities rights.

In 2022 there were no incidents of discrimination at Endesa, a figure that the company periodically reports to the Workers' Representatives.

As basic principles of the Action Protocol for the prevention and eradication of sexual harassment, the following deserve special mention:

- Endesa and its workers express their full and resounding rejection of any conduct that involves sexual, gender and workplace harassment, committing to work together to prevent, detect, correct and punish this type of behaviour.
- The Management of Endesa guarantees the activation of an appropriate procedure to manage situations where there is a complaint of sexual, gender or workplace harassment.
- The Protocol details a procedure that includes guaranteeing confidentiality and the protection of the privacy and dignity of the persons involved; the preservation of the identity and circumstances of the complainant; urgent processing and a professional and thorough investigation of the facts reported.
- The Protocol expressly provides for the adoption of all kinds of measures, including, where appropriate, those of a disciplinary nature, against a person or persons (a) whose sexual, gender or workplace harassment is established; as well as (b) in relation to whoever makes a false accusation or complaint, especially when it is proven to be in bad faith, without prejudice to safeguarding the legal actions that the complainant may follow.
- Endesa and its workers undertake to conduct information campaigns, training and awareness-raising actions on the problem of sexual, gender and workplace harassment to prevent and eradicate this type of behaviour.

3.6.1.6.1.2. Promoting gender equality

Diversidad

	2020	2021	2022
Women in the workforce (%)	24.6%	25.5%	26.3%
Women in middle management positions (%)	32.6%	33.8%	34.9%
Women in management positions (%)	19.8%	20.8%	18.9%
Women in management positions with revenue-generating roles (%)	26.0%	26.2%	27.5%
Women in STEM positions (%)	16.7%	17.8%	19.2%

On a monthly basis, the data and results of the actions carried out in the area of gender diversity are published and performance is assessed with respect to the goals set for 2022. Compared to the previous year, the number of women in the workforce has increased by 0.8 %, and the number of women in “middle manager” positions rose by 1.1. In the case of the number of women in managerial positions, the objective has had to be adjusted because the criterion for appointing managers has changed from a model based on contractual conditions to a model based on the responsibility they perform. Meanwhile, the number of women on Endesa, S.A.’s Board of Directors increased by 5.7 %.

In 2022, women represented 38.2% of all new hires (1.2% higher than the year before) and 0.2% higher than target. Endesa’s commitment to diversity has been rewarded with an improvement of 3.68 points in the Bloomberg Index compared to the previous year.

Voluntary commitments to the Administration and other entities

Within the framework of voluntary commitments acquired by Endesa with the Ministry of Equality (hereinafter the Ministry), the following are worth special mention:

- **Company Equality Certification:** As part of Endesa’s commitment to equality, in 2010 the Ministry awarded Endesa the “Company Equality” certificate, and it has been renewed every three years ever since. Each year, the corresponding follow-up reports, which are required to maintain the award are presented and in 2022 the fourth extension of the certification was obtained. Endesa also forms part of the Network of Companies that are certified on account of their Equality efforts and has actively participated in the different initiatives performed by this Network.
- **“More Women, Better Companies” Initiative:** As part of the “More Women, Better Companies” initiative, with which Endesa has been collaborating since 2014, its affiliation to the 2019–2023 Protocol remains in force with a view to promoting the balanced participation of women and men in pre-executive and executive positions and on management committees. The Protocol contains quantitative objectives related to the presence of women in positions of responsibility, as well as qualitative

commitments related to the promotion of technological vocations in girls, female leadership development programmes, employee awareness, measures to support parenthood, and visibility of female talent inside and outside the company. The targets established in this Protocol are monitored as part of biannual reports.

- **“To a Society Free of Gender-Based Violence” Initiative:** The Company has also made commitments to other institutions and targets are reported publicly:
- **CEOs in support of Diversity:** Since 2019, Endesa has maintained its adherence to the CEOs for Diversity Alliance, promoted by the Adecco and CEOE foundations. On becoming a signatory to the Alliance, Endesa’s CEO acknowledged diversity, equity and inclusion as core values that enrich companies and strengthen their competitiveness. Endesa is also committed to promoting diversity strategies, involving its Management Committees and creating a common vision in terms of diversity.
- **AEMENER (Women’s Energy Network):** In 2022, Endesa signed an agreement with the AEMENER association to promote female leadership and improve networking.

Policy enforcement

Endesa has an Equality Plan that sets up a framework of action to promote effective equality, equity, development, work-life balance and joint responsibility among all professionals, and which is part of the 5th Framework Agreement.

Equality Plan in the Collective Agreement

3-3 Employment Management Approach

Endesa has an Equality Plan that sets out the Human Resources Policies for promoting the implementation of the actions required to facilitate the inclusion of women into decision-making positions with a greater level of responsibility. The plan was negotiated and agreed with the Workers’ Representatives and its implementation is monitored as part of the work undertaken by the Equality Committee. It is divided into four sections:

- Measures for promoting equal treatment and opportunities between men and women.
- Measures on striking a work/life balance.

- Specific measures providing protection during pregnancy to mothers, the partner of the mother and to the new-born baby.
- Special measures for the protection of victims of gender-based violence and victims of terrorism.

The Plan ensures the effective application of the principle of equal remuneration for work of equal value and, in particular, that there are no differences in pay on the grounds of gender.

The Plan also sets out the possibility of adapting the working day by applying flexitime, a temporary change in working hours, reduced working hours and leave to take care of relatives. It also includes specific measures for protection during pregnancy and maternity, and special measures for the protection of victims of gender-based violence. As a tool for helping with the care of children, for both mothers and fathers, the Plan provides for the establishment of agreements with nurseries and awareness in relation to equality through information and communication.

Thus, all the measures set out in the Equality Plan have been implemented in Spain. This Plan is evaluated and monitored by company management and trade unions

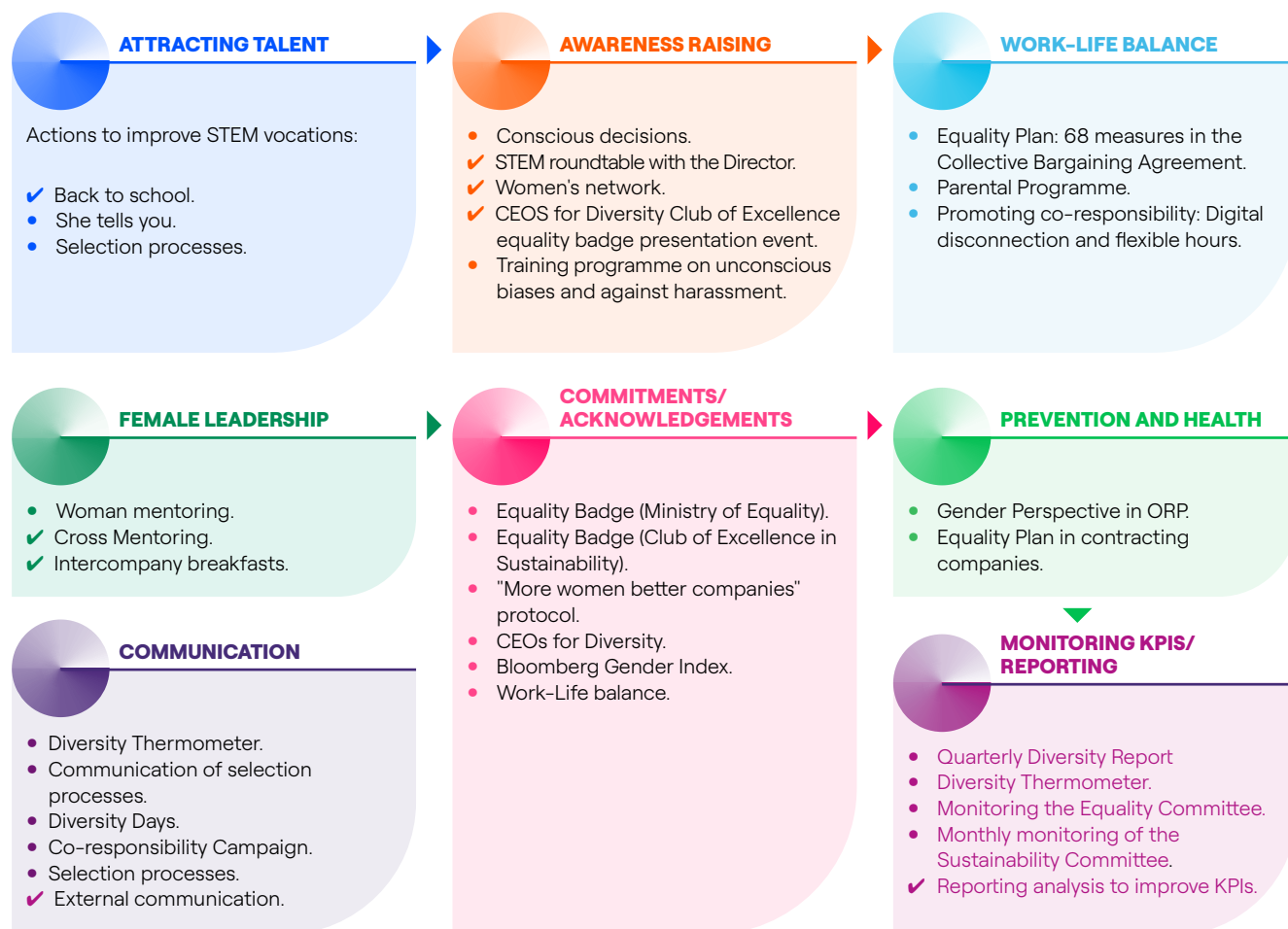
through the joint equal opportunities commission provided for in the collective bargaining agreement.

In 2022, pursuant to the provisions of Organic Law 3/2007, of 22 March, for the effective equality of women and men, Endesa has worked on diagnosing the situation of the Equality Plan under the Equality Committee.

Similarly, Endesa has been working on the application of Royal Decree 901/2020 of 13 October, which regulates the Regulation on equality plans, and Royal Decree 902/2020, of 13 October, which regulates the Regulation for equal pay between women and men since 2022 under the Equality Committee.

Endesa also defined a Gender Diversity Action Plan, in line with our Diversity and Inclusion Policy, aimed at achieving three main targets: Increasing the presence of women in the company, increasing the presence of women in positions of responsibility and ensuring wage equality. Several initiatives are being developed to achieve these goals structured around four pillars: Attracting talent, raising awareness, boosting female leadership and work-life balance. In addition, supplementary internal and external communication actions are carried out, e.g., Diversity Days or raising the profile of awards received in 2022 for STEM

Pillars and actions of the Gender Plan 2022



✓ New Actions

initiatives (such as: IT Pioneers Award granted by the School of Telecommunications Engineers).

The actions and their impact are followed and monitored by the Equality Committee, the Sustainability Committee and Corporate Governance and tracked by external indices, e.g., Bloomberg and MERCO.

The inclusion of LGBTQ+ employees adds to the wealth of diversities represented at Endesa where talent is valued regardless of identity, gender expression or sexual orientation. With the aim of promoting an inclusive and respectful work environment, Endesa implemented awareness-raising actions in 2022 and created the LGBTQ+ community with the support of RED! The largest and most widespread network of companies and professionals in Spain in favour of diversity and the inclusion of LGBTQ+ staff in the workplace.

The community of LGBTQ+ employees and allies joins the community of women and the community of inclusion of people with disabilities. These self-managed communities have proposed and implemented initiatives that give voice to employees of different groups.

3.6.1.6.1.3. Promotion of other issues with regard to diversity (age, nationality and disability)

Promotion of disability

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In 2022, Endesa's workforce had 90 employees with disabilities, representing 0.99% of the workforce in Spain and Portugal.

Employees with disabilities by gender

	2020	2021	2022
Women	18	19	21
Men	64	57	69
Total	82	76	90

Employees with disabilities by category

	2020	2021	2022
Management	1	1	1
Middle management	22	23	33
Administrative and office staff	53	47	50
Manual workers	6	5	6
Total	82	76	90

Endesa complies with current regulations on disability, as approved in the General Disability Law, and also as a sign of its commitment to the inclusion of people with disabilities, Endesa has joined "Valuable 500", an initiative aimed at 500 companies in the private sector with the aim of promoting and integrating the business, social and economic value of persons with disabilities worldwide, and implemented 36 initiatives in 2022. The company, which already has disability on the agenda of its Board of Directors, has made a public commitment to action on disability. For further information, see section 1.4.5 Valuable 500.

Integration and universal accessibility for people with disabilities

Endesa complies with all local regulations and building codes applicable in the countries in which it operates in terms of accessibility. To this end, Endesa enforced Operational Instruction 715 as part of the Comprehensive Office Improvement Project, under which, the Construction Standards Manual for Endesa offices indicates that: "It is essential that all buildings provide non-discriminatory, independent and safe access and use for people with disabilities". To this end, accessibility parameters have been established that, in addition to the current legislation, are mandatory across all company buildings.

The Valuable 500 action plan also includes a number of actions that were developed to promote the integration of people with disabilities (adaptation of all evacuation protocols in the buildings for people with disabilities, validation of risk reports in accordance with AESPLA guidelines with recommendations beyond those required by law including the adaptation of medical check-ups for people with disabilities etc).

Promotion of other diversities (age and nationality)

Programmes

Age	• Onboarding new recruits: This initiative supports employees during the main transition period and especially following their recruitment to the company.
	• Knowledge transfers: This includes mentoring programmes and internal training initiatives.
	• Our greatest values: An initiative that recognises the career path for the more elderly workers.
	• Generation & Talent Observatory: adherence to the Generational Diversity Code
Nationality	Tutoring for expatriates: Assignment of a tutor from the country of destination to help and support them during their expatriation period.

The breakdown of the Endesa workforce by nationalities is as follows:

Breakdown of employees by nationality

	2021		2022	
	% of the total workforce	% of total management positions	% of the total workforce	% of total management positions
Spanish	97.4%	94.9%	97.1%	94.6%
Portuguese	0.8%	1.8%	0.9%	1.9%
Italian	0.4%	0.8%	0.4%	0.9%
French	0.5%	1.0%	0.5%	1.0%
Brazilian	0.0%	0.1%	0.1%	0.1%
German	0.1%	0.1%	0.1%	0.2%
Venezuelan	0.2%	0.2%	0.2%	0.2%

3.6.1.6.1.4. Promoting diversity through employee communities

In 2022, the creation and implementation of communities that promote different aspects of diversity received a boost. At present, there are 16 operating communities. These communities are an example of diversity as they include participants from different areas, ages, professional categories, etc., and have contributed to improving the climate and employee engagement.

We highlight some of the communities that work specifically to promote some of the dimensions of Diversity:

- **Women's community (Endesa PowerHer):** In 2022, a self-managed women's network was set up, with the aim of empowering female leadership, helping to promote gender diversity initiatives and promote internal and external networking. It has more than 100 members and its purpose is to: "Inspire and create safe spaces where Endesa's female talent is empowered, sharing actions and life and professional experiences".
- **Inclusion community:** This multidisciplinary community has 22 members. Its aim is to analyse and develop initiatives that encourage Endesa to be a more inclusive company. All members of the community have the role of ambassadors in Endesa to promote inclusion.
- **LGBTQ+ community:** In 2022, the LGBTQ+ community was created, adding to the wealth of diversities present at the company. It currently has 45 members, who promote the diversity of the collective to enhance its visibility. The aim is to ensure that everybody can pursue their professional career in a climate of respect, protected by the human rights policy.

3.6.1.6.2. Balance between professional, personal and family life

3-3 Employment Management Approach

Endesa continued to carry out a variety of initiatives to foster its flexible working environment and help employees achieve a balance between their personal, family and professional lives. The measures that the Company is taking to facilitate work-life balance fall into five main groups:

- Quality of employment (permanent contract, pension plans, health and welfare, expatriate support, etc.)
- Flexibility in time and personal lives (shorter working days, time off, paid leave, etc.).
- Support for the family (time off, paid leave and a flexible timetable for family care, helping dependant elderly family members, etc.)
- Professional development (professional/technical/skills/language training, volunteer programmes, coaching, etc.)
- Equal opportunities (professional support for victims of gender-based violence, medical advice, etc.)

Employees benefiting from actions aimed at work-life balance

	2020	2021	2022
Women	2,218	2,203	2,073
Men	5,365	5,104	4,013
Total	7,583	7,307	6,086

All employees are entitled to family leave as long as the requirements for the use of such leave are met.

Employees entitled to leave for family reasons

%			
	2020	2021	2022
Men	100%	100%	100%
Women	100%	100%	100%
Total	100%	100%	100%

Employees who have taken leave for family reasons

%

	2020	2021	2022
Men	94%	74%	59%
Women	74%	93%	85%
Total	79%	79%	66%

Among these initiatives, Endesa continued to promote the “*Work Outside the Office*” project. In 2022, employees were allowed to continue working remotely where possible to keep them safe from the spread of the virus, which was taken advantage of by 5,705 people (3,303 men and 2,002 women). We accompanied them to maintain their motivation and performance.

Meanwhile, programmes such as CODE (programming training) have offered a leisure and STEM learning alternative to the children of employees.

The Madrid, Barcelona and Seville offices continued to offer a breastfeeding room service in order to favour women who had recently become mothers.

As a company firmly committed to employees’ health and well-being, Endesa has been promoting the “*Train Yourself*” Programme since 2011. The Company encourages employees to do sport through this programme with a monthly subsidy. In 2022 and 2021, 4,691 (2022) and 4,052 (2021) employees enjoyed the “*Train Yourself*” programme.

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Endesa makes a specific Offers Channel available to all its people as employees on the corporate intranet. This channel includes a wide variety of products and services at competitive prices, ranging from leisure offers to others related to personal well-being and training. It is open to solidarity, with a section for donations to different social institutions aimed to improving the living conditions of those most in need.

In 2022, Endesa continued to make its “*To Do room*” available to employees at the Madrid headquarters. Working around the clock and through on-line payment, this room brings together services that help make employees’ lives easier; e.g. clothing and footwear repair, dry cleaning, laundry, financial advice, and mobile phone, tablet and computer repair.

There is also an app that allows people to enjoy services such as private car pooling, the *e-sharing* car service with a fleet of electric vehicles for professional use, cleaning and car repairs, yoga classes, pilates and maintenance gymnastics, nutritionist and travel agency.

Employees with life-work balance measures

	2020	2021	2022
Work away from the office	6,180	6,407	5,705
Work-life balance	7,583	7,307	6,086

Employees returning to work and retained following maternity or paternity leave, breakdown by gender

No.

	2020		2021		2022	
	Paternity	Maternity	Paternity	Maternity	Paternity	Maternity
Employees taking leave	237	89	293	75	264	65
Employees who returned to their jobs after taking leave	235	82	291	75	264	65
Employees who returned to work after their leave ended and who remained in their posts for twelve months after returning to work	260	67	237	79	272	66

3.6.2. Engaging with local and global communities



Line of action	2020	2021	2022	2022 target	2023 target	Accumulated 2015-2022	Purpose 2015-2030 ¹
Access to energy (no. beneficiaries)	225,563	245,307	260,278	225,000	225,000	2,375,296	4,100,000
Education (no. beneficiaries)	112,365	87,111	72,869	57,000	57,000	446,430	900,000
Social-economic development (no. beneficiaries)	139,228	273,242	138,262	130,000	130,000	1,063,421	2,100,000
No. of Futur-e projects	5	5	6	6	6	—	—

¹ This target refers to the accumulated total between 2015-2030.

Acciones a destacar

- 1 In 2022, Endesa focused its social action on initiatives for access to energy and social-economic development, since both the social and economic crisis caused by the pandemic, as well as the conflict due to the war in Ukraine and its impact on the energy market, led to high volatility and price escalation that could cause new situations with regard to exclusion.
- 2 Endesa has maintained its commitment to providing humanitarian support during critical social emergencies such as those caused by the La Palma volcano or the crisis in Ukraine.
- 3 In 2022, the 336 social development projects generated more than 1.05 million beneficiaries, demonstrating Endesa's commitment to generating shared value in the area surrounding its assets and projects.

The scope of the information provided in this chapter covers both Endesa, S.A. and its investee companies in Spain and Portugal, the same as in the Legal Documentation reports. The information on social programmes corresponds to activities undertaken by Endesa and its subsidiaries in Spain and Portugal, either directly or through the Founda-

tion. Variations, if any, to the scope described here are presented throughout the chapter.

For further information, see sections 1.1.2.6. *Organisational structure* and 2. *Report boundary* (Appendix I: *Methodology for preparing the report*).

3.6.2.1. Acting under the CSV approach

[203-1](#) [203-2](#) [413-1](#) [413-2](#) [3-3 Approach to managing indirect economic impacts](#) [3-3 Approach to managing local communities](#)

Endesa's commitment to the development of communities is part of the company's *Creating Shared Value* (CSV) Policy, which establishes the general principles and methodology for the implementation of actions that integrate sustainability into the business, with an inclusive approach and leaving no one behind, creating long-term value for all the stakeholders in the area surrounding the assets and projects, in order to minimise environmental risks and impacts and maximise social value and territorial integration while generating value for the company.

Endesa is therefore building an integrated business model where Sustainability enables it to address the issues that shape the roadmap to decarbonisation, with a fairness-oriented approach, to pursue sustainable progress by creat-

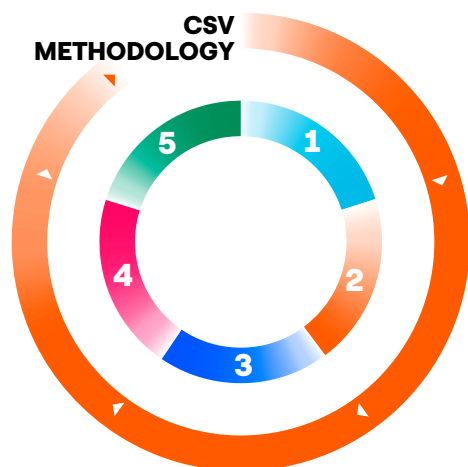
ing cost-effective solutions, solving social needs, fostering mutually beneficial relationships with stakeholders, leaving no one behind, and creating long-term value for all the stakeholders in the area surrounding the assets and projects to contribute to a resilient, fair development that is in full integration with the territory.

The CSV model is based on the following three pillars:

- Making the value chain of the Business Lines sustainable, minimising the use of natural resources and maximising the value created for the local community, while managing social risk.
- Developing sustainable and inclusive products and services, resulting from the social needs of customers and communities.

- Working with the ecosystem of local agents in the area surrounding assets and projects, in a joint search for initiatives to incorporate into assets and projects to achieve maximum value in the surrounding area and its full integration within the territory.

This perspective makes it possible to combine the company's objectives with the priorities of local stakeholders, strengthening local projects and assets through roots and acceptance to enable the long-term sustainability of the business.



- 1 CONTEXT ANALYSIS**
Identification of key factors relating to social-economic and environmental aspects of local communities, paying special attention to potential impacts on Human Rights.
- 2 INVOLVEMENT OF STAKEHOLDERS**
Identification and prioritisation of main stakeholders. Including their needs during the different phases of the value chain.
- 3 ANALYSIS OF RISKS AND OPPORTUNITIES**
Analysis of local priorities. Identification of priority issues for stakeholders and for the company, undertaken using specific tools.
- 4 CSV PLAN**
Definition of an action plan in accordance with the priority issues identified and their impact, using the local network to find solutions and potential partners.
- 5 EXECUTION OF CSV PLAN**
Implementation of the actions defined in the CSV Plan in collaboration with strategic partners where necessary. Monitoring, reporting and highlighting the value.

Since 2016, Endesa has been applying an exhaustive and rigorous accompanying methodology to the Company's assets and projects in all phases of the value chain, based on this CSV approach.

This methodology has five phases, starting with an analysis of the context of the asset or project. This is followed by a dialogue with local stakeholders to show them the asset or project and get feedback on their perceptions and sensitivities. The third phase then consists of an analysis of risks and opportunities. Through a participatory process we move to phase 4, where the CSV plan is prepared jointly with local agents, and whose objective is to maximise the positive impacts that the project or asset can have on the surrounding area, while minimising any negative impact. Finally, in phase 5, the initiatives in the CSV plan are monitored and updated with the required frequency depending on the nature of the actions and changes in the surrounding area.

Since 2016, the CSV model has been applied 368 times (355 in generation and 2 in distribution) across 360 facilities at the company at different stages of the value chain, as well as in two relevant topics (5 in relation to birdlife in distribution and 6 in relation to the Market as regards energy poverty). Of these, during 2022, 127 were implemented, of which 114 corresponded to thermal and renewable generation plants, 7 to facilities and distribution issues and 6 to relevant market issues. The application of the CSV Model at a facility or to a topic is considered equating to the use of at least one CSV tool in this regard.

It should also be pointed out that in the application of the CSV model in 2022, 439 meetings were held with 256 stakeholders, 38% of which were with City Councils and other public institutions, 19% with associations and 14% with local companies. Social agents also have specific channels where they can raise their concerns and where these are addressed, including an ethical channel (confidential) and a sustainability mailbox.

3.6.2.1.1. CSV support for Generation projects

In its Strategic Plan, Endesa has established an increasingly demanding road map towards decarbonisation. The Plan presented in 2022 contains an investment plan designed to accelerate the path towards the zero-emissions target (without using generation compensation tools) by 2040. This involves a change of energy model, with a complete restructuring of the generation mix, which is being undertaken responsibly with local communities seeking full integration with the territory, both in the construction of new renewable installations and in support for the processes of dismantling coal plants in the process of closure.

For further information, see chapter 3.2. *Just energy transition*.

3.6.2.1.1.1. CSV in the construction of new renewable energy plants

Information available in section 3.2.2. *Construction of new projects – Renewable energies* in chapter 3.2. *Just energy transition*.

3.6.2.1.1.2. CSV support for installations in operation

Endesa also provides CSV support in the generation plants that are in operation, within the framework of the implementation of the Sustainable Plant model. This consists of defining an annual catalogue of sustainability measures that is subsequently adapted at the technology level and incorporated into each installation. It combines measures for energy efficiency, biodiversity, reduction of emissions, waste and materials, efficient use of water and care of people. The approach also focusses on reconciliation with and the participation of local communities, to enable the asset to become an integral part of the surrounding area, and to promote local development and a long-term sustainable relationship.

In 2022, as an essential feature of the Sustainable Plant Model, the first campaign was undertaken to calculate the benefits of the practices implemented in 2020-2021 for the Enel Group's entire generation installations. This resulted in highlighting the performance of ENDESA's generation plants, with the award of first place in wind plants, third place in solar plants and first positions in thermal power plants at the installation level.

An *on-site* Human Rights *Due Diligence* pilot test was conducted in two operational installations: The Las Corchas solar plant and the Candelaria thermal power plant, to refine a deployment model for the entire fleet.

- **CSV in renewable operational installations:** In 2022, in addition to continuing with the execution of the CSV processes already implemented, progress was made with the implementation of new processes in 37 plants (7 hydraulic, 19 wind and 11 solar) making a contextual analysis of the area surrounding the plants, establishing contact with local agents, sharing and contrasting the plants' sustainable actions, as well as listing and analysing new initiatives designed to improve the sustainability profile of these installations. This resulted in the implementation of the model in 100% of the renewable generation plants in operation. The following are some of the significant actions taken:

- **Sustainable Tourism Initiative:** Pioneering project designed to identify and develop initiatives in the area surrounding renewable generation assets to promote the social-economic development of the rural areas where they are located.
- **Open plant:** Opening of renewable generation plants to the local community for educational and informative purposes to promote the development of roots.
- **Support for local social-economic activity:** Promotion of initiatives in the area surrounding assets in operation that generate greater economic activity. As an example, the mechanisms for regulating the flow of water flow for special sports activities, as well as enabling and enhancing the cultural heritage of the area to promote tourism.
- **Sharing the land:** Development of agrivoltaic pilot schemes in solar plants to hybridise electricity generation with the primary sector employing sustainable agriculture techniques. The local community is involved in the work of planting, harvesting and the maintenance of crops, under a sustainable development model capable of generating value for the surrounding area and not having to displace its activity.
- **Training in the sector:** In 2022, new initiatives with regard to training in the sector were incorporated, aimed mainly at unemployed people in the area surrounding the installations.
- **Workshops for energy auditors** designed for 15- to 17-year-old schoolchildren with the aim of providing them with the tools they need to be able to make a basic energy audit in their homes and become aware of their energy consumption so as to promote savings.

3.6.2.1.1.3. Support for decarbonisation projects: Futur-e Plans

Information available in section 3.2.1. *Closure of thermal power plants* in chapter 3.2. *Just energy transition*.

3.6.2.1.2. CSV support for Distribution projects

In 2022, the first CSV support pilot scheme was undertaken for a construction project for a primary substation in Las Cabezas de San Juan, in the province of Seville. The analysis included a study of the social, economic and environmental situation, as well as the identification of and contact with the main stakeholders in the municipality to make them aware of the project and jointly assess with them the impacts of it. A number of sustainable construction actions and information campaigns for the local community were launched.

In 2022 CSV also supported other matters of interest to the distributor, including the following:

- Promotion of Dual Vocational Training for medium and low voltage contractors, together with the Ministries of Education in the 6 Autonomous Regions where Endesa distributes energy. The aim is to adapt Vocational Training to the needs of the business, reinforcing the content with regard to occupational safety and promoting local employability. In this first year, almost 470 students from 27 schools participated in the programme, which also included teacher training.
- Strategic Plan for Avifauna, launching in-person interviews for the purpose of analysing the problem of incidents with birds, incorporating the sensitivity of experts into the Plan and obtaining proposals for improvement. More than 20 agents were involved in the analysis, including public administrations, environmental and conservationist associations, research centres, universities and experts, from the 6 Autonomous Regions where we act as a distributor.

3.6.2.1.3. CSV support for Retailers' projects

The aim is to strengthen Endesa's position as a sustainable, supportive and accessible company for its stakeholders, promoting the well-being and development of communities. This involves the promotion of inclusive goods and services for people in vulnerable situations. This resolves social needs while creating cost-effective solutions and opportunities for everyone, leaving no one behind.

- **Endesa Energía and Energía XXI:** In 2022, with the main focus on access to energy (energy poverty and support for diversity), initiatives were developed in three main areas: Training in energy bills, energy efficiency and the social bonus for groups in vulnerable situations; Establishment of agreements with NGOs and public institutions for the interruption of the supply disconnection to vulnerable customers beyond the required by law; and provision of assistance and guidance to Organisations and Associations on energy issues and regulatory developments in the sector. Stronger action was also taken for groups whose personal circumstances make it difficult for them to access the energy market on equal terms (the elderly, disabled persons, immigrants, young people, etc.)
- **Endesa X:** In 2022, the methodology of the *Sustainability Boosting Programme* was applied in a pilot project defined in 2021, with the aim of using innovation, to promote an increase in circularity, social inclusion and the preservation of the environment and biodiversity in our products and services.

3.6.2.2. Response to emergencies

203-2

Endesa's commitment to the communities is reflected not only in the continuous social development actions it undertakes during the exercise of its activities, but also in the provision of solutions that alleviate critical situations resulting from extraordinary events which significantly affect personal well-being, safety and security. In this regard, we should point out two actions taken by the company with regard to humanitarian and environmental crises:

- Collaboration to alleviate the humanitarian crisis resulting from the conflict in Ukraine, for information on this point, see section 1.4.6.1. *Russia-Ukraine conflict*.

- Support for the social and economic recovery of the Island of La Palma (Canary Islands): On 19 September 2021, the Cumbre Vieja volcano on the island of La Palma (Canary Islands) began an eruption that lasted just over 85 days, which wreaked havoc on buildings, farmland, communications and essential infrastructure.

Endesa immediately launched a Contingency Plan with actions to guarantee the supply, alleviate the impact on those affected, ensure the health of people and collaborate with local institutions to minimise the social, environmental and economic impact caused by this natural disaster on the community.

In 2022, some of these were maintained and new ones were activated. As an example, we should point out the following measures taken, all of which were beyond what was required by the law and decrees that introduced special measures for this situation:

- Invoicing was stopped for customers who had to leave their homes: 3,923 customers benefited from this measure, of which 3,311 remained in that situation at the end of 2022. The legal measures only required invoicing to be stopped where homes or supplies had been devastated by the volcano (1,600 customers).
- Voluntary discount of 50% on the electricity tariff for 6 months, for all customers on the island who opted to benefit. 10,120 customers chose to do this.

- Supply cut-offs (due to non-payment, or other regulated causes) so that the electricity contract would not be a problem for anyone in those difficult times.
- Personalised payment plans adapted to each situation were made available to customers: An easy, simple process for bills to be deferred or paid in instalments.
- The opening times in the customer service centres on the island were extended and new in-person offices were opened.
- Air quality measurement equipment was made available to the local community.
- 68,000 litres of liquid urea were donated for use as fertiliser by farmers on La Palma, for more information see section 3.6.2.4.2. *Social and Economic Development Projects* in this chapter.

3.6.2.3. Sustainability projects

203-2

Sustainability projects are initiatives that are promoted, supported, managed and/or subsidised by the Company voluntarily and aligned with the needs of the environment that generate a benefit for the society in which it operates beyond the normal management of the business.

This approach enables a response to the strategic priority of maintaining responsible relations with communities and addressing three critical factors identified in the 2022 materiality survey:

- The role that Endesa can play in society as a key agent for its development, with electricity as an essential element for the maintenance of social well-being and the social-economic development of communities.
- Growing concern for the conservation of the environment: Growing social awareness, implying a paradigm shift in the management of the sector (decarbonisation, distributed generation, sustainable mobility, energy efficiency, circular economy, etc.).
- Concern regarding the high volatility of energy prices that led to a greater need for commitment to the customer and society to minimise its impact.

To meet these challenges, three areas of action were identified:

- Promotion of active listening to social and institutional agents, establishing collaborative alliances and creating shared value that promote local roots and social trust.
- Sustainable management of the social and environmental impacts generated by Endesa's activity, maximising opportunities and minimising risks, by means of

close, honest and responsible collaboration with our stakeholders.

- Implementation of sustainability initiatives and projects aligned with materiality and with the commitments to the UN Sustainable Development Goals made by Endesa, reporting appropriately and rigorously to society on its performance and thus bringing the business closer to citizens.

Endesa's Sustainability projects and initiatives are implemented in the different territories where the Company operates and for each of the Business areas, in addition to the Endesa Foundation. Sustainability projects are projects:

- That support the business, generating value for the local community and for society in general, with a response to the material aspects in the social sphere of stakeholders.
- Focussing specifically on vulnerable groups (vulnerable families, children and young people, elderly, unemployed, people with disabilities, etc.).
- Managed in collaboration with the social representatives of the communities involved in the project, they are sustainable over time and able to replicate the most successful measures taken in other projects and installations.
- With measurable benefits for society and returns for the company and with a systematic, transparent accountability suitably communicated to society.

Regarding the categorisation of the projects implemented, 4 groups of projects with an impact on communities were established.


Sustainability Projects: Categorization of projects/initiatives



3.6.2.4. Detail of the sustainability projects

203-2

3.6.2.4.1. Access to Energy Projects

Commitment 2015-2030	Achievements 2015-2022	ODS partner
Promotion of access to sustainable, affordable and modern energy, benefiting 4.1 million people	2.4 million beneficiaries	

Endesa is committed to the development and well-being of society, and the key to this is being able to access basic goods like energy. In this regard, the company promotes initiatives, in line with its “core business”, that minimise the economic barriers faced by vulnerable groups, offer training and education with regard to energy, ensure access to

technology and infrastructure, promote energy efficiency and raise awareness about its use. In this way Endesa is contributing to Sustainable Development Goal 7, establishing a public commitment of 4.1 million beneficiaries in this type of project for the 2015-2030 period.

In 2022, and according to LBG methodology, Endesa invested nearly Euros 5.2 million in social projects in this area, representing 31% of total investment, with the management of 121 initiatives that benefited more than 260,000 people.

It is worth noting that 17 of these projects were focused at minimising economic barriers preventing access to energy for vulnerable groups, as a result of the commitment to alleviate situations of energy poverty through training, advice and freezing supply cuts for people with payment defaults, beyond the required by law. In 2022, more than 183,000 people benefited from this type of actions.

Also, in the category of “Access to energy”, we promote initiatives such as employability and job creation in the energy sector: the subcategory “Training and training in the field of energy” includes courses, internships and creation


of professional opportunities for unemployed people. In 2022, more than Euros 1.4 million were invested in 31 projects of this type that benefited almost 4,000 people.

Some of the most important projects include the following:

Access to energy projects

Subcategory	Project	Description	2022 Results	Scope	Project partners
Minimisation of economic barriers	Stopping supply cut-offs due to payment defaults	Freezing supply cuts, beyond the required by law, to customers in a vulnerable situation with payment defaults and protected by public institutions and NGOs. The cut-off is delayed for an additional 60 days to that required by the regulations.	41,243 beneficiaries	Andalusia, Aragón, Balearic Islands, Catalonia, Canary Islands and other regions	Public institutions and NGOs
	Training in efficient energy consumption habits and invoice optimisation	Training courses aimed at the employees of social entities addressing topics including savings and energy efficiency measures, the new Social Bonus, the optimisation of electricity bills, in order to improve the performance of participants in terms of the advice and support offered to vulnerable families.	416 institutions 106,165 people in energy poverty received support Course rating: 4.4/5	Andalusia, Aragón, Balearic Islands, Canary Islands, Catalonia, Castile-León, Extremadura, Galicia, Madrid and other regions	ACA EAPN-ES
Employability and job creation in the sector	Training in operation and maintenance of renewable energy plants	The CSV plans of new renewable energy plants include courses on renewable energies focused on the operation and maintenance of solar plants and wind farms. It aims to promote employability in a sector of high local growth.	249 people received training	Andalusia (Carmona and Teba), Aragón (Villar de los Navarros), Balearic Islands (Alcudia and Llucmajor), Canary Islands (Tenerife), Castile-La Mancha (Campillo de Altobuey), Castile-León (Cubillos del Sil) and Extremadura (Lobón)	Town Councils of Fregenal de la Sierra, Bodonal de la Sierra, Merida and Almendralejo.
	Training in the installation of solar panels for unemployed people	The CSV plans of renewable energy plants under construction, include theoretical and technical training in the installation of solar panels to unemployed people from the local community. It aims to promote the employability of these students, adapting the training to the requirements needed by the contractors for the incorporation of personnel.	384 people received training	Seville, Fregenal de la Sierra, Bodonal de la Sierra, Merida and Almendralejo.	Town Councils of Seville, Fregenal de la Sierra, Bodonal de la Sierra, Merida and Almendralejo.
	Dual vocational training in low- and medium-voltage distribution networks	Pioneering project that aims to promote the employability of young people in the operation and maintenance of electricity distribution networks. Students will do internships at Endesa's contractor companies.	467 people in training	Andalusia, Aragón, Balearic Islands, Canary Islands, Catalonia and Extremadura	Ministries of education of Andalusia, Aragón, Balearic Islands, Canary Islands, Catalonia and Extremadura. 26 institutes in 20 cities.

3.6.2.4.2. Social and economic development projects

Commitment 2015–2030	Achievements 2015–2022	ODS partner
Promotion of employment and sustainable, inclusive and sustained economic development for 2.1 million beneficiaries	1.1 million beneficiaries	

Endesa is committed to the social-economic development of the communities in which it is present, promoting initiatives that boost its progress through the support, generation and creation of local economic fabric and programmes that promote employability and job creation. In this way Endesa is contributing to Sustainable Development Goal 8, establishing a public commitment of 2.1 million beneficiaries in this type of project for the 2015–2030 period.

This includes non-energy projects that support the creation of employment, the development of infrastructure, the transfer of skills and training and support for local business activities.

In 2022, the company invested more than Euros 2.3 million according to LBG methodology in this type of initiative, which accounts for 14% of its social investment, organising 84 actions which helped more than 138,000 people. There was a decrease compared to the previous year (273,000 beneficiaries) since in 2021 there were 80,000 beneficiaries from the second phase of the Endesa Public Responsibility Plan for COVID-19, undertaken on an extraordinary basis in response to the social impact of the pandemic.

14% of Endesa's social investment in Spain and Portugal according to the LBG methodology, was allocated to social-economic development projects.

The following are some of the most significant initiatives:


Social and economic development projects

Subcategory	Project	Description	2022 Results	Scope	Project partners
Employability	Training for employment in Candelaria	It lies within the framework of the CSV Plan for the plant and its objective is to improve the professional qualification of both unemployed people and workers registered in the municipality, in aspects necessary to be able to do jobs that require specific qualifications. Following an analysis of the needs of the labour market, courses are being given on subjects including the following: occupational hazards, demolition work, operating forklifts and platform lifts and for bridge crane operators.	25 beneficiaries are taking part. This total is expected to reach 50 by 2023.	CT Candelaria (Tenerife)	Candelaria Town Council
	Collaboration with "Full Inclusion Ceuta"	Improvement of the integration of people with intellectual disabilities, promoting their training and employment through training practices at the Ceuta plant.	21 people with intellectual disabilities	CT Ceuta	Full Inclusion Ceuta
	Savia	An initiative organised by the Endesa Foundation that seeks to help the more than one million people aged over 50 in unemployment in Spain, helping to create a movement of change to recognise talent almost older generations, creating new professional opportunities and providing a meeting space and innovation to develop initiatives that increase the employability of these individuals. At the same time, it puts the experience of these professionals to the service of the business community (start-ups, SMEs, NGOs, training centres, etc.) to help strengthen their organisations.	39,181 people benefitting from these activities.	General Spain	Mashumano Foundation

Social and economic development projects

Subcategory	Project	Description	2022 Results	Scope	Project partners
Support for business activities in the community	Transfer of urea to farmers on La Palma	Transfer of disused liquid urea (68,000 litres), from the Barranco de Tirajana and Granadilla power plants in the Canary Islands to farmers in La Palma to meet agricultural needs as a result of the eruption of the Cumbre Vieja volcano.	Estimated 850 farmers	La Palma (Canary Islands)	Canary Island Explosives
	Assignment for use of company assets	In 2022, ENDESA assigned the use of several of the company's assets and facilities to local councils and other social institutions, with a view to promoting the social and economic development of communities, promoting tourist activity in the area and revitalising the local economy. Examples of this include the transfer of historical elements relating to the Andorra thermal power plant to the Mining Museum (locomotive, freight wagon, rotor, turbine, installation models, laboratory material, etc.); the transfer of land to the Town Council of Otura (Granada) for the extension of bike lanes for recreational and sports use and authorisation for a local association to undertake organic beekeeping on company land in Riba-Roja de Ebro (Tarragona)	More than 21,000 local beneficiaries	Rural towns in Spain (O Bolo, Susqueda, Osor, Sant Hilari, Pont de Suert, Cortes de la Frontera, Alcalá del Río, As Pontes, Riba-Roja de Ebro, Otura, Andorra, O Barco, Herrera de los Navarros, A Capella and Camarasa, etc.)	The town councils of O Bolo, A Veiga, Susqueda, Osor, Sant Hilari, Pont de Suert, Cortes de la Frontera, Alcalá del Río, As Pontes, Riba-Roja de Ebro, Otura, Andorra, O Barco, Herrera de los Navarros, A Capella and Camarasa; Diputación de Orense, Comarcas de Ribagorza and Andorra-Sierra de Arcos and Asociaciones de Riba-Roja de Ebro, Almatret y A Neboa; Club Fluvial el Barco; Patrimonio Ferroviario Foundation; Andorra Mining Museum, as well as local farmers and livestock breeders.

3.6.2.4.3. Education Projects

Achievements 2015-2030	Achievements 2015-2022	ODS partner
Support for the education of 0.9 million beneficiaries through different educational projects	0.5 million beneficiaries	

Endesa is committed to promoting access to inclusive and quality education, through support for training activ-

ities that involve students, families, schools and universities, and the promotion of academic training, in general, not related to energy. In this way Endesa is contributing to Sustainable Development Goal 4, establishing a public commitment of 0.9 million beneficiaries in this type of project for the period 2015-2030.

In 2022, in line with the LBG methodology, the company invested more than Euro 1.8 million in this type of project, which accounts for 11% of its social investment, organising 36 actions which helped more than 73,000 people.

In the educational field, multiple initiatives were developed, featuring the following:

Education projects

Project	Description	2022 Results	Scope	Volunteer programmes	Project partners
Ella te cuenta	Initiative aimed at students aged 12 to 16, with the objective of promoting vocations in science, technology, engineering and mathematics (STEM) in female students. Endesa organised webinars for employees with a career in technology and engineering, with first-hand explanations regarding what led them to choose a STEM career to inspire girls to study for these careers.	1,559 students	Madrid and Andalusia	23 volunteers; 62 hours during business hours	Fundación Universidad Empresa (FUE)
Don Bosco National Award for Innovation and Technological Research	Collaboration for the promotion of technological innovation and research among young secondary-school students, Vocational Training and First-Cycle University Degree students.	92 students	General Spain		Salesianos Zaragoza School
RetoTech ENDESA Foundation	Endesa Foundation technological challenge to impart training to teachers and students from 225 education centres with regard to technological entrepreneurship, reinforcing knowledge in creative technology through programming and robotics.	13,020 students and 868 teachers benefitted	Madrid, Aragón, Balearic Islands, Andalusia, Extremadura, Catalonia and Canary Islands		Ministries of Education of the Autonomous Regions of Madrid, Aragón, Balearic Islands, Andalusia, Extremadura, Catalonia and the Canary Islands
Donation of materials to support education	Donation of 45 unused computers to educational centres and foundations to favour the minimisation of the digital divide.	877 beneficiaries	Aragón, Canary Islands and Madrid		La Caridad Foundation; CEIP Pedro Lezcano; Madrid Futuro, Balia Foundation; Parish of San Juan de Dios in Vallecas
	Donation of laboratory equipment and furniture from the plants under closure to institutes, foundations and universities	2,230 beneficiaries	Cubillos del Sil (Castile-León) and Carboneras (Andalusia)		CEIP Federico García Lorca; IES Juan Goytisolo (Carboneras); IES Fuentes Nuevas (Castilla y León); University of León, University of Almería and Santa Bárbara Foundation

In 2022, economic investment in the education projects of both Endesa and the Endesa Foundation amounted to about Euros

1.8 million,
according to LBG methodology,
with about 73,000 beneficiaries.

3.6.2.4.4. Projects to Support Local Communities

Endesa supports local communities through various types of projects aimed at improving the well-being of individuals and communities, maintaining their cultural identity, preserve their heritage, improving the environment and local biodiversity, promoting sport, encouraging healthy habits and meeting basic needs.

As part of these actions, Endesa makes use of its knowledge and awareness of the circumstances in each location and collaborates with the main social organisations in the area in which it operates, supported by its regional units. Investment in this line of action involved 44% of the

budget according to LBG, which corresponds to more than Euros 7.5 million, 95 projects managed (compared to 78 in 2021) and more than 583,000 beneficiaries (compared to 556,000 in 2021).

More than Euros
7.5 million

allocated to projects to support local communities, featuring the nearly Euros 4.2 million according to LBG, which were allocated to initiatives to protect the environment and biodiversity.

3.6.2.4.4.1. Projects to support the family and social services

In 2022, Endesa undertook twenty actions aimed at alleviating critical situations for families and people at risk of exclusion. This involved an investment of about Euros 336,000 according to LBG methodology, distributed between 20 initiatives and with more than 30,000 beneficiaries. The following deserve special mention:

Projects to support the family and social services

Project	Description	2022 Results	Scope	Volunteer programmes	Project partners
Endesa x Ukraine	Endesa Foundation Volunteer initiative for the collection and donation of basic necessities (sanitary and hygiene products and non-perishable food) for shipment to Ukraine and neighbouring countries	Collection of 188 boxes with 4,930 products including medical material, medicines and hygienic material, amounting to more than 2,000 kg.	Andalusia, Aragón, Catalonia and Madrid	91 volunteers; 91 hours during business hours	Volunteering and Strategy, Red Voluntary
Nazaret Foundation	Support for a project which aims to support children from vulnerable families who cannot cover the basic needs of their children.	67 children and adolescents	Balearic Islands		Nazaret Foundation
GEA project	Development of a Social Innovation project with ENDESA Customers where they can contribute with "geas points" to different social initiatives that are translated into investment of the company to them. One of the partners is the I!Help Foundation, which provides support to people in vulnerable situations.	Approximately 520 beneficiaries	Spain		I!Help Foundation

3.6.2.4.4.2. Culture promotion projects

In 2022, Endesa maintained its support for culture, collaborating in initiatives such as the Teatro Real, Amigos del Museo del Prado and the Palau de la Música Catalana. It also collaborated in the "El Jardín de las Delicias" festival and the "Endesa El Jardín de las Delicias Tour", with the aim of bringing the world of music closer to citizens.

3.6.2.4.4.3. Projects to promote health and safety

In 2022, nearly Euros 340,000 were invested in projects of this type according to LBG methodology (compared to Euros 279,000 in 2021) with 16 initiatives that benefited about 15,300 people.

The most outstanding actions were the following:

Projects to promote health and safety

Project	Description	2021 Results	Scope	Project partners
Hepatocellular carcinoma research	Support for the Cima Hepatology programme that prioritises research into diseases that affect the metabolism and contribute to the development of hepatic tumours.	Estimated >1,000 beneficiaries	General	Foundation for Applied Medical Research
Psychological intervention programme on pandemic fatigue for health personnel.	The objective of this programme is to alleviate the pandemic fatigue of Spanish health workers, who have been on the front line of care for COVID-19 patients, reducing stress and turning it into resilience.	Estimated >120 beneficiaries	General Spain	Humanae Foundation
Donation of defibrillators	Donation of defibrillators to social entities in the area surrounding renewable plants	Estimated 800 beneficiaries	Huelva and Badajoz	Town Councils of Huelva and Almendralejo, Old People's Home, Santa Marina Neighbourhood Association and Carolina de Almendralejo Theatre.

3.6.2.4.4. Projects to protect the environment and biodiversity

This category consists of projects that voluntarily enhance the dissemination, conservation, research, recycling, regeneration and improvement of the environment in general and

of biodiversity in particular for the conservation and improvement of community environment. For further information, go to chapter 3.5.5. *Conservation of biodiversity*.

In 2022, Endesa managed 44 initiatives to which nearly Euros 4.2 million were assigned, according to LBG methodology. The following deserve special mention:

Projects to protect the environment and biodiversity

Subcategory	Project ¹	Description	2022 Results	Scope	Project partners
Research and dissemination of programmes on the Environment and Biodiversity	Extension of the study of the colonies of shearwaters	Extension of the study of the colonies of shearwaters, a species of protected avifauna which is found in the area surrounding our installations.	Conducting a nest identification campaign that complements the one completed in 2014. Identification of flight paths by means of the following: Monitoring GPS tagged individuals and tracking individuals by radar. Preparing a final report with conclusions.	La Palma (Canary Islands)	Inter Island Council of La Palma
	Support for the creation of a feeder for vultures	The project consists of contributing to increase the food available for vultures in the region of Ávila.	Reduction in the number of incidents involving vultures colliding with power grids	Ávila	Azalvaro Collective
Protection of birds and other species	Measures to conserve the population of ospreys (<i>Pandion haliaetus</i>) reintroduced to Cádiz.	Installation of nesting platforms and perches to increase the number of breeding pairs of ospreys. The project includes actions to raise awareness and provide information for students, local players and the general public. As a result of the project, there will also be technical courses (designed for university students and other professionals) on the management and conservation of birds of prey.	Consolidation of the population of an endangered species by using abandoned electrical towers to install nesting platforms and perches.	Bay of Cádiz Zone and water reservoirs in the surrounding area	Migres Foundation
Regeneration of natural areas	Bosque Endesa	Reforestation in areas recently damaged by fire with native and resilient species using direct seeding and planting techniques.	Recovery of natural capital that provides ecosystem services. At the beginning of the project, local staff are also employed (unemployed young people, women, people over 45 years of age and those at risk of social exclusion).	Doñana (Andalusia), Teruel, La Alalaya (Madrid) and Palma de Mallorca (Balearic Islands)	Sylvestris Group; Elecnor (Audeca)

¹ For more information see section 3.5.5.3. *Environmental restoration* in chapter 3.5. *Nature*.

3.6.2.4.5. Corporate Volunteer Programme

With a commitment to corporate volunteering, Endesa employees are collaborating in numerous projects to promote social development in communities.

In 2022, there was an increase in Corporate Volunteering in the company, mostly managed through the Endesa Foundation, increasing both activities (43% more) and the number of volunteers (almost triple those in 2021). In total,

there were 30 volunteering projects, involving 1,939 volunteers during business hours and 91 out of hours. This makes a total of 2,030 volunteers. More than 15,000 hours were contributed by the volunteers during working hours and 296 hours by volunteers who collaborated in their free time.

In 2022, as a result of the initiatives in which Endesa volunteers participated, a total of more than 23,400 people benefitted.

As an example, the following deserve special mention:

Corporate volunteering projects

Category	Project	Description	2022 Results	Volunteer programmes	Scope	Project partners
Access to energy	Energy auditor workshop for schoolchildren	Playful training for secondary school students to make them aware of individual responsibility with regard to energy consumption, knowledge of the electricity bill and measures to reduce the consumption and cost of electricity.	57 students participated in training	5 volunteers; 15 hours during business hours	Mahón (Balearic Islands) and Madrid	IES Joan Ramis i Ramis, IES Pascual Calbó; IES Madrid (CONAMA)
Social-economic development	Changing lives	An Endesa Foundation programme whose objective is to improve the employability of people at risk of exclusion, providing them with the necessary tools to integrate into the world of employment. Part of this training is given at reinforcement schools, where those providing the training are Endesa employees.	900 people received training	68 volunteers from Endesa 292 hours during working hours	Barcelona, Madrid, Seville, Zaragoza and Mallorca	Fundación Integra
Education	SDGs at school	This dynamic and attractive educational proposal by the Endesa Foundation seeks to share the SDGs and the 2030 Agenda with schools and in particular primary school children, with a view to promoting social participation and active citizenship.	1,350 children received training	21 volunteers from Endesa 122 hours during working hours	Andalusia, Aragón, Canary and Balearic Islands, Catalonia	COMPANIES4SDGs
Support for local communities	EcoChallenge'22	Environmental programme for the recovery of 8 ecosystems by undertaking waste cleaning tasks	Estimated >2,700 local beneficiaries	113 volunteers from Endesa 633 hours during working hours	Madrid, Zaragoza, Barcelona, Seville, Palma, Las Palmas, Coruña, Málaga	GN Environment National Association

3.6.2.5. Quantification of social investment in the community

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For the fourteenth consecutive year, the report on Endesa's social action was presented according to the LBG methodology. Endesa has been a member of the London Benchmarking Group (LBG) Spain working group since 2008. This methodology enables the company's social development investment in the society to be measured, managed and evaluated

and its contributions, achievements and impacts disseminated.

In 2022, and according to the LBG methodology, Endesa contributed Euros 16.9 million in social investment to the communities in the areas where it operates, 14.8 million of which were monetary or in-kind contributions.

Endesa's investments in social development projects in 2022¹

Thousands of euros

	Money	In kind	Time spent	Administrative expenses	Total
Transversal areas and territorial centres	7,324	0	575	635	8,534
Business Areas	7,370	135	4	882	8,391
Total Iberia	14,694	135	580	1,517	16,925

¹ Includes budget allocation made from the transversal areas to the Endesa Foundation.

Investment in social development projects (LBG methodology)¹

	2020	2021	2022
Transversal areas and territorial centres	96%	55%	50%
Business Areas	4%	45%	50%

¹ Includes budget allocation made from the transversal areas to the Endesa Foundation.

Endesa continues to develop the approach of optimising and improving management, drawing on the synergies, involving employees and minimising accessory costs. In this regard, administrative expenses refer almost exclusively to the contribution of time spent by the company's staff in the management of projects. This is due to the consolidation of teleworking in part of the day, so the remaining general costs associated with the work done by employees in offices remain low. With the Euros 16.9 million contributed, according to the LBG methodology, 336 projects were undertaken, benefiting more than 1 million people (1.16 million in 2021). The level of investment in the social sphere for 2022, considering only financial contributions and contribution in kind, represented 0.6% of the net profit of the continuing activities attributable to Endesa's shareholders.

Contribution to social development projects by category (LBG methodology)

	2020	2021	2022
Education	14%	15%	13%
Health	26%	3%	2%
Economic development	30%	25%	26%
Environment	1%	29%	25%
Art and culture	3%	10%	9%
Social welfare	10%	18%	25%
Humanitarian aid	16%	0%	0%
Other	0%	0%	0%

Contribution to social development projects by type of contribution (LBG methodology)

	2020	2021	2022
One-off contribution	77%	0%	0%
Social investment	11%	53%	48%
Initiative aligned with the business	12%	47%	52%

Regarding the nature of the projects, the LBG methodology distinguishes between: Social investment initiatives, which consist of projects on strategic issues of the company with long-term commitment and initiatives aligned with the business, which seek to promote business interests through support for social causes.

In 2022, a balance was maintained between both categories, with Euros 8.1 million of social investment and 8.8 million in initiatives in line with the business, which in turn reflects the long-term strategic commitment to the communities where it operates under the approach of creating shared value between the company and the local community. Investment in one-off contributions is minimal and in response to specific issues.

Looking at the internal classification of projects (explained in the previous section), the distribution of investment according to the LBG methodology was as follows:

LBG total contribution: money + in kind + time + management costs

	2020	2021	2022
Access to energy	7%	18%	31%
Social-economic development	29%	19%	14%
Education	13%	13%	11%
Support for local communities	50%	50%	44%
TOTAL (millions of euros)	33.7	13.7	16.9

The percentage of investment in energy access projects increased compared to the previous year since there was a high degree of volatility in the energy market that resulted in the company focussing its efforts on minimising this impact, especially with regard to the most vulnerable families. Finally, in 2022 there was no physical displacement of people from local communities as a result of the company's activities.

3.6.2.5.1. Achievements, impacts and returns

203-2 413-2

In 2022, the implementation and development of the methodology that enables the achievements, impacts and returns of social development projects in the communities to be rigorously estimated was maintained. For this, a tool defined under the LBG framework is used, as a result of ENDESA's participation in the LBG Spain working group, the objective of which is to establish the premises, criteria and variables to be able to estimate said information.

Progress was also made in the application of the system for measuring impacts and returns of projects at a quantitative level, through indicators that allow the benefit to society to be monetised (SROI method) along with the possible return for the company (own method).

3.6.2.5.1.1. Achievements

These are the quantified or estimated result obtained from an investment made through a social development project, in a certain period of time.

More than
1.05 million
beneficiaries in the 336 social development projects managed in 2022.

Number of beneficiaries: In 2022, it was estimated that there were a total of 1,054,452 direct beneficiaries from the 336 social development projects undertaken by Endesa. This represents a slight decrease compared to the previous year (1,161,670 beneficiaries in 2021), since last year they were still completing the second phase of the extraordinary actions undertaken in the Endesa Public Responsibility Plan in response to COVID-19.

Type of beneficiaries from the projects

%	2020	2021	2022
People in a vulnerable situation/unemployed	14	21	18
People with disabilities/health problems/users of medical services	38	6,5	1
Children and adolescents	0.2	1	2
Elderly people	1	3	4
Students	5	10,5	9
Women	7	13	14
Entrepreneurs/companies/SMEs	1	5	2
Local community	11	37	39
Society at large	7	3	11
Health personnel/Law enforcement agents	15	0	0

In 2022, 39% of these corresponded to local communities, the result of the company's commitment to the creation of value in the area surrounding its assets and projects. Next, with 19% are the people in vulnerable situation (mostly corresponding to beneficiaries of energy access projects focused on energy poverty) and unemployed people (25% of the projects have been aimed at socio-economic development with a focus on job creation). Finally, it should be pointed out that the 8% increase in initiatives aimed at society in general, refer mainly to cultural activities that were resumed once the lockdown due to COVID-19 was lifted.

Number of collaborators: In 2022, 94% of the social initiatives were managed through strategic alliances with public and private organisations, a sign of Endesa's commitment to contributing to projects and establishing relations of a lasting nature. It collaborated with a total of 1,145 public and private institutions to develop the 336 projects that were undertaken in the social field. 67% were primary and secondary schools, 11% public institutions and 8% NGOs and foundations of a social nature, as well as social and environmental platforms.

Type of institutions with which it collaborated

%	2020	2021	2022
Social and environmental platforms	1	2	8
Cultural entities	0.2	1.5	3
Local businesses	0.3	0.3	2
Public institutions	15	4	11
Primary and secondary schools	70	83	67
Universities	1	1	1
NGO/Social Foundation	10	8	8
Other	0.4	0.2	0
Health institutions/law enforcement agents	3	—	0

Amount of third-party contributions: Considering the multiplier effect, as an additional result of Endesa's social projects, other agents contributed with resources to the company's projects for a total amount of €223,018. Contributions from external collaborators represented 72% and contributions from Endesa employees 28%.

3.6.2.5.1.2. Impacts

These are an estimate of how the initiative influenced the reality of the agents involved.

On the beneficiaries: As a result of the extraordinary actions in the second phase of the Public Responsibility Plan against COVID-19, more than 220,000 people (325,000 people in 2021) were able to make a positive, significant transformation in their lives as a result of the initiatives. A total of 46% (43% in 2021) were able to make an improvement and 33% (29% in 2021) were sensitised as a result of the projects.

Benefits obtained for the beneficiaries as a result of the projects

%	2020	2021	2022
They achieved a transformation as a result of the initiative	40	28	21
They made an improvement as a result of the initiative	41	43	46
Their awareness was raised as a result of the initiative	19	29	33

For the collaborators: It is estimated that the benefits obtained by the 1,145 institutions with which Endesa collaborated in 2022, for the management of the social projects that were undertaken, translated in 96% of the case into an improvement of its services or an increase in their capacities, in 81% in an extension of the scope of their activities and in 60% in an increase in their recognition. 42% of institutions reached these three results simultaneously.

Benefits obtained for the collaborators as a result of the projects

%			
	2020	2021	2022
Their services or capabilities improved	99	99	96
They improved their management systems	33	44	53
They expanded the scope of their actions	64	71	81
They increased their ability to employ staff or volunteers	3	4	11
They increased their recognition	59	75	60

On the environment: The types and level of positive impacts on the environment and biodiversity were assessed in the 44 social development projects that addressed this issue. The highest impact occurred in projects for the regeneration of the environment in specific areas, as well as biodiversity conservation actions, with a special focus on endangered species. Likewise, the medium and high impacts have been maintained in the rest of the projects, both for the expansion of knowledge and educational and scientific dissemination, as well as for awareness on environmental issues compared to recent years.

Estimate of the type and level of impacts of the environmental and biodiversity projects

%				
		2020	2021	2022
Regeneration of the Environment and Biodiversity	High Impact	80	80	78
	Medium Impact	15	6	16
	Low Impact	5	14	6
Increase of knowledge and dissemination	High Impact	40	56	53
	Medium Impact	60	39	41
	Low Impact	0	6	6
Awareness on environmental issues	High Impact	44	42	57
	Medium Impact	33	33	14
	Low Impact	22	25	29

3.6.2.5.1.3. Returns

Returns are the benefits that the company can receive from the management of social projects, beyond the social licence.

It is estimated, according to the methodology agreed by the LBG Spain working group, that there were 774 positive returns in the company as a result of the 336 social pro-

jects undertaken in 2022. These returns had the greatest impact on the improvement of relationships with and perceptions of stakeholders (42%) and, secondly, on the generation of operational improvements (25%). Only the first of these two returns matches the two main estimates in 2020 and 2021. The increase in the return on operational improvements was due to advances in the application of the shared value creation model.

Estimation of return on social development projects

		2020	Total 2020	2021	Total 2021	2022	Total 2022
Generation of benefits in human resources	High	43		35		43	
	Medium	16	8%	1	6%	8	7%
	Low	4		1		5	
Improved relationships with and perceptions of stakeholders	High	231		175		78	
	Medium	33	40%	31	39%	147	42%
	Low	43		39		103	
Generating business	High	1		17		17	
	Medium	21	7%	9	8%	5	4%
	Low	32		25		7	
Provided operational improvements	High	16		38		41	
	Medium	32	8%	59	18%	69	25%
	Low	11		16		84	
Generated an increase in brand recognition	High	154		101		50	
	Medium	56	36%	46	29%	66	22%
	Low	67		31		51	

3.6.3. Fostering a responsible supply chain



Line of action	2020	2021	2022	2022-2024 target	2023-2025 Sustainability Plan (PES)	
					2023 target	2025 target
Verification of environmental, human rights aspects and security aspects in the supplier qualification process (% qualified suppliers)	100%	100%	100%	100% during the 2022-2024 period	100%	100%
Contracts that include the K for sustainability (% of the total)	83%	93%	99%	90%	98%	98%
Tenders covered with mandatory sustainability requirements (% of total tenders)	—	17%	0%	17%	17%	35%
Carbon-footprint certified suppliers (% of tenders with ISO CFP or EDP out of total tenders)	—	9%	66%	27%	67%	69%
Promotion of the qualification system: Volume of purchases made from qualified suppliers (% of the total) ¹	—	94.3%	95%	95%	95%	96%
Legal/occupational and health and safety audits on contractors (% contractor companies evaluated)	8.80%	16%	12%	13%	12%	13%

¹ Qualified suppliers in the family subject to recruitment.

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During 2022, sustainability indicators (certifications, health and safety, social aspects, circular economy, environment) have been incorporated, with an approximate impact of Euros 3,650 million (99% of the amount tendered).

2

In 2022, contracts were signed with 393 suppliers (310 local and 83 foreign) whose contracted amount individually exceeds a total of Euros 1 million.

The scope of the information provided in this chapter covers both Endesa, S.A. and its investee companies in Spain and Portugal, the same as in the Legal Documentation reports. For further information, see sections 1.1.2.6. *Organi-*

sational structure and 2. *Report boundary* (Appendix I: *Methodology for preparing the report*). Possible variations on the scope described here are presented throughout the chapter, where appropriate.

3.6.3.1. Responsible supply chain

3.6.3.1.1. The supply chain in figures

2-6 2-8 414-1

A sustainable supply chain is an essential element in achieving the goals of decarbonisation and electrification. Endesa structures its procurement processes around pre-contractual and contractual conduct based on mutual loyalty, transparency and cooperation. The performance of suppliers, in addition to guaranteeing the necessary quality standards, should be accompa-

nied by a commitment to adopt best practices in the field of human rights and working conditions, occupational health and safety and environmental responsibility. The Code of Ethics, the Zero Tolerance Plan Against Corruption, the Human Rights Policy, the Organisation and Management Model in accordance with Italian Legislative Decree 231/01 and the United Nations Global Pact provide a framework for Endesa's procurement activities, as well as constituting a guide and a code of conduct for suppliers.

Number of Endesa suppliers

Number of Suppliers			Value of purchases from suppliers (millions of euros)		
2020	2021	2022	2020	2021	2022
4,867	3,646	4,124	2,176	3,242	4,139

Value of purchases from main suppliers

Purchases from major suppliers	2020	2021	2022
Purchases from the 15 largest suppliers (millions of euros)	861.8	1,268.0	1,494.6
Purchases from the 15 largest suppliers (% of total)	39.6%	39.1%	36.1%
Purchases from the 50 largest suppliers (millions of euros)	1,259.3	1,875.0	2,388.3
Purchases from the 50 largest suppliers (% of total)	57.9%	57.8%	57.7%

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The number of days worked by contractors or subcontractors involved in construction, operation and maintenance

activities in 2022 amounted to 4,124,223, a decrease of 5.95% compared to 2021. The total number of hours worked by contractors in 2022 amounted to 41,357,055.

3.6.3.1.2. Commitment to local suppliers

2-6 204-1

The core principle of Endesa's activity in the countries and territories in which it operates is the creation of value for local suppliers, making it possible to generate value for society in the places where it operates. In line with its commitment to local suppliers, 81% of the amount contracted in 2022, Euros 3,345 million, was to these suppliers, understood to be those incorporated in Spain and Portugal.

As far as contracts relating to maintenance services in the Production Centres are concerned, specific contractual clauses are included, whereby the contractor commits to employing technicians and workers from the local area, pursuant to current laws and the provisions of the competent authorities, in addition to strictly necessary transfer personnel and in compliance with the required specialisations.

Purchases in 2022 from local and foreign suppliers with contracts worth more than 1 million euros

Classification	Suppliers (No.)			Value of purchases from suppliers with a current contract (Millions of Euros)			Total purchases made from local/foreign suppliers (%)		
	2020	2021	2022	2020	2021	2022	2020	2021	2022
Local	230	269	310	1.615	2.220	2.813	74	69	68
Foreign	40	48	83	238	714	748	13	22	18

3.6.3.1.3. Communication Channels in the supply chain

3-3 Management Approach Procurement Practices 2-29

A key element of Endesa's chain of value is its supply chain. This is why continuous communication with its suppliers is essential. This communication makes it possible to generate more lasting relationships based on trust and on transparency. To this end, Endesa has different transparent and concise communication channels in place.

This starts with the Supplier Rating process, where economic, legal, environmental, social and ethical aspects that the supplier must comply with in order to be part of Endesa's supplier database are evaluated, with a specialist team offering support to suppliers throughout the process.

This communication between the company and its suppliers continues during the corresponding bidding and purchasing processes through the "WeBUY" procurement system, which is used to relay commercial and technical needs, receive bids and resolve all aspects relating to procurement processes.

Finally, Endesa is in constant communication with its suppliers for the entire duration of the corresponding contracts, evaluating their performance, as well as aspects relating to safety and sustainability.

Furthermore, Endesa provides all its stakeholders, including suppliers and subcontractors, with a Whistleblowing Channel for them to report, in a secure and anonymous way, any irregular, unethical or inappropriate conduct related to issues including but not limited to conflicts of interest and corruption, discrimination, diversion of products or commercial opportunities, falsification of contracts, reports or records, forced labour, fraud, inappropriate supplier or contractual activities and/or retaliation, which may occur as part of the performance of the company's activities.

The platform on which this channel operates is managed by an external and independent company, which deals with all complaints and communications to ensure total security and confidentiality. Reports are investigated and managed by Internal Audit, using a method that ensures they are treated consistently.

Information on ethical conduct, and the method for accessing the Whistleblowing Channel, are available on Endesa's website³². For further information, see section 3.7.2.2.5. *Whistleblowing Channel*.

3.6.3.2. Comprehensive procurement process

3-3 Management Approach Procurement Practices | 2-6

With a view to promoting responsible management in the supply chain, Endesa has a comprehensive procurement process in place, which starts with the planning of needs by the different business lines. It requires a rating for all suppliers (assessing compliance with economic, legal, environmental, social and ethical aspects), not just of suppliers to it intends to engage, but also those invited to participate tenders.

Ratifying Endesa's commitment to sustainable best practices and extending them to its entire chain of value, all contracts with suppliers include specific clauses in their General Terms and Conditions on the commitment of counterparties to human rights, personal safety, the environment and corruption.

In this regard, Endesa is in continuous dialogue with its suppliers, identifying opportunities for improvement, which require the implementation of action plans by suppliers to remain as one of Endesa's suppliers. These plans include actions aimed at improving environmental performance in the provision of the service, guaranteeing strict

compliance and respect for human rights or implementing management systems for the safety of its workers with the utmost rigour and excellence.

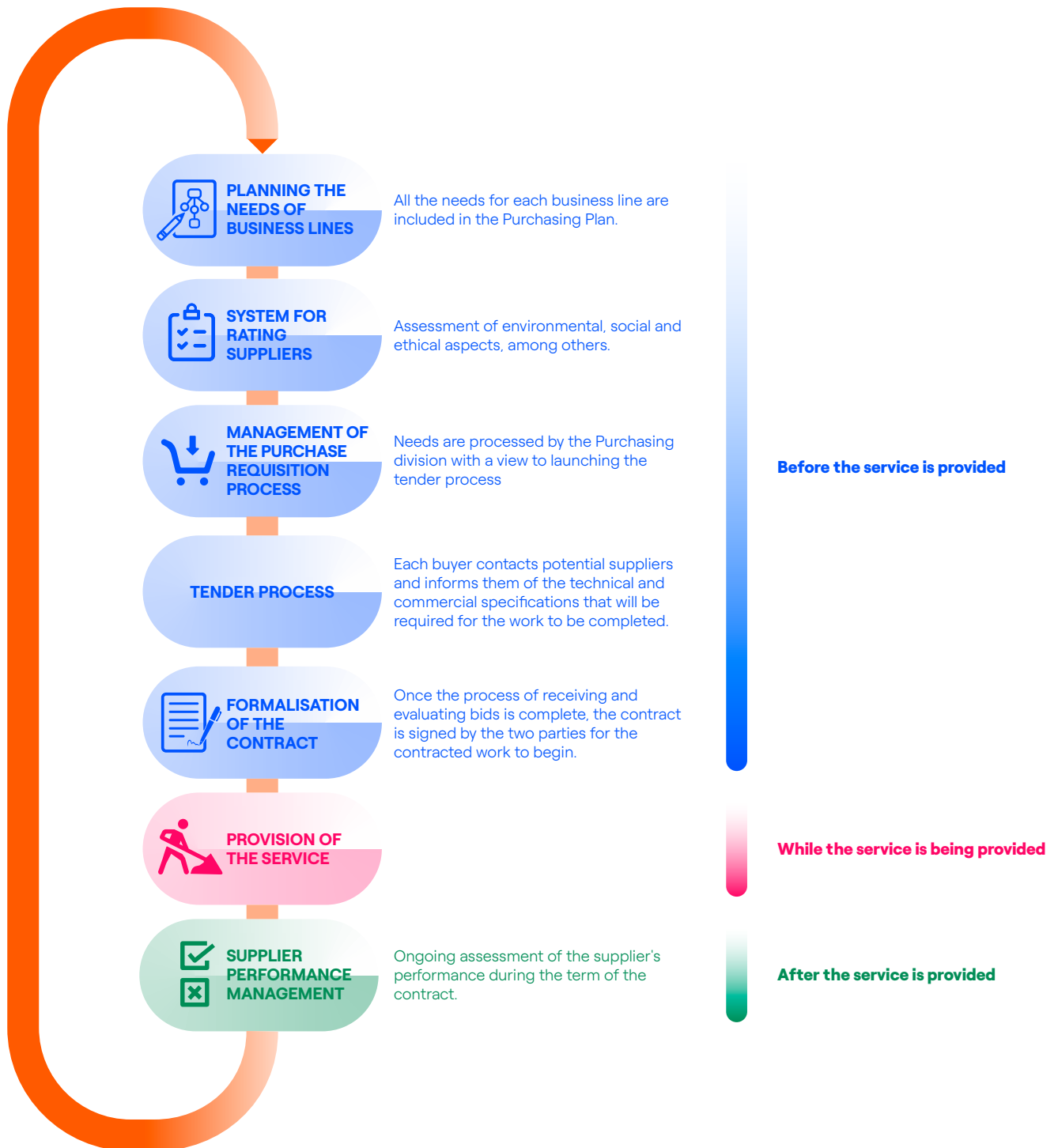
ENDESA also has a system to monitor the performance of its Suppliers (called Supplier Performance Management – *Consequence Management*) during the procurement process and the creation and execution of the contract in order to manage the supplier and the contract in accordance with the established requirements.

Each month, data recorded are used to calculate six category indicators (safety, environment, quality, punctuality, human rights and correction, innovation and collaboration) and a Supplier Performance Index (SPI) derived from the weighted average of the category indicators according to percentages that depend on the risk associated with the individual category in the group of products or services being evaluated.

Based on the score obtained, a consequence management process applicable to the supplier or the contract is initiated, which includes, among others, actions aimed at promoting excellent behaviour.

³² <https://www.endesa.com/en/shareholders-and-investors/corporate-governance/ethical-behaviour>

Endesa's end-to-end purchase process



3.6.3.2.1. Rating process

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Endesa established a supplier rating system that facilitates the careful selection and assessment of companies that wish to participate in tender processes, which involves the assessment of technical, economic, financial, legal, envi-

ronmental, safety, human rights and ethical requirements, in addition to honourability requirements, with a view to ensuring the appropriate level of quality and reliability in case contracts are awarded in the energy sector. This rating system was created pursuant to local and EU laws and regulations.

Before starting a relationship with other parties in the field of Trading or the development of projects, Endesa verifies

the trustworthiness thereof through a Counterparty Check (KYC-Know Your Customer) procedure, admitting only those whose standards are in line with those of the company.

The rating process works through the use of Merchandise Groups: each supplier is rated in relation to one or more specific such groups, with the qualification assigned to the supplier only when it meets all the requirements defined for each group. These requirements vary depending on the specific implications and risks associated with each group. Based on the analysis carried out on the producer groups for all merchandise groups, certain risks are taken into consideration. These risks are described in Enel's risk catalogue, which is applicable to Endesa. In this regard, Global Procurement (GP) owns and manages the following main risk categories:

- Counterparty risk, when in relation to suppliers.
- Logistics and supply chain risk, when reference is made to procurement contracts.

GP's approach to risk considers both a supplier perspective ("Supplier Risk") and a process perspective ("Process Risk"). Supplier Risk assesses counterparty risk in terms of: ecological-financial risk, environmental-social-governance (ESG) risk, reputational-corruption risk, geopolitical risk, performance risk, mutual dependence on Enel and logistics-supply chain risk. Furthermore, process risk assesses logistics and supply chain risk in terms of procurement strategy (i.e., process structure, composition of the supplier list, etc.) and contract award conditions (price indexing, potential award data).

All Endesa's suppliers posing a high environmental risk based on the merchandise group are ISO 14001 certified and those rated as posing a high safety risk are ISO 45001 certified. For all the management systems requested, an exhaustive check of their scope and period of validity is performed.

For further information on the supply chain risk assessment process, see section 1.4.1.4. *Main ESG risks*.

The rating process entails the submission of a series of documents (self-certification on the possession of general requirements, financial statements, certifications, etc.) and well as factors including but not limited to adherence to the principles expressed by the Code of Ethics, the Zero Tolerance Plan Against Corruption, the Human Rights Policy and the Global Compact, with specific reference to the absence of any conflict of interests (in-

cluding potential) and possible reputational risks (by searching international databases and a self-declaration from the supplier).

Contractors who are already included in Endesa's Register of Qualified Suppliers are constantly monitored – including through external databases – regarding events relating to the company itself and its main exponents.

By the end of 2022, the Supplier Qualification System had been implemented in 627 purchasing families, 471 global families (international qualification), and 156 local families throughout Endesa. In 2022, 393 new contracted suppliers were individually recognised, with a total sum of contracts exceeding Euros 1 million euros (310 local and 83 foreign).

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Within the process of rating suppliers of Endesa's local families, in 2022 a total of 1,566 suppliers were analysed with regard to Human Rights and ethical behaviour by analysing a questionnaire provided for this purpose in the rating circuit.

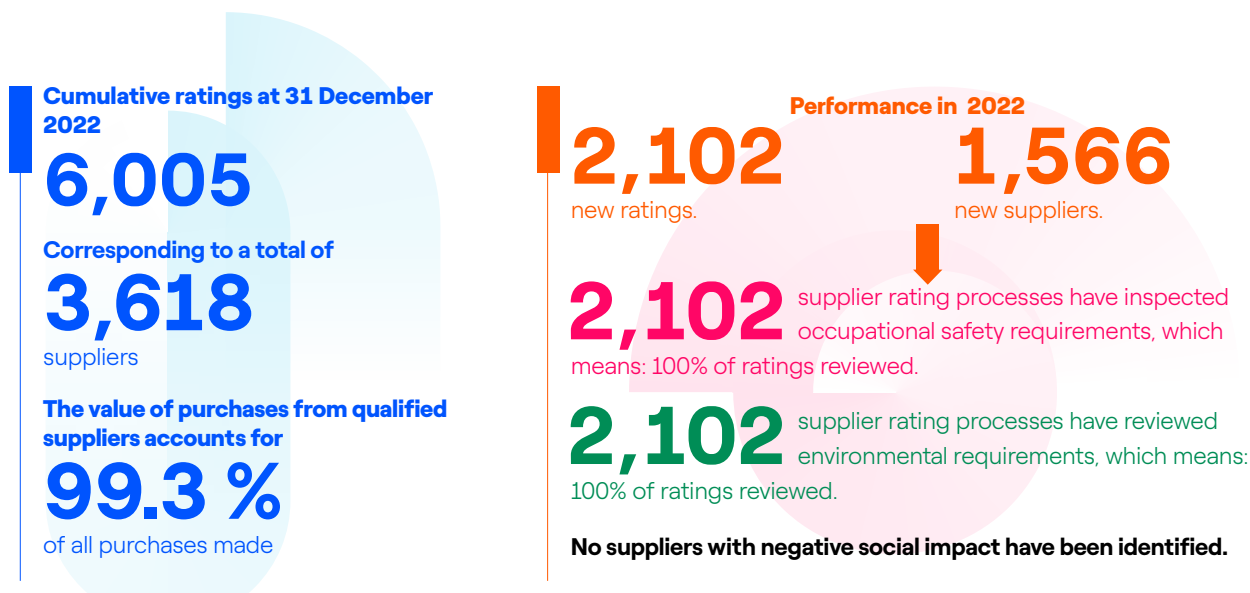
Including Sustainability in the Rating Process

As part of the rating process, to be included in Endesa's supplier register, the supplier needs to undergo a specific and mandatory assessment of environmental requirements, health and safety requirements and human rights requirements. In practice, the supplier is asked to fill out questionnaires and submit the appropriate supporting documentation for the purposes of assessment. For activities considered to pose a high risk to safety or the environment, an on-site audit is performed to verify these aspects.

Only with a positive general judgement can the supplier qualify for the Suppliers Registry (or continue to be so where previously qualified) and may be taken into account to participate in the Group's purchasing procedures.

The evaluation of the above-mentioned individual requirements contributes to the general evaluation of whether the company should or should not be admitted to the Endesa rating system explained above.

In the event of non-admission, for example in the case of a negative environmental assessment, the supplier may submit a new request for qualification, providing the evidence of the Improvement Plan adopted.



In order to promote continuous improvement to responsible management of the supply chain, Endesa reviewed and improved the sustainability requirements established in the supplier qualification process. This enabled the requirements for occupational safety, the environment, integrity and human rights to be updated.

Within this new context, Endesa established the objectives for Endesa's 2023–2025 Sustainability Plan with regard to the verification of sustainability criteria in the supplier qualification system in accordance with the new system, as can be seen in the first table in the Chapter.

3.6.3.2.2. Selection process

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3-3 Management approach to the environmental assessment of suppliers

3-3 Management approach to the social assessment of suppliers

In 2018, Endesa started to apply sustainability criteria as part of its product and service tenders. In 2021 and 2022, it reinforced the use of a range of social, environmental, ethical and occupational safety indicators, with those most suited to the nature of the product or service tendered included in each tender, with the performance of potential suppliers with regard to these indicators taken into account and rated, in addition to the economic and technical proposal.

During 2022, Endesa also included sustainability indicators (certifications, health and safety, social aspects, circular economy, environment), with an approximate impact of 3,650 million euros (99% of the amount tendered). These indicators are a reflection of the different commitments made by suppliers when contracting with Endesa.

In 2022, contracts were signed with 393 suppliers (310 local and 83 foreign) whose contracted amount individually exceeds a total of Euros 1 million.

In 2022, Endesa continued to promote sustainability in its supply chain, prioritising suppliers committed to sustainable practices and who demonstrate this in the bidding processes in which they participate.

The key aspects in the transformation of procurements are the following:

- Suppliers that demonstrate their commitment to the transition to a circular economy will be classified as priority suppliers. As part of the tender process, Endesa has defined a parameter known as "Sustainability K", which is applied to positively weigh bids that meet Sustainability criteria; it also includes the Circular Economy criteria defined (for more than 99% of the amount tendered 2022, indicators related to sustainability have been included). Joint innovation: Endesa maintains a relationship of partnership and joint innovation with suppliers, with a view to promoting the adoption of this new economic model in the supply chain, prioritising companies that are committed to the development of Circular Economy initiatives. For further information on the inclusion of circularity criteria in the selection of suppliers, see section 3.4.3.2. *Circularity in the value chain*.
- As part of dismantling projects, Endesa includes a section on Creation of Shared Value with the local community in its offer, as part of which it requires bidders to commit to recruiting a minimum number of unemployed people in the local area affected by closures for the execution of the project, in addition to other commitments with regard to reducing emissions, reducing water consumption and other social actions in favour of the local community.

Furthermore, in the construction projects for renewable installations, requirements relating to local training, local recruitment, gender diversity and inclusion were included in the technical sustainability specifications for contractors.

For more information on the inclusion of criteria relating to the creation of shared value with the local community in the selection of suppliers, see section 3.6.2.1. *Acting under the CSV approach.*

For suppliers with poor results, specific actions are taken that can have an impact on the following:

- The rating system (e.g. suspending their rating, review of their classification, blacklisting, exclusion from the list of qualified suppliers, etc.); and/or
- The contract (e.g. new research, improvement action plan, termination of the contract, reduction in volume, etc.).

In the event of problems in relation to a supplier's conduct, a joint action plan may be drawn up, and its implementation is constantly monitored by the company.

3.6.3.2.3. Assessment process

Within the process of assessing sustainability requirements, it is planned to carry out in-depth audits which may include "on-site" visits to verify compliance with the requirements needed to work with Endesa.

This process is complemented by the *Supplier Performance Management* system, aimed at monitoring the performance of suppliers during the service provision period. The score obtained in this process can serve as an incentive for future tenders and to maintain contractual relationships.

For more information, go to <https://globalprocurement.enel.com/>

414-1 414-2 308-1 308-2

Assessment of suppliers

Criteria	Human Rights		Environmental		Social	
	2021	2022	2021	2022	2021	2022
% new suppliers assessed	100%	100%	100%	100%	100%	100%
Number of suppliers identified with negative impact	0	0	0	0	0	0
% of suppliers with negative impacts with which improvement measures have been agreed as a result of an assessment	0%	0%	0%	0%	0%	0%
% of suppliers with negative impacts with which the relationship has ended as a result of the assessment	0%	0%	0%	0%	0%	0%

3.6.3.2.4. Critical Suppliers

The entire process described above is even more important for suppliers considered critical, either on account of purchase volume, because they supply products or services essential to the performance of economic activity on account of the environmental or social risk generated by the activity they undertake or by the potential reputational or legal impact for the company.

The following table contains the main figures for suppliers categorised as critical by Endesa:

Identification of critical suppliers – Tier 1¹

	2021	2022
Number	1,082	1,153
Percentage by supplier ²	29.7%	28%
Percentage of companies evaluated annually	100%	100%
High Sustainability Risk Supplier ³	332	82

¹ "Tier 1" suppliers are those with active contracts on 31 December 2021 exceeding Euros 25,000.

² Ratio of the total number of Tier 1 suppliers to the total number of suppliers.

³ A High Risk Sustainability supplier is understood to be one with an active contract of more than Euros 25,000 and with a Supplier Performance Index (SPI) score of less than 50 in the Supplier Performance Management System.

3.6.3.3. ESG management of the supply chain

3.6.3.3.1. Integrity and the fight against corruption

414-2

Endesa is a signatory to the Global Compact and, in compliance with its Principle 10, intends to continue its commitment to fight against corruption in all its forms. It therefore prohibits the use of any illicit, monetary or other intention, offer or request for payment in order to obtain an advantage in relations with interested parties and this prohibition extends to all its employees. The contractor represents it recognises the commitments assumed by Endesa and undertakes not to make use of any offer or request for illegal payments in the execution of the contract in the interest of Endesa and/or for the benefit of its employees.

In the event of any breach of these obligations, the company reserves the right to terminate the contract and request compensation from the contractor.

Contractual commitments are also envisaged for Endesa contractors, suppliers and subcontractors aimed at implementing behaviour contrary to any form of corruption and extortion and implementing preventive behaviour so as not to harm the environment, encouraging initiatives that promote greater environmental responsibility and the development and dissemination of environmentally friendly technologies.

3.6.3.3.2. Compliance with Human Rights

414-1

3.3 Approach to management of social assessment of suppliers

Endesa evaluates, selects and monitors each supplier from a Human Rights point of view, both in the qualification phase and in the bidding phase, and in the contractual standards "General contracting conditions of the Group" based on:

- Voluntary commitment to the 10 Principles of the Global Compact, the implementation of the Enel Code of Ethics, the Organisation Model, the Zero Tolerance of Corruption Plan and the Human Rights Policy.
- Suppliers must also comply with the principles contained in Endesa's Code of Ethics or, where not possible, be guided by principles equivalent to Endesa's in the management of their business.
- Also assessed will be the existence or not of crimes against individual persons, such as the reduction or maintenance of slavery or servitude, child prostitution, the use of children in pornography, the possession of child pornography, tourism initiatives aimed at exploiting child prostitution, human trafficking and the sale and purchase of slaves.

All these contracts include human rights clauses, related to the Global Compact and Ethical Regulations (Clauses 28 and 29), which reflect the formal commitment of suppliers and partners to comply with the principles of the Global Compact, including those related to Human Rights, as well as the commitment to comply with legal regulations regarding the protection of child labour and women, equal opportunities, the prohibition of discrimination, abuse and harassment, freedom of association and representation, forced labour, safety and environmental protection and sanitary hygienic conditions. In the same way, the commitment to compliance with current legislation on wages, pensions and social security contributions, insurance, taxes, etc., is extended in relation to all workers employed for any purpose for the execution of the contract.

Moreover, it applies either the conventions of the International Labour Organisation or prevailing legislation in the country where operations are to be carried out, whichever is more restrictive.

With this criteria and based on contractual clauses, 100% of the operations have been subject to a human rights impact review or assessment.

Materials and services supplier contracts with clauses on human rights

Significant contracts ¹ which include human rights clauses (No.)			Significant contracts ¹ which include human rights clauses (%)		
2020	2021	2022	2020	2021	2022
303	413	471	100%	100%	100%

¹ Contracts over one million euros are considered significant.

In 2022, coverage of specific human rights assessment criteria in the field of human rights within the supplier qualification processes stood at 100%, in line with the target of 100% for the year. From the evaluation of the specific human rights questionnaires during the qualification process, no significant negative impacts or complaints were detected and therefore no measures had to be taken.

In order to measure the degree of the company's maturity relation to the ethical principles related to the respect of human rights and the prohibition of child or forced labour, Endesa examines the performance and the organisational and management quality of the company, pursuant to the guidelines issued by supranational organisations such as the UN Global Compact and *Children's Rights and Business Principles*.

Within the process of evaluating human rights requirements, after the analysis of the documents the need could arise to carry out an in-depth audit, whether limited to documentation or including a visit to the suppliers' facilities.

In 2022, a total of 1,501 human rights evaluations were carried out on supplier qualification files (local and global, with scope of application in Spain).

3.6.3.3.3. Environmental management

3-3 Management approach environmental assessment of suppliers	
Management approach environmental assessment of suppliers	
308-1	308-2

The Group's contractual regulations, as established in the General Contracting Terms and Conditions (GCTC), include clauses requiring compliance with environmental regulations.

To guarantee compliance with environmental requirements and constantly monitor the status of compliance with its obligations, Endesa reserves the right to carry out monitoring activities of its contractors and to terminate the contract in the event of violations. Thanks to these procedures, shared improvement actions are defined with a collaborative and non-sanctioning objective. In addition, in some purchasing procedures, a recognition coefficient can be assigned using a "K" technical sustainability factor, rewarding environmental aspects (for example, carbon footprint, limitation in the use of SF6 gas, etc.)

Within the context of the qualification process, Endesa has also introduced a specific and mandatory evaluation of environmental requirements for access to the Suppliers Registry that is added to the usual economic-financial, legal and technical obligations, as well as those relating to occupational safety and human rights. In addition, through the supplier qualification system and field verification activities, the supplier is also constantly monitored with regard to compliance with environmental requirements.

The process used to assess the resources and possible environmental risks of an Endesa contractor company is described in the specific operating note. In particular, the Endesa contractor has to complete a questionnaire indicating the certifications and the environmental management systems it has provided, as well as other useful information regarding the assessment.

Endesa evaluates whether the contracting companies have the requested environmental requirements, examining the performance and organisational quality and management of the companies in terms of environmental responsibility, based on various information and documents sent by the company, including a possible visit to the facilities for an on-site assessment.

Endesa awards the Supplier Rating entered in the Register of Qualified Companies only to contractors who, in addition

to complying with the other sustainability criteria referred to in the sections above, have passed the evaluation relating to environmental requirements.

Suppliers evaluated in relation to environmental matters

	2020	2021	2022
Environmental assessments (No. of proceedings)	1,326	1,152	1,566
Compliance of qualified suppliers (%)	100%	100%	100%

3.6.3.3.4. Occupational health and safety

414-1

Endesa's objective is to minimise accidents at work, respecting the environment and human rights. Several instruments are available for this purpose, including improvement plans. Whenever Endesa observes any critical problem in the conduct of a contractor, a shared improvement plan is defined which seeks to improve management and performance systems and remedy deficiencies in line with Endesa's requirements.

The Group has adopted an operating instruction on repeated breaches of occupational safety and purchasing processes, which specifically regulates the way in which accidents or incidents (near misses) are assessed and the limits to be placed on the allocation of new contracts after such events.

Endesa uses this instruction to monitor the safety-related performance of its contractors or of the personnel employed (for example, subcontractors) during the execution of the contract.

More generally, in all cases where a critical occupational safety event is detected, for example, a serious violation or if a fatal accident occurs, Endesa will evaluate the corrective actions to be taken with the corresponding contractor. In addition to the provisions set forth in the Endesa General Conditions of Contract and/or the existing contract, after a careful analysis of the specific case and the responsibilities of the supplier, the Qualification Commission may:

- Suspend qualification, in the case of a qualified supplier.
- Issue of a Critical Note, in the case of an unqualified supplier or a supplier in the registration phase.

Additionally, within the supplier qualification process and as part of the valuation of sustainability requirements in terms of security, the following 4 parameters are evaluated in order to measure the overall performance of the company in the last three years:

- Average Frequency Index over the past three years:
- Average Severity Index over the past three years:
- The Mortality Index – the number of fatal accidents affecting the supplier and its contractors during the execution of a contract with the company in the last three years.
- If available, the last value and development of the Security category of the Vendor Rating Index relative to the product group subject to qualification.

The values obtained for each of the four indicators are compared with the specific thresholds pre-defined by Endesa and depending on the deviation of these values from the thresholds, the supplier receives a rating that means they can continue the qualification process or have to abandon it. Each year, limit values are defined, appropriate to the country in which the company applies to be qualified and the specific activity that is the subject of the qualification request.

Within the process of evaluating security requirements and after analysis of the documents, the need could arise to carry out an in-depth audit made up of two parts: a visit to the company's facilities (hereafter "office visit" below) and one to a site (for the product groups that require activities at the work site and carried out by Endesa or by third parties) where the company is undertaking the activities at the time of the technical evaluation (site visit).

Suppliers evaluated in relation to occupational health and safety

	2020	2021	2022
Occupational health and safety evaluations (Number of files)	1,326	1,152	1,566
Compliance of qualified suppliers (%)	100%	100%	100%

3.6.3.3.5. Control of the coal supply chain

Together with the main European electricity companies, Endesa actively participates in Bettercoal, a global initiative to promote the continuous improvement of corporate responsibility in the international coal industry. Bettercoal has published a code of conduct based on existing and agreed standards of social responsibility in the mining sector. It details the principles that mining companies can refer to when developing their own social, environmental and ethical policies. The Bettercoal Code tells suppliers what members expect from their practices in relation to four main categories: management, commitment to ethics and transparency, human and labour rights and environmental performance, while promoting continuous improvement.

In 2020, a new version of the Code was finalised to align it with the latest best sustainability practices, thus contributing to the achievement of the applicable Sustainable Development Goals. In addition, the new version of the Bettercoal Code ensures the integration of the mine closure and rehabilitation process, incorporating environmental, social, economic and governance aspects into operations from the early stages of mine development. After signing a letter of commitment, participants in the programme embark on a virtual path by accepting on-site checks, conducted by independent third parties, to verify that the principles of the Code have been applied, and agree on a continuous improvement plan to overcome any deficiencies. In addition to Bettercoal's growing presence in various forums in the field of coal and supply chain sustainability, the initiative has become an example of collaboration between different stakeholders, aimed at improving socially responsible practices within the supply chain.

In 2022, Endesa's parent company Enel, within the working group dedicated to Colombia, participated in the delegation that travelled there for the first time since 2018, with the aim of further improving understanding of the critical issues affecting coal mining in Colombia, to improve relations with the stakeholders involved in this complex environment, from business to government, and from international NGOs to local communities. During the visit, several meetings were organised with some 64 stakeholders, including business associations, communities and local governments.

In addition, in response to changing international scenarios, a new working group specifically dedicated to South Africa was created in 2022. For more information, see: www.bettercoal.org.

3.6.3.3.6. Promoting diversity in the value chain

In 2022, Endesa included sustainability indicators in 99% of the amount tendered. The use of indicators related to social aspects is worth particular mention, accounting for around 51% of the total indicators used. The main "K" indicators of social sustainability used were as follows:

Social	Staff employment: disability
	Staff employment: women
	Staff employment: local employment
	Staff employment: unemployment, first job/youth, redundancy and the elderly
	Mapping the supply chain

3.7. ESG Pillars

3.7.1. Human rights

The scope of the information provided in this chapter covers both Endesa, S.A. and its investee companies in Spain and Portugal. The scope is the same as in the Legal Documentation reports. For further information, see sections

1.1.2.6. *Organisational structure* and 2. *Report boundary* (Appendix I: *Methodology for preparing the report*). Possible variations on the scope described here are presented throughout the chapter, where appropriate.

3.7.1.1. The Due Diligence process

2-12 2-24

Endesa carried out an initial human rights due diligence process during 2017, aimed at assessing the level of compliance with its policy and the Guiding Principles. This process covered all of its business activity in Spain and Portugal, including electricity generation, distribution and marketing activities, as well as supply chain management, asset purchase processes and corporate functions. The due diligence process was conducted again in 2020, in line with Endesa's commitment to the ongoing assessment of compliance with its guiding principles and Human Rights policy.

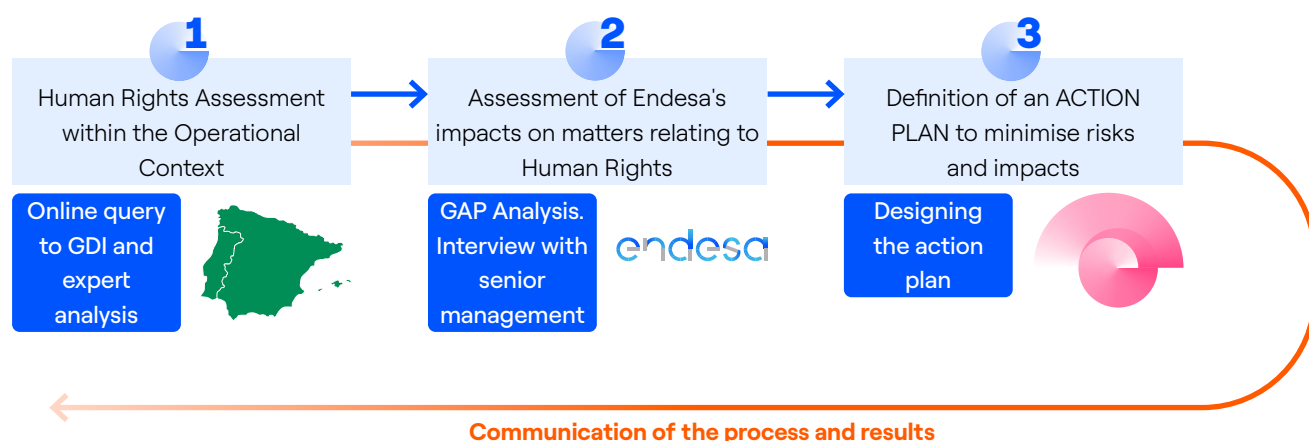
The due diligence methodology consists of an in-depth review of Endesa's activities with regards to compliance with the guiding principles affecting it as a corporation and to the observance of the principles of its Human Rights policy, covering all of the company's activities and stakeholders. Endesa reaches out to employees, with a focus on trade union associations, women, migrant workers, minors and people with disabilities. This is extended across the value chain, analysing suppliers,

contractors and local communities in the areas where it operates. Given the general relevance of these stakeholders, the due diligence analysis also covers indigenous communities. However, the preliminary analysis identified these matters as ones with a residual impact and limited to the value chain, according to the company's scope of operations.

The process covered three stages: First, the examination of human rights in the context where operations are carried out to identify potential risks associated with this context. Second, an evaluation of the actual and potential impacts of Endesa's activity on human rights; and, finally, the design of an action plan.

The entire process will be supervised by the Sustainability and Corporate Governance Committee (CSGC) of the Board of Directors and the Human Rights Policy itself determines it must be conducted once every three years. The aim is to review and assess the potential risks that may arise within the operational context and the potential impacts that Endesa's activity may generate.

The due diligence process in Human Rights



3.7.1.1.1. Human Rights Assessment within the Operational Context

In order to know the context in which ENDESA operates in the field of human rights and to identify those matters that could pose a higher level of initial risk, the company conducted a survey in 2020 with more than 150 sources from among its stakeholders, which was completed with an analysis by experts in the field of human rights.

The stakeholders included in the context analysis include communities, customers, management, trade unions, universities, businesses, the general population, social institutions, suppliers and contractors. The main potential risks assessed in the analysis were associated with the environment, corruption, health and safety, the community, freedom of association, forced labour, child labour, gender diversity, age, and disability. The risk identification process is based on the potential risks that may violate the human rights established in the Universal Declaration of Human Rights, including those applicable to Endesa's operations.

The survey allowed the company to classify the principles included in the Human Rights policy, according to the level of risk, no element with a high or very high risk having been identified.

3.7.1.1.2. Impact assessment the business activity

2-25

The aim of the second phase of the process was to analyse Endesa's activities, taking into account the company's operations across its entire value chain. The Company aims to assess 100% of the operating policies and procedures adopted with the due diligence process associated with human rights, as required to identify the risks of its direct and indirect operations (for example, new acquisitions, mergers or joint ventures, etc.).

The analysis was conducted to identify the company's real and potential impacts on each aspect described in the Human Rights policy and in the guiding principles applicable to its operations.

To achieve this, it acted on two levels:

- Conducting in-depth interviews with senior management, aimed at analysing the integration of respect for human rights in the company's day-to-day management activities.
- Internal assessment of the company's policies, procedures, systems and practices in each of the business and management areas, based on the analysis of more than 130 indicators that measure performance in the different aspects of human rights associated with management practices.

The results of the analysis showed that Endesa already had a series of very robust management mechanisms and systems in place at the time of the due diligence process, enabling it to guarantee respect for human rights and properly manage existing risks. In this regard, the main results and existing management mechanisms identified in 2020 are summarised below:

Main results and management mechanisms

Matters	Level of management and maturity at Endesa	Risk management mechanisms
Scope: Employment practices		
Freedom of association and collective bargaining	Robust	More than 90% of the workforce covered by collective agreements agreed with the different trade union organisations and adjusted to the treaties in force of the International Labour Organisation (ILO) ratified by Spain. The functioning of these organisations and the right to union action are expressly included in the collective agreements.
Rejection of forced or compulsory labour and child labour	Robust	The management systems and procedures of People and Organisation guarantee the absence of minors at the workforce. The employee hiring conditions are clearly described in the contract and collective agreements regulate overtime, there being a commitment to its remuneration and minimisation.
Respect for diversity and non-discrimination	Robust	Endesa has a diversity and inclusion policy and action plan that establishes objectives and lines of action in four areas (gender, age, nationality and disability) in order to spread a culture that pays attention to diversity as an element of generation of value The collective bargaining agreement regulates the company's existing equality plan.
Occupational health and safety (OHS)	Robust	Endesa work centres have occupational health and safety management systems certified by the international standard ISO 45001, through which appropriate measures are established to manage the risks inherent to Endesa's industrial activity and reduce the accident rates. In addition, the prevention of occupational hazards is integrated into the activities, processes, practices and facilities across all of the company's management bodies.
Fair and favourable working conditions	Robust	Working conditions are regulated through collective agreements signed with trade union organisations. In addition, the different mechanisms and procedures of People and Organisation management are aimed at the promotion of working conditions that meet and exceed the requirements established by current regulations.
Scope: Communities and society		
Respect for the rights of communities	Responsible relations with communities	Robust Endesa is currently implementing a methodology for creating shared value in the management of its local operations, through which it integrates the expectations of local communities in the management of assets and seeks solutions that generate value in the Company, thus contributing to obtaining the "social licence" to operate. This methodology is implemented throughout the useful life of the asset.
	Security management	Robust Endesa makes use of private security forces in accordance with the provisions of current regulations. Security services are provided by external personnel duly accredited and authorised by the Ministry of Interior. As part of their training, aspects of Private Security legislation, basic rights of people and human rights are included. Likewise, they undergo regular review and appraisal processes by the State's law enforcement authorities.
	Environment	Robust Endesa has environmental management systems certified by ISO 14001 for 100% of its electricity generation and distribution activity. Through these systems, the company has established environmental monitoring plans and continuous improvement measures that go beyond the requirements established by current regulations.
Integrity and ethical conduct	Robust	Endesa has a Code of Ethics, a Zero Tolerance Plan with Corruption and other regulations in accordance with the most advanced compliance models. In addition, among other aspects, the company has established specific action protocols to guide the actions of its employees regarding accepting and offering gifts and entertainment, and in dealings with public officials and authorities. Likewise, Endesa has a Criminal Risk Prevention and Anti-corruption Model that complies with the regulations applicable to the Group regarding corporate criminal liability. This model was certified in 2017 under the UNE 19601 standard: 2017. Finally, since 2017 the company has a legal and anti-bribery compliance policy, as well as an anti-bribery management system certified by the UNE-ISO 37001-2017 standard.

During the due diligence process, the extension of the commitment to human rights throughout the entire value chain, including the supply chain and responsible customer relations, was also analysed. The main mechanisms for managing both aspects were:

Main management mechanisms

Aspect	Management mechanisms
Supply chain	
Supplier and contractor management	The general contracting terms and conditions include obligations for suppliers and contractors in relation to respect for human rights during the provision of the service contracted by Endesa.
	Likewise, since 2017 the supplier qualification process includes criteria for the evaluation of human rights for the families of suppliers with higher risks. If necessary, audits and on-site visits are planned, as well as the establishment of improvement plans by suppliers and, if appropriate, the loss of qualification and the possible suspension of the contract.
Fuel provision	Endesa systematically performs a counterparty analysis prior to contracting supply services. This analysis allows identifying relevant controversies that may entail legal and reputational risks for the company and incorporates elements related to human rights.
	Likewise, during the last few years there has been a lot of pressure on the part of civil society and investors regarding coal mining, transferring this pressure to the electrical companies (especially European companies) that use this fuel for the operation of their thermal power stations. Endesa is part of the Bettercoal initiative. Promoted by a group of European electricity companies, this global initiative aims to promote the continuous improvement of corporate responsibility in the coal supply chain, including human rights as one of its main elements. Thus, mining companies must adopt the Bettercoal code and implement a set of good practices and undergo continuous evaluation and improvement processes. For more details see the section 3.6.3 <i>Fostering a Responsible Supply Chain</i> of this report.
Responsible relations with the customer	
Privacy and communications	Endesa has a system certified by AENOR for the treatment of commercial and customer service advisors that is based on a specific code of ethics aimed at ensuring that the commercial activity complies with current legislation, respects private life, guarantees the protection of minors and respect those who do not want commercial information.
	Regarding the protection of personal data, Endesa has the appropriate monitoring and review systems and mechanisms to comply with the Organic Law on Data Protection.
	With regard to advertising communications there is an internal control system that seeks to minimise risks and avoid messages that may threaten human dignity or human rights.
Access to energy for vulnerable customers	Endesa recognises the essential role that access to energy constitutes to guarantee the fulfilment of human rights, since it is directly related to the well-being of people and their quality of life.
	In this sense, the States have the main responsibility of guaranteeing sustainable, safe and affordable access to basic energy services. However, the electricity sector can contribute to this and drive social and economic development that is inclusive and sustainable.
	In this context, Endesa is aware of the serious problem of the inability to deal with the energy bill in many Spanish homes and, therefore, the company has pioneered the signing of agreements with the Public Administration to guarantee the supply to vulnerable customers.
	In addition, the company develops different actions aimed at promoting energy efficiency and saving the electricity bill of this type of groups.

3.7.1.2. Opportunities for improvement and action plan

The action plan associated with due diligence is the result of the analysis of all business activities in Spain and Portugal, including the activities related to generation, distribution and marketing of electricity, as well as supply chain management, asset purchasing processes and corporate functions, so that 100% of operations and facilities are covered by the action plan.

In addition, to achieve a greater coverage of assets, a comprehensive and rigorous Creating Shared Value (CSV) model was developed to accompany the company's assets across all phases of the value chain: from the asset construction project phase, through the operation and maintenance of the facility, to closing and dismantling at the end of its useful life. CSV is implemented at all thermal and renewable generation facilities. This methodology was extended in 2022 to the Distribution business line, and the model has been adapted to the Marketing business line. During the process of assessing compliance with its Human Rights policy and its alignment with the Guiding

Principles, a set of improvement opportunities were identified to strengthen the company's commitment to respect for human rights in its industrial and commercial activity. The action plan resulting from the first due diligence process in 2017, which achieved a 100% degree of compliance, allowed the company to carry out a series of actions, the main ones being: The design and progressive development of a human rights training programme, aimed at facilitating general training to all employees, the promotion of measures to avoid discriminatory attitudes during recruitment, the inclusion of human rights criteria in the vendor rating process of suppliers or the inclusion of human rights aspects in the sustainability questionnaires completed by contractors. In 2020, a new action plan was defined for 2020-2022 with 6 actions. Its monitoring is submitted annually to Endesa's Board of Directors through the Sustainability and Corporate Governance Committee. Compliance with this 2020-2022 action plan has been 100%.

The actions carried out in the 2022 action plan were as follows:

2020-2022 Due diligence action plan on Human Rights

Opportunity identified	N.º	Description of the action	Action status
Assess in detail the aspects related to Human Rights during the deployment of all activities.	1	Develop an on-site Due Diligence methodology for thermal and renewable generation plants.	✓ Methodology developed.
	2	Develop a pilot on-site Due Diligence programme at two generation installations: one thermal and one renewable.	✓ Pilot scheme undertaken in the Candelaria and Carmona installations in 2022.
	3	Continue with the deployment of the CSV methodology in all business lines.	✓ Extension of the CSV to the Distribution business line and adaptation of the CSV model to the Marketing business line.
Monitor working hours.	4	Establish a system that guarantees recording the number of daily working hours for each employee, using specific software.	✓ Implementation of the click tac tool, which includes the specific start and end time of the working day, as well as breaks.
Continue promoting and delving into prevention in occupational health and safety.	5	Create new Health and Safety committees with the representatives appointed during the last trade union elections as a forum for channelling issues regarding Workplace Risk Prevention.	✓ The committees have already been set up and are working.
	6	Continue with the actions associated with Workplace Risk Prevention: <ul style="list-style-type: none"> • Meetings of the Participation Committee. • Root Cause Investigations. • Continue with a system of inspections in all lines of business. • Analyse and classify the ORP actions of the Health and Safety coordinators in those operations in which their presence is required. 	✓ The Participation Committee is holding its meetings. Investigations are already a consolidated process. The business lines have been inspected. The Health and Safety coordinator has a valid contract.

✓ Action implemented

3.7.1.3. On-Site Due Diligence (pilot programme)

In order to measure the effectiveness of human rights management systems and governance structure in all operations and following some of the actions included in the improvement plan implemented during the due diligence cycle of the human rights management system 2020-2022, in 2022 Endesa has carried out a facility-level due diligence pilot programme.

In fact, according to the OECD Guidelines for Multinational Enterprises, in addition to the standard assessments that a company may already employ, additional internal assessments can support a deeper understanding of potential risks or actual adverse impacts with respect to a company's own activities.

Two facilities with different technologies were chosen for an enhanced testing of the tool: Candelaria, a 146 MW Thermal Power Plant, and Las Corchas and Los Naranjos, a 100 MW Photovoltaic Solar Plant.

Working with a specialised external consultant, a tool was designed to evaluate the impact on human rights at the facility level. The aim was to identify potential risks and impacts through a documentary review and involving the as-

set in a dialogue in order to evaluate possible gaps, using interviews with employees during visits to the facilities.

The process consisted of five phases:

- Analysis of the context of assets through key human rights indicators and risk factors, or emerging issues.
- Analysis of the people who work in the plants and the local community.
- Analysis of human rights risks in the operation of the facilities. The themes were based on the Guiding Principles on Human Rights and Business and Endesa's Human Rights Policy.
- Interviews with direct workers, indirect workers, trade union representatives and the local community.
- Anonymous online questionnaires for all active workers (direct and indirect).

The completion of the pilot programme has made it possible to identify potential improvements in the tool to better adapt to the specificities of the organisational structure. No relevant gaps have been identified.

3.7.2. Sound governance



Line of action	2020	2021	2022	2022-2024 target	2023-2025 Sustainability Plan (PES)	
					2023	2025
Promoting good corporate governance practices	Completed	Completed	Completed	Supervision and annual reporting to the ACC on the Criminal Risk Prevention and Anti-Corruption Model	Supervision and annual reporting to the ACC on the Criminal Risk Prevention and Anti-Corruption Model	
Promoting criminal risk prevention	Completed	Completed	Completed	Maintain certifications of criminal compliance (UNE 19601) and anti-bribery compliance (UNE-ISO 37001)	Maintain certifications of criminal compliance (UNE 19601) and anti-bribery compliance (UNE-ISO 37001)	
Analysis of complaints through the ethical channel	100%	100%	100%	100% of complaints in period 2022-2024 analysed in <90 days	100% of complaints in period 2023-2025 analysed in <90 days	
Maintain a high level of excellence in ethical conduct and be recognised by ISR analysts (DJSI score in "Codes of conduct") ¹	96	85	100	>95	>95	>95
Employees trained in at least one ethics and compliance course in the last three years (% of employees) (NEW)	—	—	—	—	>75%	>75%
Presence of women on Endesa's Board of Directors (% of women)	31%	36%	42%	40%	40%	40%
Evaluation of the Board of Directors with the support of an independent consultant	N/A (Three-year evaluation conducted in 2019)	Completed in 2021	Completed in 2022	1 three-year evaluation during the 2022-2024 period	1 three-year evaluation	

¹ Average valuation of the subsections: "Codes of conduct", "Codes of conduct: coverage", "corruption and bribery" "Corruption and bribery cases" and "reporting on breaches" from the DJSI "Codes of conduct"

Actions deserving special mention

- 1 In 2022, the rules of procedure of the 2022 Sustainability and Corporate Governance Committee have been amended and the Committee's powers on climate change have been enhanced.

The scope of the information provided in this chapter covers both Endesa, S.A. and its investee companies in Spain and Portugal, the same as in the Legal Documentation reports. For further information, see sections 1.1.2.6. *Organi-*

sational structure and 2. *Report boundary* (Appendix I: *Methodology for preparing the report*). Possible variations to the scope described here are presented throughout the chapter.

3.7.2.1. Corporate governance model

3.7.2.1.1. Leadership of the Board of Directors

The Board of Directors, which has extensive powers in the management, administration and representation of the Company, as a general rule, entrusts the ordinary management of the Company to the delegated management bod-

ies and focuses its activities on general supervision, considering matters of particular importance to the Company and its group of companies.

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Composition of Endesa's Board of Directors and Board Committees

Board position	Name or company name with director	Category of director	Date of first appointment
Chairman	Juan Sánchez-Calero Guilarte	Independent	12 April 2019
Vice Chairman	Mr Francesco Starace	Proprietary	16 June 2014
Chief Executive Officer	Mr José D. Bogas Gálvez	Executive	7 October 2014
Member	MS Maria Eugenia Bieto Caubet	Independent	5 May 2020
Member	Mr Antonio Cammisecra	Proprietary	27 September 2019
Member	Mr Ignacio Garralda Ruiz de Velasco	Independent	27 April 2015
Member	Pilar González de Frutos	Independent	5 May 2020
Member	Ms Francesca Gostinelli	Proprietary	29 April 2022
Member	Ms Alicia Koplowitz y Romero de Juseu	Independent	5 May 2020
Member	Mr Francisco de Lacerda	Independent	27 April 2015
Member	Mr Alberto de Paoli	Proprietary	4 November 2014
Member	Ms Cristina de Parias Halcón	Independent	29 April 2022
Secretary	Mr Borja Acha Besga		1 August 2015

For more information on the members of the Board of Directors, see the Annual Corporate Governance Report section *C.1.2. Board*, as well as its powers in *Appendix H.1 to the Annual Corporate Governance Report* or the Endesa website³³.

During 2022, the Board of Directors held 14 meetings, with 91.45% participation by the directors. The Chairman was present at every meeting.

Endesa Board of Directors

Total directors	12
Non-executive Directors	11
Independent Directors	7
External proprietary Directors	4
Shares owned or controlled by Directors or related persons	259,256 (0.02% of the capital)

In accordance with Endesa's Articles of Association, the Director's term of office is four years, and they may be re-elected for periods of equal duration.

In accordance with the legal provisions, the Board of Directors constituted the Audit and Compliance Committee and the Appointments and Remuneration Committee. In September 2020, Endesa's Board of Directors also set up the Sustainability and Corporate Governance Committee, which is responsible for advising the Board of Directors and for supervision in environment aspects and those related to sustainability, such as human rights, diversity and the strategy for social action, as well as the Company's corporate governance strategy, etc.

The modification to the Board of Directors Regulations in February 2022 has enhanced the competencies of the Sustainability and Corporate Governance Committee in relation to climate change, expressly including a duty to regularly review the climate change policies, and to en-

³³ <https://www.endesa.com/en/shareholders-and-investors/corporate-governance/board-directors>

sure that the Non-Financial Statement includes information on the Company's risks and objectives in relation to climate change.

In 2022, the Sustainability and Corporate Governance Committee addressed questions relating to climate change at 4 of its 5 meetings. For more information on Endesa's committees and members of the Board of Directors, see section C.2. *Committees of the Annual Corporate Governance Report*.

2-10

The Board of Directors Regulations, in Article 9.- Selection, appointment, ratification and re-election of Directors, establishes that: "The Board of Directors, at the proposal of the Appointments and Remuneration Committee, shall approve a specific and attestable policy for selecting candidates for the office of director, ensuring that the proposed appointments of directors are based on a previous analysis of the needs of the Board, and which favours a diversity of knowledge, experience, age and gender."

In this regard, on 10 November 2015 the Board of Directors approved a concrete and verifiable **Policy for the Selection of Directors** (last amended on 21 December 2020, in order to technically improve the content of the Policy and to adapt to the best corporate governance practices), which seeks to integrate different professional and management experiences and competences (including the economic-financial and legal ones specific to the business carried on by the Company, promoting, in addition, gender and age diversity.

This policy promotes gender diversity through Article 5: "Endesa is convinced that diversity in all its facets and at all levels of its professional team, is an essential factor in ensuring the Company's competitiveness and a key element in a corporate governance strategy that favours a critical attitude, as well as members having different points of view, different positions and the ability to analyse positive and negative aspects."

It therefore ensures equal opportunities and fair treatment in the management of people at all levels, maximising the value contribution of those elements that differentiate people (gender, culture, age, abilities, nationality, etc.) within the Board of Directors, the Audit and Compliance Committee, the Sustainability and Corporate Governance Committee and the Appointments and Remuneration Committee, taking into account the limitations deriving from the smaller size of the Committees.

In this sense, the Director selection policy contains the objective that the number of female directors will represent at least 40% of the members of the Board of Direc-

tors before the end of 2022 and thereafter, not being less than 30% before that. As at December 31, 2022, the percentage of women on the Board of Directors was 42%.

In order to promote gender diversity in senior management, Endesa requires in succession plans that at least half of the candidates be women.

2-9

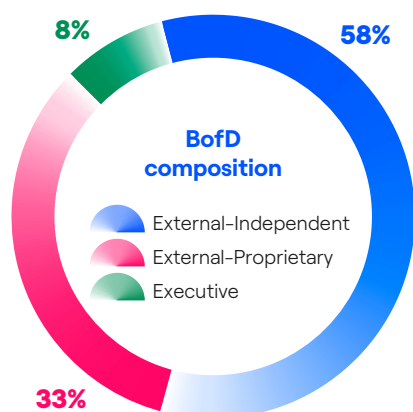
Likewise, Article 9 of the Regulations indicates that "The proposals for the appointment, ratification or re-election of Directors made by the Board will fall on persons of recognised prestige who have the appropriate professional experience and knowledge to carry out their duties and assume a commitment of sufficient dedication for the performance of the tasks."

Additionally, regarding the Audit and Compliance Committee, article 23 of the Board of Directors Regulations states that "The Board of Directors shall aim to appoint members to the Audit and Compliance Committee shall be carried out such that the members as a whole have knowledge and experience in accounting, auditing, finances, internal control and management of risks, both financial and non-financial."

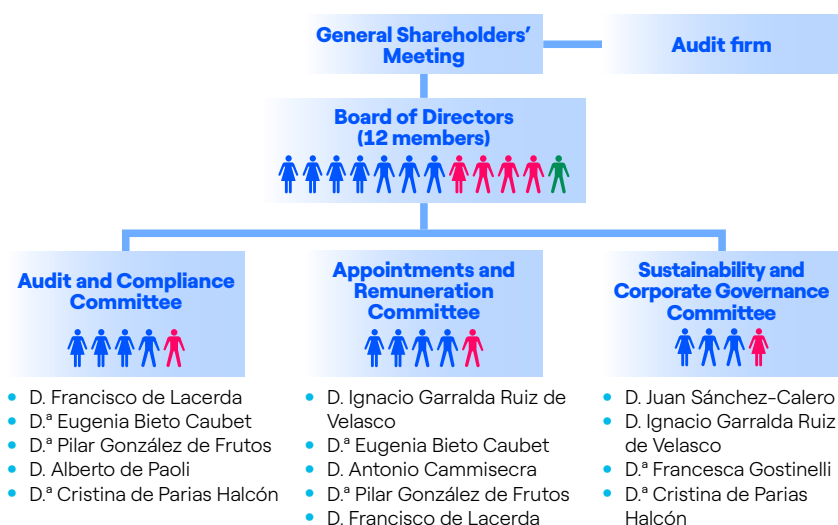


Corporate Governance Structure

COMPOSITION



BOARD OF DIRECTORS AND COMMITTEES



Composition of the Board of Directors

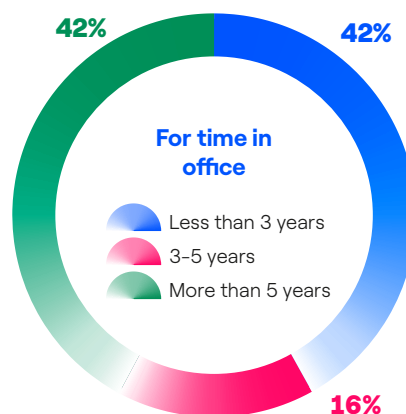
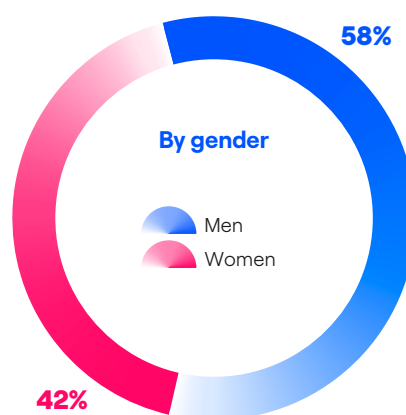
BOARD OF DIRECTORS AND COMMITTEES

D. Juan Sánchez-Calero	Chairman of BofD Chairman of S&GCC
D. Francesco Starace	Vice Chairman of BofD
D. José D. Bogas Gálvez	Chief Executive Officer
D.ª Eugenia Bieto Caubet	Member BofD Member ACC and ARC
D. Antonio Cammisecra	Member BofD Member ACC
D. Ignacio Garralda Ruiz de Velasco	Member BofD Chairman ARC Member S&GCC
D.ª Pilar González de Frutos	Member BofD Member ACC and ARC
D.ª Francesca Gostinelli	Member BofD Member S&GCC
D. Francisco de Lacerda	Member BofD, Chairman ACC and Member ARC
D.ª Alicia Koplowitz y Romero de Juseu	Member BofD
D. Alberto de Paoli	Member BofD Member ACC
D.ª Cristina de Parias Halcón	Member BofD Member ACC and S&GCC

BofD: Board of Directors.
S&GCC: Sustainability and Corporate Governance Committee.
ACC: Audit and Compliance Committee.
ARC: Appointments and Remuneration Committee.

External-Proprietary Executive External-Independent

DIVERSITY IN THE BOARD OF DIRECTORS



3.7.2.1.2. Directors' responsibilities, duties and remuneration

2-19 2-21

The corporate governance practices applied by Endesa are developed as part of the Corporate Governance Policy³⁴, in the section on general principles of the corporate

governance strategy. The content can be found in the Corporate Governance section of Endesa's website.

Details of Directors's remuneration can be found in the Annual Report on Directors' Remuneration³⁵ and in the Directors' Remuneration Policy³⁶, both of which are published on the Company's website.

The following is the average remuneration of the Directors in their capacity as such, in 2021 and 2022:

Directors' average compensation

Thousands of euros

	Total average		Average for men		Average for women	
	2021	2022	2021	2022	2021	2022
Remuneration of Board members¹						
Fixed Assignment Board members	188	188	188	188	188	188
Board and Committee subsistence allowance*	32.3	33.8	25.6	39.1	40.75	30.7
Remuneration of Board and Committee positions						
Fixed Assignment Chairman of the Board of Directors	600	600	600	600	—	—
Fixed Assignment Chairman of the Audit and Compliance Committee	36	36	36	36	—	—
Fixed Assignment Chairman of the Appointments and Remuneration Committee	24	24	24	24	—	—
Fixed Assignment Chairman of the Sustainability and Corporate Governance Committee	24	24	24	24	—	—

¹ The amount of the Board of Directors' per diem allowances is the same for all members of the Board and Committees. Totals EUR 1.5 thousand per session. The difference in average remuneration between men and women is a result of membership or not of board committees, attendance and number of meetings, and factors specific to the year 2022. Among the female directors who have received per diem allowances, 3 of them have not remained the full year due to: the end of the term of office of Ms Grieco, who ceased to belong to the Board of Directors and the Committees on 29 April 2022; the resignation on 14 February 2022 of Ms Koplowitz as a member of the Sustainability and Corporate Governance Committee and the Audit and Compliance Committee; and the appointment of Ms De Parias on 29 April 2022.

Endesa's Board of Directors was made up of twelve Directors as at 31 December 2022. However, the data are calculated on the seven Directors (three men and four women) who receive remuneration in their capacity as directors. Of the other four remaining Directors (three men and one woman), all of them have waived all payment as Directors in their capacity as such; and the CEO does not receive remuneration in his capacity as a director, but as an executive of the company. Therefore, to avoid distorting the average, he has not been included.

There is no gender gap in the remuneration of Directors in Endesa, since the amounts of the remuneration items are the same for men and women. The difference in average remuneration is due to one fundamental reason: the positions of Chair of the Board of Directors and the Committees receive an additional remuneration; and in the case of Endesa these positions are not occupied by a female director.

The ratio between the total remuneration of the CEO of Endesa and the median annual remuneration of all Endesa employees in 2022 was 37:1, (33:1 in 2021).

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The responsibilities and duties of the Directors are described in Endesa's Board of Directors Regulations³⁷ under HEADING VII DIRECTOR OBLIGATIONS, including their: Duty of diligence (Article 25.bis of Endesa's Board of Directors Regulations), Duty of loyalty (Article 26 of Endesa's Board of Directors Regulations), Duty of confidentiality (Article 27 of Endesa's Board of Directors Regulations), Conflict of interest (Article 28 of Endesa's Board of Directors Regulations), Duty of information (Article 28.bis of Endesa's Board of Directors Regulations).

³⁴ https://www.endesa.com/content/dam/enel-es/endesa-en/home/investors/corporategovernance/corporatepolicies/documents/Pol%C3%ADtica-de-Gobierno-Corporativo_22_01_2021_EN.pdf

³⁵ <https://www.endesa.com/content/dam/enel-es/endesa-en/home/investors/corporategovernance/directorscompensation/documents/IRC-2021-EN.pdf>

³⁶ <https://www.endesa.com/content/dam/enel-es/endesa-en/home/investors/corporategovernance/shareholdersmeeting/documents/junta-general-2022/016-Politica-Remuneraciones-Consejeros-EN.pdf>

³⁷ https://www.endesa.com/content/dam/enel-es/endesa-en/home/investors/corporategovernance/internalregulations/documents/Reglamento-del-Consejo_21_02_2022_EN.pdf

3.7.2.1.3. Sustainability governance and management system

[2-9](#) [2-12](#) [2-13](#) [2-14](#)

Through the creation of the Sustainability and Governance Committee, Endesa has set up a system of sustainability governance and management which involves the whole

company, starting with the Board of Directors as the highest governing body and including the Sustainability Department, which sits on the Executive Management Committee and assumes the functions of coordinating and driving the sustainability strategy.

For more details on the role of governing bodies in sustainability management, see section 1.2. *Sustainability governance*.

3.7.2.2. Values and pillars of corporate ethics

[2-24](#) [2-26](#)

Endesa is fully committed to compliance with ethical principles and regulations in force governing its relations with its stakeholders, and in all its activities.

The company has a Code of Ethics, a Zero Tolerance Plan Against Corruption and other regulations in accordance with the most advanced compliance models, which include the values, commitments and ethical responsibilities binding upon all its employees.

Endesa has also established corporate integrity protocols to guide the actions of its employees regarding accepting and offering gifts and entertainment, best practices in dealings with public officials and authorities, a Defence of Personal Rights protocol and a Human Rights Policy.

Likewise, Endesa has a Criminal Risk Prevention and Anti-corruption Model that complies with the regulations applicable to the Group regarding corporate criminal liability.

The document "Endesa Criminal Compliance and Anti-Bribery Policy"³⁸, available at the Ethical Conduct section on www.Endesa.com establishes the general principles of the criminal regulatory compliance system and summarises the main action guidelines applicable to all employees, which reflect key values of the company to achieve its business objectives and prevent the materialisation of criminal risks within the company.

The Code of Ethics, the Zero Tolerance Plan Against Corruption, the Criminal Regulatory Compliance and Anti-Bribery Policy, the Criminal Risk Prevention and Anti-Bribery Model, the Protocol of Good Practices in dealings with public officials and authorities, the Protocol regarding the acceptance and offering of gifts and entertainment and other documents can be viewed on the website³⁹.

3.7.2.2.1. Code of Ethics and Zero Tolerance Plan Against Corruption

[3-3 Anti-Corruption Management Approach](#)

[Competition Law Management Approach](#)

[Public Policy Management Approach](#)

[Socio-Economic Compliance Management Approach](#)

[205-2](#) [205-3](#)

Endesa is committed to complying with ethical rules and principles, and with current law, both within the Company and in its external relations.

[415-1](#)

To this end, the company has a Code of Ethics (updated in December 2021) and a Zero Tolerance Plan Against Corruption, which represent the pillars of its ethical culture and integrity. These documents require that directors, managers and employees go about their duties and relationships with their stakeholders with integrity.

The Code of Ethics comprises:

- Sixteen general principles governing relations with stakeholders that define Endesa's benchmark business principles.
- Behavioural Criteria in relations with each stakeholder, which specifically provide the guidelines and rules to which Endesa employees must adhere to respect the general principles and to prevent the risk of unethical behaviour.
- Implementation mechanisms, which describe the control system for adequate knowledge, understanding and compliance with the Code of Ethics by all employees.

³⁸ <https://www.endesa.com/content/dam/enel-es/endesa-en/home/investors/corporategovernance/ethicalbehaviour/documents/criminal-compliance-and-anti-bribery.pdf>

³⁹ <https://www.endesa.com/en/shareholders-and-investors/corporate-governance/ethical-behaviour>

According to the Code of Ethics, Endesa does not finance parties, their representatives or candidates in Spain or abroad, nor does it sponsor congresses or parties whose sole purpose is political propaganda. For further information, see section 1.4.7.5. *Transparency in institutional relations* of chapter 1.4. *Our strategy for sustainable progress*. Endesa also refrains from lobbying politicians directly or indirectly, for example, by lobbying for the award of public concessions, accepting tendering suggestions, via consultancy contracts, etc.

The Zero Tolerance Plan Against Corruption, which represents Endesa's specific commitment to the fight against corruption and total rejection of any form in which it is manifested, in compliance with the tenth principle of the Global Compact, to which Endesa is a signatory: "Companies are committed to fighting corruption in all its forms, including extortion and bribery."

The Code of Ethics⁴⁰ and the Zero Tolerance Plan Against Corruption⁴¹ are available for consultation on the company's website.

Endesa promotes a culture of compliance through employee training in this area, for which it designs a specific annual training and dissemination plan, focused on meeting the needs considered at all times or enhancing certain aspects.

The company provides an on-line course on the Criminal Risk Prevention and Anti-Bribery Model, which deals with crimes under the Spanish Criminal Code from which corporate criminal liability may ensue and arranges regular thematic sessions for different Endesa groups.

Of the total workforce at the end of December (8,472 employees, excluding ANAV), 30% have completed this training; 42% are managers and middle managers, groups which are particularly exposed. As a cumulative total over the last three years, 99% of employees took at least one course in ethics.

All members of the Board of Directors receive a "welcome pack" with Endesa's Regulations and Policies, including the Code of Ethics and the Zero Tolerance Plan Against Corruption. New hires also receive specific training in ethics and compliance.

The latest training session on the Criminal Risk Prevention and Anti-Bribery Model was held for Endesa's governing bodies in July and September 2022, including anti-corruption issues, due to the inclusion of new directors.

Regarding relations with suppliers, in 2022 the Company entered into contracts with 1,852 active suppliers in Spain and 92 in Portugal. All of them adhere to the general principles of the Criminal Risk Prevention and Anti-Bribery

Model (which include Anti-corruption issues) when they sign the General Contract Terms and Conditions. It should be noted that there has been no termination of contract for corruption-related violations.

Finally, there are no ongoing legal proceedings related to corruption against the organisation or its employees.

Additionally, there are policies and procedures regulating certain company processes that could prevent money laundering-related risks.

All Endesa employees can consult the policies, protocols and procedures via the intranet. In case of any conflict of interests, the "Action Protocol with regard to conflicts of interest, exclusive dedication and commercial concurrence", regulates the action that Endesa collaborators (employees, executives, directors and external third parties contracted by Endesa) should take with regard to exclusive dedication and commercial concurrence, and to establish the rules to be followed where there are behaviours or situations that involve a potential direct or indirect conflict of interest between the Company and one of its collaborators.

3.7.2.2.2. Corporate Integrity Protocols

3-3 Socioeconomic compliance management approach

In the framework of ethical and compliance regulations, Endesa has the following specific corporate integrity protocols:

- **Protocol regarding the acceptance and offering of gifts and entertainment:** The aim is to establish clear principles for action to be followed by Endesa collaborators with respect to everything related to offering and receiving gifts and hospitality deriving from their interaction with public officials, customers and suppliers, to ensure that their behaviour conforms to the Company's Code of Ethics and the Zero Tolerance of Corruption Plan.
- **Protocol of good practices in dealing with public officials and authorities:** The purpose of which is to establish clear principles of action that guide the actions of employees, managers, administrators and third parties contracted by Endesa when dealing with public officials or authorities, guaranteeing the excellence of the services provided by Endesa and ensuring the application of the principles of transparency and correct behaviour in relations with the public sector.

⁴⁰ <https://www.endesa.com/content/dam/enel-es/endesa-en/home/investors/corporategovernance/ethicalbehaviour/documents/Code-of-Ethics-2022-EN.pdf>

⁴¹ <https://www.endesa.com/content/dam/enel-es/endesa-en/home/investors/corporategovernance/ethicalbehaviour/documents/zero-tolerance-plan-against-corruption-2022.pdf>

- **Compliance Protocol – Defence of personal rights:** the purpose of which is to describe and prevent behaviours that could put people's rights at risk. In particular, the activities and bodies involved in the operation of the protocol, as well as its operation, are described.

These protocols and others related to human rights, anti-competition practices, complaints management, etc. are available on the company's website⁴².

3.7.2.2.3. Criminal and Anti-Bribery Risk Prevention Model and Competition Compliance Programme

3-3 Socio-economic compliance 2-23

Organic Law 5/2010, of 22 June 2010, amending the Criminal Code, introduced, for the first time, corporate criminal liability in Spanish legislation, establishing a list of crimes for which companies can be declared criminally liable. This list was later extended when Organic Law 1/2019 and Organic Law 10/2022 of 6 September entered into force. This legal system was reformed under Organic Law 1/2015 of March 30, which set out the conditions and requirements that allow legal entities to prove their diligence in the field of crime prevention and detection.

In accordance with Article 31 bis of the Criminal Code, Endesa has a Criminal Risk Prevention and Anti-Bribery Model (hereinafter, the Model), in force since January 2012, in order to prevent the commission of criminal offences in the field of its activity, from which criminal liability could arise for the company, complying with the provisions of article 31 bis of the Criminal Code, UNE 19601 (Criminal compliance management systems-Requirements with guidance for use) and UNE-ISO 37001 (*Anti-bribery management systems-Requirements with guidance for use*), standards in which Endesa has been certified since 2017.

Endesa's Criminal Regulatory Compliance and Anti-bribery System (hereinafter "Compliance System") includes integrated provisions. One of these is the Criminal Compliance and Anti-bribery Policy, which sets out the System's general principles consisting of (ii) preventing, detecting and properly responding to crimes; (iii) promoting preventive behaviour, identifying activities within which crimes may

be committed and promoting proactive and responsible behaviour of the Company's members; (iv) disseminating the Compliance System and the duty of all Company members to report facts based on which there is reasonable suspicion of criminal activity in good faith, and the consequences of breaches of the Compliance System; (v) providing sufficient material and human resources to manage the Compliance System; and (vi) regular review and continuous improvement of the Compliance System by the Supervision Committee.

For its part, and under the direct and exclusive supervision of the Audit and Compliance Committee (ACC) of the Board of Directors, the Supervisory Committee (SC) of the Model exercises as its main activity the supervision of the Compliance System, as established in its Regulations. Specifically:

- **Defining the control** environment for the processes, ensuring the teams are informed.
- **Evaluation:** Assessing the design and operating efficiency of the control activities proposed in the model, as well as the associated risk.
- **Defining action plans for any shortcomings.**
- **Response to non-compliance:** In the event of non-compliance, Endesa applies the measures established in its Fifth Framework Agreement to ensure consistent treatment under current legislation. The SC coordinates the necessary investigations.
- **Updating and measuring compliance indicators** to monitor the main aspects of Endesa's Criminal Compliance and Anti-Bribery System and measure its effectiveness.

The Model has been structured based on the classification of processes and the control environment in Endesa, considering the Company's principles and values and includes the following instruments: Code of Ethics, Zero Tolerance Plan Against Corruption, Human Rights Policy, Corporate Integrity Protocols, Internal and Procedural Regulations for the group, Set of Corporate Governance Rules, Financial Resources Management Model, System of Powers, Segregation of Duties Policy, IT General Controls and authorisation work flows.

These provide the appropriate surveillance and control measures to prevent offences from which Endesa could be held criminally liable.

⁴² <https://www.endesa.com/en/shareholders-and-investors/corporate-governance/ethical-behaviour>

To evaluate and mitigate the risk of committing criminal offences within the company in each of its processes, an inherent and residual risk assessment exercise is carried out continuously, considering the company's organisational, corporate or process changes and any changes in legislation or other significant changes that may affect the company. Past supervision experience and action plans implemented during previous periods are also taken into account.

This risk assessment follows a defined methodology that calculates the risk in terms of probability and impact. The conclusion was that the Endesa Model is solid and has an average medium-low risk score in the last 3 years, without any significant risks.

In addition to the assessment of criminal and anti-bribery risks, a specific fraud risk analysis is carried out on all the company's processes.

The Supervisory Committee, composed of the General Directorates of Legal Advice, People and Organisation and Internal Audit, periodically informs the ACC through a representative of the results of its monitoring and risk assessment activity and, additionally, about the activities of implementation, updating, training and dissemination of the Compliance System.

Given Endesa's firm commitment and will to comply with domestic and EU competition regulations, in line with best international corporate governance practices and, in response to the evaluation of Guidelines on compliance programmes in relation to competition regulations published by the Spanish National Markets and Competition Commission in June 2020, the Audit and Compliance Committee approved the "Competition Compliance Program" at its session on 22 March 2021 to introduce a structured system of supervision procedures and activities to prevent anti-competition practices in Endesa.

Endesa's Audit and Compliance Committee is responsible for supervising the running of and compliance with the Competition Compliance Programme (hereinafter, "Competition Programme"), although at its March 2021 session it set up a specialist "Competition Committee" to control effectiveness and keep the Programme updated. The operating rules for the Competition Committee have also been approved, including its powers and its main purpose, which includes controlling the Programme's effectiveness and updating it to prevent Competition risks that could cause liability for Endesa.

Endesa's Audit and Compliance Committee session on 26 July 2021 approved the Competition Compliance Policy. This describes the general principles that inspire the content and application of all its internal corporate rules, as well as the Company's performance, which consist of

(i) full respect for prevailing legislation and the provisions of its Competition Programme; (ii) preventing, detecting and properly responding to criminal offences against Competition; (iii) promoting preventive behaviour, identifying activities within which criminal offences against Competition may be committed and promoting proactive and responsible behaviour of the Company's members; (iv) disseminating the Competition Policy and the duty of all Company members to report facts based on which there is reasonable suspicion of criminal activity in good faith, and the consequences of breaches of the Competition Programme; (v) providing sufficient material and human resources to manage the Competition Programme; and (vi) regular review and continuous improvement of the Competition Programme by the Competition Committee.

The main activities performed by Endesa in terms of the effective implementation of the Compliance System and Competition Programme involve the assessment of risks and control activities and the supervision thereof, thus guaranteeing its design and operational efficiency. For further information, see section 1.4.1. *Risk management*.

3.7.2.2.4. Anti-money laundering measures

Endesa is not within the subjective scope of Law 10/2010, of 28 April on anti-money laundering and terrorist financing (Article 2) and other regulations for the development of the same, or applicable EU application, all this without prejudice to full respect for the legal provisions in said matter insofar as they may be applicable to Endesa's commercial operations.

Notwithstanding the foregoing, Endesa's Criminal Risk Prevention and Anti-Bribery Model expressly establishes the crime of money laundering as being within its scope of application, which is considered an appropriate and sufficient measure to prevent the commission of such criminal offences, in view of the nature of Endesa's activity. The Endesa Model includes 18 specific control activities against the risk of money laundering for the Group's different Companies, including:

- Verifying compliance with the General Contract Terms and Conditions (CGC) in contracts with suppliers, which include a clause on commitment with the anti-money laundering regulations.
- Analysing counterparties and their possible inclusion in lists of organisations linked to money laundering activities with the aim of verifying the reliability of suppliers.

- The inclusion of clauses in all contracts with suppliers, related to the commitment to the Code of Ethics, the Zero Tolerance Plan for Corruption and other Endesa criminal risk prevention regulations.

3.7.2.2.5. Whistleblowing Channel

205-3 205-1 2-25 2-26

3-3 Anti-corruption Management Approach

Endesa provides all its stakeholders with a Whistleblowing Channel, which can be accessed at <https://secure.ethicspoint.eu/domain/media/en/gui/102504/index.html>

and on its intranet, allowing them to securely and anonymously report any irregular, unethical or unlawful conduct that, in their opinion, occurs in the performance of the company's activities.

The platform on which this channel operates is managed by an external and independent firm, which deals with all complaints or communications to ensure total security and confidentiality. Reports are investigated and managed by Internal Audit, using a method that ensures they are treated consistently.

The Audit Department is responsible for ensuring all complaints received are processed correctly. This department acts independently of the opinions of all other departments within the organisation. It has access to all company documents necessary for to exercise its duties.

However, reporting incidents knowing that they are false or with reckless disregard for the truth could lead to criminal or civil liability, in the terms provided in current legislation. In 2022, 12 reports were made through the Whistleblowing Channel correspond mainly to issues related to conflicts of interest and health and safety. All of them have been closed.

During 2022 the Company complied fully with all the processes established for the correct application of the compliance regulations. Of the total events reported, 3 had to do with conflict of interest or fraud. One breach of the Code of Ethics was verified related to a fraud against the Company affecting the workplace, which led to the adoption of disciplinary measures. This information is subject to confidentiality requirements under personal data protection regulations.

The other two breaches relate to issues of health and safety and the right to privacy, for which the pertinent measures have been adopted.

In 2022 there were no cases of non-compliance due to corruption.

Complaints received¹

	Complainant		Stakeholders affected or potentially affected	
	2021	2022	2021	2022
Customers	1	3	0	4
Employees	1	0	2	4
Suppliers	1	1	1	3
Shareholder	0	0	4	1
Community	0	0	0	0
Anonymous	4	8	—	—
Total	7	12	7	12

¹ Number of reports received in the Ethical Channel for irregular, unethical or illegal conduct that occurs in the development of activities (excluding those of an operational nature and those referring to cases already analysed).

Status and conclusion of reports received¹

	2019	2020	2021	2022
Cases closed	11	4	7	12
Breaches ²	3	0	1	3
Unfounded	8	4	6	9
Still open	0	0	0	0

¹ Number of reports received in the Ethical Channel for irregular, unethical or illegal conduct that occurs in the development of activities (excluding those of an operational nature and those referring to cases already analysed).

² Number of irregular, unethical or illegal behaviours that occur in the development of activities and constitute a breach of the principles established in the company's Code of Ethics, which may or may not constitute a criminal offence depending on the case.

Breaches¹ by type

	2019	2020	2021	2022
Conflicts of interest / Corruption ²	1	0	1	0
Fraud or theft against the Co. / Embezzlement	1	0	0	1
Labour practices ³	0	0	0	1
Community and society	0	0	0	0
Human Rights	0	0	0	0
Others ⁴	1	0	0	1
Total	3	0	1	3

¹ Number of irregular, unethical or illegal behaviours that occur in the development of activities and constitute a breach of the principles established in the company's Code of Ethics, which may or may not constitute a criminal offence depending on the case.

² There were no breaches in 2022 related to conflicts of interest or corruption.

³ Includes complaints of discrimination. In 2022 and 2021 there were no breaches related to discrimination.

⁴ The case classified as Other is related to the right to privacy, mentioned above.

In 2022, the Audit Function plan included an analysis of the suitability of the relevant internal control system for the purposes of the "Anti-Bribery Management System" for all Endesa business lines and staff functions. The specific audit work programmes included risk assessments and the suitability of the design and functioning of the controls to supplement the periodic sampling activities set out in Endesa's Compliance Programmes.

3.7.2.2.6. Litigation

206-1

The total number of litigation cases concerning monopolistic practices and practices that prevent free competition is 4, with fines totalling Euros 10.4 million.

The three cases are described below:

1. Energía XXI Comercializadora de Referencia, S.L., Sociedad Unipersonal

In June 2017, the CNMC agreed to initiate sanction proceedings against Endesa Energía XXI Comercializadora de Referencia, S.L.U. for allegedly committing practices contrary to Article 3 of Competition Law 15/2007 ("LDC") consisting of using the bills of clients availing themselves of PVPC/LRT to publicise the services offered by the deregulated supplier or direct them to the Service Points linked to the deregulated supplier. On 20 June 2019, the CNMC issued a Ruling in proceedings S/DC/0552/15 ordering Endesa Energía XXI Comercializadora de Referencia, S.L.U. to pay a fine of EUR 5.5 million. This Ruling has been appealed before the National Court, with a request for the precautionary suspension of its enforcement. In June 2020, the National Court issued an Order agreeing to suspend the execution of the fine. The merits of the matter are currently pending resolution before the National Court. No date has yet been set for the vote and ruling.

2. Endesa Generación, S.A.U.

On 2 March 2018, the Decision of the European Commission of 27 November 2017 in the SA case was published in the Official Journal of the European Union. 47,912, *environmental incentive for coal-fired power plants*.

In said Decision, the Directorate General for Competition of the European Commission ("Commission") agreed to initiate a formal investigation procedure under article 108.2 of the Treaty on the Functioning of the European Union ("TFEU"), in order to determine whether the environmental incentive ("Incentive") for coal plants provided for in Order ITC/3860/2007 constitutes State aid compatible with the internal market. According to the literal wording of the Decision, the Commission has reached the preliminary conclusion that the Incentive constitutes State aid within the meaning of Article 107.1 TFEU and has doubts about its compatibility with the internal market, since it considers that it constitutes aid to investments made solely for the purpose of adapting coal-fired power plants in line with Community environmental standards, in particular Directive 2001/80 on large combustion plants.

On 13 April 2018, Endesa Generación S.A.U., in its capacity as an interested third party to the proceedings, forwarded its pleadings to the Directorate General.

Subsequently, on 30 July 2018, the appeal filed by Naturgy before the European Union General Court against the decision of the European Commission initiating the reference investigation procedure was published in the DOUE. In September 2021, the General Court dismissed Naturgy's appeal. Naturgy and EDP have appealed the judgment before the CJEU. Endesa Generación S.A.U. has entered an appearance in the appeals as intervenor. The administrative procedure before the European Commission is still ongoing although, since it concerns the investigation of illegal – not notified – aid, the procedure is not subject to a maximum decision period.

3. Enel Green Power España S.L., Sociedad Unipersonal

On 14 December 2020, the CNMC Competition Directorate notified Enel Green Power España, S.A. of the initiation of sanctioning proceedings for alleged abuse of dominant position in the market for access and connection to the transmission grid at certain nodes with effects on the related electricity generation market. According to the CNMC, Enel Green Power España, S.A. allegedly used its status as a Single Hub Partner (IUN) to favour companies in its own Group to the detriment of third-party generators.

Following an investigation process, on 13 June 2022, the CNMC Resolution of 10 June 2022 was issued, imposing a fine of Euros 4,900,000 on Enel Green Power España S.L.U. and, jointly and severally, on Endesa Generación S.A.U. for an alleged abuse of dominant position in the market for access to the transmission grid at the Tajo de la Encantadas and Lastras junctions. On 29 July 2022, Enel Green Power España S.L.U. and Endesa Generación S.A. appealed the aforementioned Resolution of the CNMC, with a request for an injunction suspending the execution of the Resolution. The National Court issued an Order dated 13 December 2022 agreeing to injunctive relief against the execution of the fine, conditional on the provision of a guarantee for the amount of the penalty.

There is another dispute related to compliance with the regulations relating to the electricity sector. The value of the fine amounts to Euros 5.8 million:

4. Endesa Generación, S.A., Sociedad Unipersonal

On 30 November 2017, the CNMC agreed to initiate disciplinary proceedings against Endesa Generación, S.A. for alleged illegal alteration of the dispatch of the Besós Combined Cycle Power Plant, groups 3 and 5, in the period October 2016 – January 2017 (File SNC/DE/174/17). The CNMC considers that ENDESA Generación, S.A. proceeded to assign abnormal or disproportionate price values to the daily market offers of groups 3 and 5 of the Besós combined cycle plant, in the period October 2016 – January 2017, in order to exclude these groups in said market, and for the programming to take place within the frame-

work of the process of technical restrictions. According to the CNMC, this conduct occurred in the company's full knowledge of the high probability of allocation in said process, where it would earn more than in the daily market. The pleadings have been made in these proceedings, without acknowledging responsibility for the facts and justifying the behaviour as being consistent with applicable regulations. Endesa Generación, S.A. presented its electricity offers based on the variable costs of natural gas that it had incurred in that period. Finally, the CNMC ordered Endesa Generación, S.A.U. to pay fine of Euros 5.8 million. Endesa has appealed against this fine before the National Court, with a request for a precautionary measure to suspend the fine, providing a bank guarantee. The precautionary suspension was rejected and the fine has been paid. The appeal is currently awaiting judgment, and no date has been set for the vote and ruling.

Environmental sanctions and number of environmental legal cases

2-27

Fines and environmental legal cases

	2022
Fines for non-compliance with laws and regulations occurring in the current reporting period ¹	0 €
Fines for non-compliance with laws and regulations occurring in previous reporting periods ²	149,000 €
Cases in which non-monetary penalties were incurred ³	0
Cases for which fines were incurred ⁴	61
Total number of environmental legal actions as defendant ⁵	43

For the period covered by the report, the information provided refers to the company EDistribución Redes Digitales, S.L under the criteria set out below:

¹ Amounts of environmental fines/sanctions equal to or greater than Euros 10,000, for events that occurred and were paid in the year of the report in which we are defendants in judicial or administrative proceedings, regardless of whether the fine/penalty is final or can be appealed.

² Amounts of environmental fines/penalties equal to or greater than Euros 10,000 for events that occurred in years prior to the year of the report and paid in the year of the report in which we are defendants in judicial or administrative proceedings, regardless of whether the fine/penalty is final or can be appealed.

³ Number of administrative (non-judicial) proceedings without a monetary fine/penalty.

⁴ Number of administrative proceedings (out-of-court) with a fine/monetary sanction equal to or greater than Euros 10,000.

⁵ Number of environmental legal actions as a defendant in judicial proceedings, pending at the end of the reporting year, regardless of the year in which they were initiated and their amount.

Claims and fines relating to the impacts of products and services on health and safety

416-2 EU25

In 2022 there were no incidents resulting from non-compliance with legal regulations or voluntary codes related to the impacts of products and services on health and safety that resulted in a fine or sanction, or a warning.

Tarifa Case

In August 2017, a fortuitous incident was registered at an Endesa transformer centre located on the N-340 next to Valdevaqueros in Tarifa, which led to a deflagration that caused the death of two workers at the 100% Fun Hotel where the transformer centre was located, and injuries to another six workers at the hotel. Endesa immediately contacted the Local Public Administration to convey its condolences to the relatives of all the injured and deceased, offering its full support and providing the help that was requested.

Endesa immediately initiated an investigation into the accident that is still open as part of the judicial investigation that is underway by Algeciras Court No. 4, given the complexity of the events. The Court opened a summary trial in May 2021 and the expert case reports commissioned by Endesa's defence are being finalised. Such an incident at a transformer centre is a one-off event. This centre was running as normal, at half its useful life, with all the regulatory inspections having been carried out and complying with current regulations.

Regarding its management of and response to the incident, Endesa acted in accordance with its internal protocols for managing critical events, acting quickly and collaborating with the different public services involved. The company also installed a generator to guarantee power supply to the 13 clients of the transformer centre affected. Subsequently, the affected transformer centre was repaired and the service was reconnected.

As a preventive measure, Endesa has stepped up its winter programme to review the state of the power distribution grid and transformer centres, expanding its scope, analysing a greater number of centres and increasing inspection work. However, the case is currently under judicial investigation and, therefore, we will have to wait for the court decision to determine the cause of the incident and settle responsibilities if necessary.

By Order dated 17 January 2023, the start of the sessions of the hearing has been set for 17 February 2023. We must wait for the judgment to determine the cause of the incident and determine responsibilities if necessary.

Claims and fines relating to non-compliance regarding information and labelling of products and services

417-2

Regarding Endesa Energía, S.A., Sociedad Unipersonal and Energía XXI Comercializadora de Referencia, S.A., Sociedad Unipersonal:

- There was no non-compliance with regulations governing the information and labelling of products and services resulting in a fine.
- There was no non-compliance in this matter resulting in a warning.
- There were no instances of non-compliance with the voluntary codes regarding information and labelling of products and services.

Claims and fines related to marketing communications

417-3

Regarding Endesa Generación, S.A., Sociedad Unipersonal, Enel Green Power España, S.L, Sociedad Unipersonal and

Energía XXI Comercializadora de Referencia, S.A., Sociedad Unipersonal, there was no incident resulting from non-compliance with voluntary regulations and codes relating to marketing communications, including advertising, promotion and sponsorship.

Complaints relating to data protection

418-1

Throughout 2022, a total of 4,933 duly substantiated internal complaints have been received, in relation to privacy breaches, broken down as follows:

- 192 to e-Distribution.
- 2,309 a Endesa Energía (España).
- 360 to Energía XXI.
- 386 to Endesa X Servicios.
- 1,686 to the Endesa Energía Branch in Portugal.

No complaints were received from suppliers in Spain or Portugal in 2022 in relation to privacy or leaks of personal data.

A total of 63 administrative proceedings were initiated in 2022 by the Spanish Data Protection Agency ("AEPD").

Administrative proceedings initiated by the Spanish Data Protection Agency (AEPD)

	2021				2022			
	Archived/ Not admitted for processing	Open	Penalising	Total	Archived/ Not admitted for processing	Open	Penalising	Total
Endesa Energía (Spain)	15	11	—	26	39	13	2	54
Energía XXI	—	—	—	—	2	1	—	3
Endesa X Servicios	1	2	—	3	4	1	—	5
e-Distribution	—	1	—	1	1	—	—	1
Total	16	14	—	30	46	15	2	63

Endesa Energía has received two fines in 2022, one of them corresponding to a procedure initiated in 2021, for a total amount of Euros 90,000.

Administrative proceedings initiated by the Comissão Nacional de Protecção de Dados (CNPd)

	2021				2022			
	Request for clarification	Draft decisions	Final decisions	Total	Request for clarification	Draft decisions	Final decisions	Total
Endesa Energía Portugal	—	—	—	—	1	23	18	42

Endesa Energía branches in Portugal received 23 draft decisions in 2022 (all pending final decision) and 1 request for clarification (whose justification was accepted) from the data protection authority in Portugal, the *Comissão Nacional de Protecção de Dados* (the "CNPD").

A further 18 final decisions were received from the CNPD, of which 16 resulted in the imposition of fines totalling Euros 96,000.

It should be noted that none of the fines imposed on Endesa Energía, whether in Spain or Portugal, exceeds the threshold set to be considered significant.

Tax Litigation

- Litigation is ongoing in relation to the proceedings initiated by the Tax Inspectorate in 2017 against Enel Green Power España, S.L.U. (EGPE) in relation to the corporation tax expense for the years 2010 to 2013. The main issue in dispute concerns whether or not the tax neutrality regime applies to the merger of Enel Unión Fenosa Renovables, S.A. (EUFER) in 2011. On 10 December 2019, the Central Economic-Administrative Court issued a decision rejecting the corporation tax expense for 2011 (with regard to the position of EGPE as successor to EUFER) and it has been decided to file an appeal before the National Court. Likewise, on 16 June 2020, a partial ruling was received for corporation tax expense for the years 2010 to 2013, where the effects of the application of the tax neutrality regime in that period are disputed, which, likewise, it has been decided to continue appealing before the Spanish High Court. The contingency associated with the process is not determinable a priori, insofar as the impacts associated with the asset revaluations that would take place as a result of the acceptance of the Administration's criteria must be evaluated. A guarantee is available to ensure debt suspension.
- On 9 July 2018, Endesa, S.A. was notified of the final corporate income tax and VAT settlement agreements on corporate income tax and VAT tax of the corporate income tax and VAT consolidation groups to which Endesa, S.A. belongs, relating to the inspection pro-

cess for 2011–2014, which were appealed against on 27 July 2018 before the Central Tax Appeals Board. On 28 January 2022, a partial settlement was upheld for Value Added Tax (VAT), which the company decided to pursue further by lodging an appeal with the National Court.

Lastly, on 4 April 2022, Corporate Income Tax resolutions were received, which has also been appealed against before the Spanish National Court

The items under dispute stem mainly from the difference in criteria regarding the deductibility of plant decommissioning expenses, certain financial expenses and certain losses arising from the transfer of holdings in the period inspected and the deductibility of VAT under the pro rata rule. The contingency associated with the process is Euros 55 million. A guarantee is available to ensure debt suspension.

- In relation to the inspection process for 2015–2018, definitive income tax and VAT settlement agreements were received in relation to the income tax and VAT tax consolidation groups to which Endesa, S.A. belongs and for personal income tax withholdings at each of the companies inspected. The resolutions were appealed against before the Central Economic-Administrative Court.
- The items under dispute originate mainly from the differing criteria regarding the deductibility of certain financial expenses during the inspected period and in the rejection of part of the documented deduction for research, development and technology innovation. The contingency associated with the process is Euros 55 million. A guarantee is available to ensure debt suspension.
- In relation to the Tax on Spent Nuclear Fuel regulated by Law 15/2012, of 27 December, on tax measures for energy sustainability, there are various ongoing proceedings in which Endesa Generación S.A.U. has requested that tax base be modified, as it considers that, for the purposes of calculating the retroactivity coefficient provided for in Transitional Provision Three of the law, the criterion established in the Resolution of the Central Tax Appeals Board (TEAC) of 22 February 2022 should apply. By virtue of these claims, Endesa Generación has requested a refund of Euros 143 million.

3.7.3. Occupational health and safety



Line of action	2020	2021	2022	2022-2024 target	2023-2025 Sustainability Plan (PES)	
					2023 target	2025 target
Reduction of fatal accidents (number of fatal accidents)	1	1	0	0 in the 2022-2024 period	0 in the 2023-2025 period	
Reduction of the combined frequency index for accidents	0.36	0.57	0.33	0.5	0.32	0.30
Promotion of the performance of safety inspections in own and contractor installations (number of inspections)	73,547	110,297	110,752	80,000 inspections in the 2022-2024 period	110,000	110,000
Promotion of Safety ECoS (extra checking on site) (number of ECoS)	13	34	10	10 annual ECoS in the 2022-2024 period	12	12
Promotion of environmental ECoS (extra checking on site) (number of ECoS)	—	9	6	9	10	10
Promotion of medical examinations (% of total employees) ¹	4,400	6,461	5,923	6,138	70%	70%

¹ The percentage of medical examinations includes the effect of mandatory annual medical examinations and other voluntary medical examinations coinciding, the frequency of which is biennial, as well as the impact of the ongoing risk re-assessment process on their distribution.

Actions deserving special mention

Among the main actions carried out in 2022 are the 2 following:

- 1 Zero fatal accidents and zero serious accidents** involving own and contractor personnel.
- 2 Process Automation and Optimisation:** preventive training, management of health activity, assignment and delivery of personal protective equipment (PPE) and improvement in processes linked or derived from Onboarding and Transboarding.

This chapter includes data on the employees of companies majority-owned by ENDESA and where the latter is therefore responsible for operations. This means that the data do not include the Endesa Foundation. They also take into account the percentage share in ANAV (85.41%). Possible

variations to the scope described here are presented throughout the chapter.

For further information, see sections 1.1.2.6. *Organisational structure* and 2. *Report boundary (Appendix I: Methodology for preparing the report)*.

3.7.3.1. A safe and healthy workplace

3-3 Occupational Health and Safety Management Approach

3-3 EUSS Employment Management Approach

The main new point is that, after months of great individual and collective efforts to address the pandemic, and thanks to the work of adapting spaces and access protocols, Endesa was able to implement a transitional plan in 2021 and 2022 that combined office work with remote work, strictly following preventive measures. Finally, this transitional model gave way to a new definitive work model, with a start date of June 20, 2022, designed

by applying the experiences and learnings of recent years, and providing greater flexibility by allowing new forms of addressing the work/life balance. Almost 80% of Endesa's employees are eligible for this hybrid model. To do, the staff first completed an online course on occupational risk prevention outside the office environment, as well as a self-assessment of their remote job position.

Occupational Health And Safety Policy

ENDESA considers that continuous improvement in working conditions and occupational health and safety protection are key values of its corporate culture. That is why within its organisation it has created an Occupational Health & Safety Policy (OHS) and an Occupational Health and Safety System based on the ISO 45001:2018 standard. The Health and Safety and Working Conditions Policy can be consulted on the ENDESA website via the following link⁴³.

403-2 403-7

They are integrated into Endesa's Occupational Health and Safety (OHS) strategy is through implementation of the occupational health and safety policies across all the companies in the Endesa Group. Each company has its specific preventive planning, as well as specific work plans, emphasising not only the physical but also the emotional/psychosocial environment and the promotion of safe and healthy habits.

The main pillars of the actions taken in 2022 are:

- Occupational Health and Safety (OHS) awareness.
- Observing and controlling activity.
- Monitoring of collaborating companies.
- Occupational Health and Safety Management System.
- Innovation, improvements in equipment and technologies.
- Process automation and optimisation:
- Psychosocial risks.

Occupational Health and Safety Management System

403-1 403-8

Endesa has an Occupational Health and Safety Management System (OHSMS) in place, in accordance with ISO 45001, which is constituted by the set of responsibilities, processes and resources needed to carry out the management of the production process.

The guidelines, commitments and general objectives are included in Appendix IV of the manual of this system: "Endesa Health and Safety Policy and Working Conditions". They must be complied with to ensure the correct operation of the whole organisation. The policy is public and is distributed to all the interested parties: staff, collaborating

companies, institutions, business community, civil society and local communities, customers, etc.

To comply with these commitments, prevention is integrated into all the prevention in all functional areas of the different Endesa companies. Therefore, these areas of the organisation have their own action plans, preventive plans and qualitative and quantitative objectives, in order to eliminate, control or reduce risks.

These documents include the priorities, actions to be carried out, those responsible, the necessary budgets, frequency of monitoring, start and end dates of each goal, its indicators, the expected results, as well as the methods of measuring these objectives.

The CEO and the management committee also participate in the process of continuous improvement, monitoring and compliance with the policy. This participation focuses on the performance of qualitative and quantitative targets, behaviour by business, accident and absenteeism indicators, serious and fatal accidents. A decision may also be made to establish new plans or specific improvement actions, to be designed and implemented in each organisational area.

The revision of Endesa's OHSMS aims to ensure the appropriateness, adequacy, and continued effectiveness of the system itself. Senior management, represented by the CEO, revises the system every year.

Hazard identification, risk assessment and incident investigation

403-2 403-8

3-3 Occupational Health and Safety Management Approach

Based on the procedures of its Management System, specifically, "ENDESA-SGSST-PG.02 - Identification of hazards, assessment and control of occupational risks" and "ENDESA-SGSST-PG.11 - Control and investigation of incidents, non-conformity and corrective action", hazards are identified, risks are assessed and incidents are investigated.

Moreover, with the aim of strengthening risk awareness and promoting responsible behaviour to ensure that work is undertaken correctly and without accidents, for a number of years there has also been a "Stop Work Policy", which urges all workers to act quickly and stop any activity that poses a risk to their own or others' health and safety, as well as any risky behaviour and action, omission or situation that could potentially cause an accident or damage or exposure to risk.

⁴³ <https://www.Endesa.com/content/dam/Endesa-com/home/sostenibilidad/medioambiente/documentos/politica-salud-seguridad-condiciones-trabajo-05-20.pdf>

3.7.3.1.1. Occupational health and safety management

403-3 403-8

Endesa offers all its employees, regardless of their risk level, health care through its basic health units. It has also arranged with the collaborating social security mutual insurer to cover contingencies arising from occupational illnesses. Endesa is also a self-insuring company for occupational accidents, collaborating directly with the public health system in the treatment of these contingencies.

3.7.3.1.2. Workplace risk prevention, training and inspections

403-1 403-2 403-5

For the purpose of ensuring that all ENDESA's workers receive the appropriate theoretical and practical training, both when they are contracted, irrespective of the type or duration of their employment, and when there are changes in their duties or working conditions or when new technologies are introduced that present new risks or significant changes in existing risks in ENDESA:

- Training needs in workplace risk prevention should be identified.
- The content and recipients of workplace risk prevention training should be established.
- Actions should be planned as well as their frequency/recycling.
- Both the quality and the implementation of the training should be controlled.

In 2022, ENDESA organised 83,144 hours of training in occupational health and safety for its in-house staff. A total of 8,552 people attended preventive training courses.

To ensure that all operations were performed safely, ENDESA implemented a safety inspection plan encompassing all levels of the company. These inspections were undertaken partly by in-house staff and partly in collaboration with companies that had previously been informed of ENDESA's work procedures.

Management also undertakes "safety walks" in which a business director, accompanied by the Joint Prevention Service for the territory, visit an operational or industrial installation to verify in situ the safety conditions of the environment, checking the observed points and generating a report where deficiencies were found.

3.7.3.1.3. Promoting a culture of occupational health and safety

403-6

The company has contracted health insurance policies whose conditions guarantee the coverage of general health care throughout Spain, for those employees who, in a personal capacity, retain this right in their original agreement; and the possibility for employees who do not have this right in their original agreement to contract them under special conditions.

Medical services manage occupational health as an integrated whole, concerned not only with the physical environment, but also the psychosocial, emotional and healthy lifestyle of personnel, both in their professional and personal lives. To meet the objective of achieving comprehensive health, it is based on the basic axes of primary, secondary and tertiary prevention.

- **Primary prevention:** focused on the prevention of illness or accident before it occurs. This is achieved by avoiding exposure to risks that may cause damage to health and by correcting unhealthy behaviour or lifestyle.
- **Secondary prevention:** focused on reducing the impact of disease or injury once they appear. This is done through early diagnosis and treatment, preventing relapses and implementing return-to-work programmes.
- **Tertiary prevention:** mainly aimed at reducing the impact of diseases in their later stages to try to improve quality of life.

The main voluntary programmes and action plans for the promotion of good health that Endesa offers to workers include action plans on alcohol, tobacco, stress, physical and emotional well-being, musculoskeletal disorders, etc.

3.7.3.1.4. Occupational Health and Safety Committees

403-4

The participation of the company and its workers, through their union representatives, in the planning, programming, organisation and management control related to the improvement of working conditions and the protection of health and safety of workers, is a basic principle of prevention policy in the company and is considered an important lever for improvement.

Within the Endesa Group, workers are consulted on and involved in occupational health and safety issues through their occupational risk prevention delegates in the following governing bodies: the Committee for Participation in the Planning and Control of the Management of Preventive Activity; and the Generation Occupational Health and Safety Committees; Corporate Generation, Thermal Power/Combined Cycle Plants, Renewables/North-South/Central-Northwest, Distribution Committees, Division Committees/Control Centres and Corporate Distribution Units, Endesa Engineering, Commercial, Endesa Energía/EOSC/ ENDESA X Servicios committees, ENDESA SA, ENDESA Media and Systems and the Cross-Cutting Occupational Health and Safety Committees: North/ South/Central Northwest. The occupational health and safety committees are joint collegiate bodies for participation in occupational health and safety in each organisational area and consist of members from Management Representation and Social Representation. These bodies were regulated in the internal operating regulations dated 2 February 2021. These rules of procedure establish the frequency with which each committee meets:

- Generation Committees
 - Generation OHS committees: quarterly
 - OHS, thermal/combined cycle plants 7 per year
 - Corporate Generation OHS: 4 per year
 - OHS Renewables North, South, Central Northwest. 7 per year
- Distribution committees
 - OHS Distribution quarterly
 - OHS divisions, control centres, Endesa Ingeniería and corporate Distribution units: 7 per year
- Commercialisation committees
 - OHS Commercial committee: twice-yearly
 - OHS committee of Endesa Energía, EOSC, Endesa X Servicios: quarterly
 - OHS committee of Endesa S.A. and Endesa Medios y Sistemas: quarterly
 - OHS cross-cutting committees, Central Northwest, North and South: quarterly

The matters dealt with by these bodies basically respond to the monitoring of preventive planning, analysis of safety inspections, accident rates and absenteeism, risk assessment, workplace risk prevention audits, COVID-19 monitoring, information on the agreements adopted by the Participation Committee, coordination of business activities or follow-up on risk communication reports.

3.7.3.1.5. Lower accident rate

In 2022 the number of computable accidents fell by 36.67% compared with 2021. The 2021 data incorporates the fatal accident of Ascó plus the 5 minor ones that occurred in the same event and that were pending investigation.

403-9

403-10

Summary of occupational accidents

Personnel	No. occupational accidents ¹			Index of frequency ²			Index of severity ³		
	2021	2022	Diff	2021	2022	Diff	2021	2022	Diff
Endesa employees	2	1	-50.00%	0.12	0.06	-50.00%	0.02	0.01	-50.00%
Contractor workers	28	18	-35.71%	0.76	0.43	-43.42%	0.07	0.09	28.57%
Total	30	19	-36.67%	0.57	0.33	-42.11%	0.05	0.06	20.00%

¹ Includes fatal accidents. Because of the nature of the data, 100% of ANAV accidents are taken for this indicator.

² Total number of accidents excluding those on journeys to and from work, compared to the total number of hours worked multiplied by 1,000,000.

³ Total number of days lost through accidents, excluding those on journeys to and from work, compared to the total number of hours worked multiplied by 1,000.

Number of occupational accidents¹

Personnel	2020			2021			2022		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Endesa employees	2	1	3	2	0	2	1	0	1
Contractor workers	15	1	16	24	4	28	18	0	18
Total	17	2	19	26	4	30	19	0	19

¹ Includes fatal and severe accidents. Because of the nature of the data, 100% of ANAV accidents are taken for this indicator.

Frequency index¹

	2020			2021			2022		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Endesa employees	0.16	0.22	0.18	0.16	0	0.12	0.09	0	0.06
Contractor workers	0.54	0.12	0.44	0.88	0.41	0.76	0.59	0	0.43
Total	0.42	0.15	0.36	0.66	0.28	0.57	0.46	0	0.33

¹ Total number of accidents excluding those on journeys to and from work, compared to the total number of hours worked multiplied by 1,000,000.

Severity index¹

Personnel	2020			2021			2022		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Endesa employees	0.09	0.05	0.08	0.02	0.00	0.02	0.01	0.00	0.01
Contractor workers	0.07	0	0.06	0.09	0.00	0.07	0.12	0.00	0.09
Total	0.08	0.01	0.06	0.07	0.00	0.05	0.09	0.00	0.06

¹ Total number of days lost through accidents, excluding those on journeys to and from work, compared to the total number of hours worked multiplied by 1,000.

Fatal, severe and minor accidents¹

Personnel	Fatal accidents			Severe accidents			No. minor accidents ²		
	2021	2022	Diff	2021	2022	Diff	2021	2022	Diff
Endesa employees	0	0	—	0	0	—	2	1	-50.00%
Contractor workers	1	0	-100%	2	0	-100%	25	18	-28.00%
Total	1	0	-100%	2	0	-100%	27	19	-29.63%

¹ Includes accidents with sick leave of 3 to 30 days. Because of the nature of the data, 100% of ANAV accidents are taken for this indicator.

Number of fatal accidents¹

Personnel	2020			2021			2022		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Endesa employees	0	0	0	0	0	0	0	0	0
Contractor workers	1	0	1	1	0	1	0	0	0
Total	1	0	1	1	0	1	0	0	0

¹ Because of the nature of the data, 100% of ANAV accidents are taken for this indicator.

Number of severe accidents¹

Personnel	2020			2021			2022		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Endesa employees	1	0	1	0	0	0	0	0	0
Contractor workers	3	0	3	2	0	2	0	0	0
Total	4	0	4	2	0	2	0	0	0

¹ Because of the nature of the data, 100% of ANAV accidents are taken for this indicator.

Number of minor accidents¹

Personnel	2020			2021			2022		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Endesa employees	1	1	2	2	0	2	1	0	1
Contractor workers	11	1	12	21	4	25	18	0	18
Total	12	2	14	23	4	27	19	0	19

¹ Because of the nature of the data, 100% of ANAV accidents are taken for this indicator.

Absenteeism¹

Classification	2020	2021	2022
Rate of absenteeism ^{2,3}	2.57	2.55	2.97
Working days lost by ENDESA employees due to absence during the year ²	55,647	52,712	60,951
Number of hours of absenteeism ²	2,036,835	2,245,088	2,428,869

¹ The absenteeism rate does not include jointly controlled entities consolidated using the proportional consolidation method.

² The days lost through absenteeism do not include holidays, public holidays, authorised absence (maternity and paternity leave, etc.), or absence for training.

³ Total number of working days lost due to absenteeism during the year compared to the total number of days worked during the same period, multiplied by 200,000 (this corresponds to 50 working weeks of 40 hours for every 100 employees).

Mortality rate¹

	2020	2021	2022
Employees	0	0	0
Contractor workers	0.03	0.02	0

¹ Total number of fatal accidents excluding journeys to and from work compared to total number of hours worked multiplied by 1,000,000.

Serious accident rate, excluding fatal accidents¹

	2020	2021	2022
Employees	0.06	0.00	0.00
Contractor workers	0.09	0.06	0.00

¹ Occupational accidents and injuries requiring First Aid whose dynamics could have led to a fatal accident or a life-changing accident compared to the total hours worked, multiplied by 1,000,000.

During 2022 no occupational disease declared in Endesa was detected.

In 2022 Endesa also continued to improve its information gathering systems by making it possible to calculate the following indicators, with the aim of providing greater transparency in the reporting of Health and Safety information:

High-probability accident frequency index¹

	2020	2021	2022
Endesa employees	0.06	0.07	0.00
Contractor workers	0.11	0.26	0.12
Total	0.10	0.20	0.09

¹ Occupational accidents and injuries requiring First Aid whose dynamics could have led to a fatal accident or a life-changing accident, compared to the total hours worked, multiplied by 1,000,000.

Frequency index for recordable injuries¹

	2020	2021	2022
Endesa employees	1.49	1.72	1.68
Contractor workers	2.13	3.11	2.56
Total	1.93	2.69	2.33

¹ Occupational accidents with sick leave of 0 to 3 days including first aid compared to the total hours worked, multiplied by 1,000,000.

Frequency rate for life-changing accidents¹

	2020	2021	2022
Endesa employees	0	0	0
Contractor workers	0	0.03	0
Total	0	0.02	0

¹ Occupational accidents whose consequences changed a person's life compared to the total hours worked, multiplied by 1,000,000.

3.7.3.2. Occupational Health and Safety in collaborating companies

Endesa transferred the following commitments to extending occupational health and safety among its partner companies:

- Safety certification for risk-related activities.
- Promoting current certifications for these activities.
- Inclusion of a clause in the contract's General Terms and Conditions establishing a firm commitment to managing and collating information on occupational health and safety.

Endesa specifically verifies its contractor companies' effectiveness with regard to workplace risk prevention through a "Contractor Assessment" programme, in this is assessed by a company specialising in Consulting and Auditing in Workplace Risk Prevention.

Based on the score obtained, the company either qualifies to be an Endesa contractor or, if not, an action plan is required to remedy any shortcomings identified. An action plan should be established for the corrective measures until the problem has been solved.

Contractors are examined before the contracting process starts and during the contractual activity, with the possible application of an administrative and/or economic sanction

in the event of non-compliance with safety regulations or having suffered a significant incident.

The General Terms and Conditions for the Contract require the contracting company to provide specific training for workers in matters of health and safety, depending on the risks posed by the contracted activity.

The regulations in force establish a framework for action that the contractor should comply with prior to undertaking the works and especially with the obligation to draw up a Specific Prevention Plan for the contracted works.

There should also be follow-up and control actions during the works (*in vigilando*). Each accident should be analysed by a Committee consisting of experts from the Prevention Service, the unit in which it occurred, and procurements, establishing corrective measures to prevent another similar situation from occurring.

Prior to the start of the work activity, it should be verified that all workers have the appropriate medical aptitude to undertake the work, and that they have acknowledged receipt of personal protective equipment suitable for the activity. Endesa considers that field control is essential to verify that safety conditions are met and to monitor and correct safety defects during the execution of the work.

3.7.3.2.1. Risk activities control programme

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As detailed above, Endesa's OHSMS consists of a series of responsibilities, processes and resources available to manage the production process and meet the objectives of the Policy on Occupational Health and Safety and Working Conditions.

100%
of Endesa's workforce in Spain and Portugal work in ISO 45001-certified workplaces.

Endesa has established and kept up to date a documented system for undertaking occupational health and safety audits on its contractors to determine conformity with and correct implementation of the Occupational Health and Safety System. Internal audits are undertaken in a planned manner taking into account the importance of the processes involved and the results from previous audits.

Endesa is continuing to develop and undertake a number of annual initiatives as part of a long-term strategy for the ongoing improvement of occupational health and safety. The action taken within the framework of this strategy focussed mainly on specific action plans against accidents, maintaining and creating new alli-

ances with collaborating companies, and a number of action plans with contractor companies with high accident rates.

3.7.3.2.2. Contractor training capabilities

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All (100%) of those working for Endesa's contractors and subcontractors receive training from their companies in occupational health and safety in accordance with their activities. This is a legal requirement that is included in Endesa's internal regulations.

Endesa verifies through the certifications of the collaborating companies that workers who undertake tasks for them have the necessary training, acquired through their own companies, to be able to perform the above-mentioned tasks, under the required conditions of Occupational Health and Safety, based on suitable education, training and experience. Required factor in the Coordination of Business Activities (CAE in Spanish) before the start of work and periodically reviewed.

Occupational health and safety training and qualification for contractors and sub-contractors

	2020	2021	2022
Contractors and subcontractors who have received occupational health and safety training	17,451	17,423	17,649
Qualified suppliers	1,094	1,119	1,332

3.7.4. Tax transparency

The scope of the information provided in this chapter covers both Endesa, S.A. and its investee companies in Spain and Portugal. The scope is the same as in the Legal Documentation reports. For further information, see sections

1.1.2.6. *Organisational structure* and 2. *Report boundary* (Appendix I: *Methodology for preparing the report*). Possible variations on the scope described here are presented throughout the chapter, where appropriate.

3.7.4.1. Tax policy

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Endesa complies with tax regulations as part of the principles that inspire the company's corporate responsibility, applying responsible tax policies and promoting cooperative and transparent relations with the Tax Administrations.

Tax transparency	Leading position in the transparency ranking issued by the Haz Foundation.
	Three-star transparency seal received for compliance with 100% of the indicators of good practices in the responsible tax area.
	Publication of the transparency report which brings together all the relevant information with tax content.
	Publication of details of main tax-related cases.
	Publication of details of the tax contribution by jurisdiction in which it operates.
	Detailed publication of contributions to non-profit entities and public subsidies received.
Cooperative relations	Adherence of the Endesa Group to the Code of Good Tax Practices.
	Voluntary presentation of the enhanced transparency report.
	Letter received from the Tax Agency expressing thanks for voluntary collaboration and exercise of transparency.
	Participation in the Large Companies Forum.
Tax management and control system	Tax control framework adapted to the best standards and with a high level of maturity.
	Ethics Channel available to all stakeholders.
	Employee training on the Tax Compliance System
	Aenor UNE 19602 Standard certification.
Corporate governance	No presence in tax havens at 31.12.2022.
	Compliance with international tax standard GRI-207.
	Non-provision of tax services by the auditor.

At a meeting on 20 December 2010 Endesa's Board of Directors reached an agreement for Endesa to adhere to the Code of Good Tax Practices (CBPT in Spanish). Likewise, on 25 January 2016, the adherence of Endesa, S.A. and its Spanish controlled subsidiaries to the Code was ratified, after the incorporation of an Annex with new conduct obligations for both the Company and the Administration. Endesa's Board of Directors, at its meeting on 21 December 2020, agreed that Endesa and its controlled subsidiaries and branches in France and Portugal should subscribe to the Codes of Good Tax Practices in place in those countries. Every year Endesa prepares and submits an Enhanced Transparency Report to the State Tax Administration Agen-

cy in which it breaks down the information that Endesa voluntarily presents to the Administration in accordance with the provisions of the Annex to the Code of Good Tax Practices. On 21 July 2022, it submitted the Report for the 2021 financial year, according to the AEAT on its website, where it published the list of companies submitting the transparency reports for the 2021 financial year, which includes the Endesa Group.

In compliance with the Corporate Governance rules on tax matters and the provisions of the Code of Good Tax Practices, Endesa's Head of Tax Affairs periodically informs the Audit and Compliance Committee of the company's tax situation.

- Endesa has been recognised for the fourth consecutive year as the Ibex-35 company that best reports about tax issues and has obtained the transparency seal in its category.
- Endesa once again leads the ranking of best tax transparency and responsibility practices according to the Contribution and Transparency Report for 2021 published by the Fundación Haz. Endesa has been chosen for its best practice from among Ibex-35 companies because of its tax risk management and control policy.

- Endesa has also obtained the three-star transparency seal granted by the Haz Foundation, which certifies compliance with twelve indicators that analyse a number of good practices in the area of responsible taxation.

These recognitions reflect Endesa's degree of commitment in terms of tax transparency and responsibility for the economic and social contribution it makes in the jurisdictions in which it operates.

Moreover, in compliance with the provisions of Law 31/2014, of 3 December, amending the Corporate Enterprises Act, on 15 June 2015 Endesa's Board of Directors approved both Endesa's Tax Strategy⁴⁴ and Endesa's Risk Control and Management Policy⁴⁵, including tax risks, subsequently updated on 19 June 2017 and 21 December 2020, respectively.

Endesa's Tax Strategy establishes as a guideline compliance with current tax regulations and the adoption at all times of a reasonable interpretation thereof. Likewise, a

series of behaviours that may not be aligned with that guideline are expressly renounced, such as carrying out operations that pursue a tax advantage, structures of an artificial or opaque nature, etc.

On 30 January 2017 Endesa's Board approved Endesa's Tax Risk Control and Management Policy⁴⁶, which aims to establish a tax control framework within the company. It was updated on 4 May 2020 to comply with the requirements of UNE 19602 Tax Compliance Management Standard.

3.7.4.2. Transactions between Group companies

Related-party transactions carried out by Endesa Group companies comply with the arm's length principle set out in the OECD Guidelines, the European Union Joint Transfer Pricing Forum and the regulations of the Corporation Tax Act.

According to the applicable regulations and recommendations, the pricing method for determining whether a transaction complies with the arm's length principle is that which, based on the facts and circumstances of the transaction, can justify that the transaction has been carried out in accordance with what would have been agreed between independent parties at arm's length.

When it is possible to identify transactions with comparable market characteristics (e.g., indices, public markets, third party contracts), the comparable uncontrolled price method (CUP) is used as it is the most direct and reliable method for applying the arm's length principle. When market comparables are not available, indirect methods such as the cost plus method are applied, which are confirmed by applying the Transactional Net Margin Method (TNMM). When deemed advisable in view of the circumstances, the Endesa Group promotes the signing of Advance Pricing Agreements (APA) with the tax authorities to define the methodology to be applied.

⁴⁴ <https://www.endesa.com/content/dam/endesa-com/endesa-en/home/investors/corporategovernance/corporatepolicies/documents/endesa-tax-strategy-2017.pdf>

⁴⁵ https://www.endesa.com/content/dam/enel-es/endesa-en/home/investors/corporategovernance/corporatepolicies/documents/Pol%C3%ADtica%20gesti%C3%B3n%20Control%20de%20riesgos%2021_12_2020_EN.pdf

⁴⁶ <https://www.endesa.com/content/dam/enel-es/endesa-en/home/investors/corporategovernance/corporatepolicies/documents/Pol%C3%ADtica%20de%20Gesti%C3%B3n%20Control%20de%20Riesgos%20Fiscales%2004.05.2020%20EN.pdf>

3.7.4.3. Relations with stakeholders

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Endesa is firmly committed to endeavouring to explain in a transparent way tax matters that may be of interest to third parties. One of the company's values is tax transparency vis-à-vis third parties (shareholders, customers, suppliers, employees, regulators, Tax Administrations, etc.) on the principles of action in tax matters, on the bodies involved in Endesa's tax governance and on the details of its tax payments in the countries where it operates.

To this end, Endesa provides through its website⁴⁷, in a single space, information with tax relevance for third parties, and aiming to ensure that it is permanently updated, so that it is an information space that is easily accessible and understandable within the reach of anyone.

In addition, starting in 2020 Endesa now publishes an annual report on Tax Transparency which brings together all the information with tax content available on its website. Likewise, Endesa actively participates in a variety of forums on taxes, sustainability and corporate social responsibility, keeping up to date with news and best practices in the matter, the opinions and issues discussed in these forums serving for the continuous review of the

information that is provided to the outside. It forms part of the tax committees of the Association of Electric Power Companies (AELEC) and the Spanish Confederation of Business Organisations (CEOE); in the latter case Endesa participates on behalf of AELEC. Endesa is a member, through the head of its Tax Affairs Unit, of the Spanish Association of Tax Advisors (AEDAF). In 2019, Enel (Endesa's Parent Company) joined the European Business Tax Forum (EBTF - <https://ebtforum.org>), an association that aims to open a public debate on taxation by providing a balanced and comprehensive perspective on the tax that companies pay.

Endesa is part of the Large Companies Forum (a cooperative relationship body to promote greater collaboration between large companies and the State Tax Administration) and actively participates in it through two working groups.

In 2022, Endesa participated for the third year in a row on the Report prepared by PwC on the Total Tax Contribution of IBEX-35 companies in 2021, which aims to study and promote the Total Tax Contribution of this group.

3.7.4.4. Tax contribution

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In line with Endesa's commitment as regards tax management, since 2014 the most significant tax payments made in the countries in which it operates, which are mainly Spain and Portugal, have been voluntarily published, demonstrating its commitment to transparency in paying taxes.

Endesa's activity not only generates an important direct contribution to the Administration through the payment of

taxes, but also a notable contribution through the collection of third-party taxes generated as a result of the company's activity.

In 2022, Endesa's total tax contribution amounted to Euros 3,843 million, of which Euros 1,634 million refer to amounts paid by the group and Euros 2,209 million to amounts collected as a result of Endesa's business activity.

⁴⁷ <https://www.endesa.com/en/our-commitment/transparency>

Distribution of taxes paid by geography

	Spain		Portugal		France		Germany		Netherlands	
	Amounts paid	Amounts collected	Amounts paid	Amounts collected	Amounts paid	Amounts collected	Amounts paid	Amounts collected	Amounts paid	Amounts collected
I. TAXES PAID IN THE CONSOLIDATED TAX GROUP										
TAXES ON PROFITS	472									
Corporation Tax ¹	472									
SUBTOTAL TAXES PAID TAX GROUP	472									
II. TAXES PAID TO THE TREASURY										
TAXES ON PROFITS	77	75	6	0	6	0	0	0	1	0
Corporation tax	47		6		6		0		1	
Tax on Trading Income	28									
Other withholdings and others	2	75								
PROPERTY TAXES	99	0	0	0	0	0	0	0	0	0
Real Estate Tax (municipal)	61									
Others ²	38									
TAXES ASSOCIATED WITH EMPLOYMENT	129	232	1	1	1	1	0	0	0	0
Payments made to the Social Security system ³	129	19	1		1	1				
Withholding on earned income		213		1						
TAXES ON PRODUCTS AND SERVICES	310	1,260	0	238	0	98	0	88	0	10
VAT paid ⁴	1	1,260		236		98		88		10
Public Domain Utilisation Fee	288			2						
Miscellaneous public domain charges and others ⁵	21									
ENVIRONMENTAL TAXES	532	109	0	18	0	47	0	26	0	6
Tax on the value of electricity production	1									
Nuclear fuel tax	112									
Hydroelectric fee										
Nuclear Services Fees	214									
Environmental Taxes (regional) and others	200									
Electricity Tax		70		4				24		4
Hydrocarbon Tax		39		14		47		2		2
Coal Tax	5									
SUBTOTAL TAXES PAID⁶	1,147	1,676	7	257	7	146	0	114	1	16

¹ Given that the requirements set forth in Chapter VI of Title VII of Law 27/2104 of 27 November on Corporation Tax are met, since 2010 Endesa and certain subsidiaries resident in Spain have been part of the Tax Consolidation Group whose parent company is Enel S.p.a., the company representing the Tax Group in Spain being Enel Iberia. It is this company that, as the entity representing the Tax Group, maintains the ultimate relationship with the Public Treasury regarding this tax.

² The amount related to "Others" within the Property Tax category, refers mainly to the Tax on the Increase in Value of Urban Land, the Tax on Construction, Installations and Works and Fees for licences and authorisations for works.

³ The Social Security amounts paid by Endesa in Spain are included, since, in line with the philosophy implemented by the OECD in analysing a country's tax burden, they are mandatory contributions that generally constitute a significant part of the state's income and, given that they are imposed rather than voluntary contributions, they are clearly analogous to a tax.

⁴ For VAT settled, VAT paid is reported.

⁵ The item 'Other public domain charges and others' includes amounts mainly related to the concession and regulation of dams, public rates and others.

⁶ Where applicable, each tax item includes amounts paid by way of outlay resulting from inspection proceedings and voluntary regularisations, as well as returns received during the year. Delay interest or surcharges are not included, as they are considered not to be part of the tax contribution.

Amounts in 2022

Millions of euros

Item	Amounts paid	Amounts collected	Total
Total tax contribution	1,634	2,209	3,843
Other regulatory payments 2021¹			
"Social Bonus" (special cheap rate) (Spain)			134
"Social Bonus" (special cheap rate) (Portugal)			9
Energy Efficiency (Spain)			26
Others (France)			4
Others (Portugal)			17
Subtotal other regulatory payments			190
Total payments to public administrations	1,824	2,209	4,033

¹ Likewise, 'Other Regulatory Payments' are reported separately; these are paid to the Authorities by Endesa as a statutory requirement, a consequence of the regulation of the sector in which it operates, although these are not strictly taxes and therefore cannot be included in the Total Tax Contribution.

- Energy efficiency: gas and electricity suppliers, wholesale oil product operators and wholesale liquefied petroleum gas operators are reporting parties under the National Energy Efficiency Obligation System, pursuant to Law 18/2014, of 15 October, on the approval of urgent measures for growth, competitiveness and efficiency.
- Social Bonus: duty of all stakeholders in the electricity sector to contribute to the financing of the social bond, established by Royal Decree-Law 6/2022, of 29 March.
- Other: this corresponds to a payment in France to a Government Association, in relation to the gas tax to fund the sector pensions and the payment used to fund the retirement plans of self-employed workers, such as craftsmen and other workers in industrial and commercial sectors, and the payment in Portugal for the Audio-Visual Fees used to fund Rádio e Televisão de Portugal.

The scope of companies can be consulted in Appendix I, "companies that make up Endesa", of the consolidated financial statements. The Endesa Group mainly carries out electricity generation, distribution and sales activities in Spain and Portugal, and to a lesser extent it uses its platform in those countries to supply electricity and gas in other European markets (Germany, France and the Netherlands). It also operates in electricity generation in Morocco through its stake in the company Energie Electrique de Tahadart S.A. In France, Germany and the Netherlands it operates through the branches of Endesa Energía S.A.U. located in those countries.

As a sign of its commitment to society in general and to equality and social cohesion in particular, Endesa allocates 0.7% of its corporation tax payable to the Third Sector, contributing to the financing of social projects.

Main trends in total tax contribution

Firstly, the extraordinary circumstances that have affected the electricity market in 2022 on account of the increase in the price of electricity on wholesale markets must be put into context.

In 2022, the electricity sector was strongly affected by tensions which began to emerge in the wholesale electricity market in late 2021 and have since been exacerbated by Russia's invasion of Ukraine and the resulting uncertainty regarding the supply of gas. The energy crisis worsened

since mid-year as a result of the problems of Russian gas supply generated by the sanctions imposed by the European Union on Russia, which caused an extraordinary rise in energy prices to all-time highs. This situation has had an impact on the energy markets, where the gas shortages resulting from the conflict have pushed up prices within the European gas market. The serious situation has also led to high levels of market volatility, with a knock-on effects on electricity prices.

In order to reduce the impact on the final price of electricity, the Spanish government has introduced several regulatory and fiscal measures that directly affect the final bill from electricity and gas suppliers (Royal Decree-Law 6/2022 of 29 March, Royal Decree-Law 11/2022 of 25 June and Royal Decree-Law 17/2022 of 20 September).

The most relevant fiscal measures have been:

- Application throughout 2022 of the 5% Value Added Tax (VAT) rate on the intra-Community delivery, import and acquisition of electricity made in favour of customers with a contracted power of 10 kW or less, when the average arithmetical daily market price corresponding to the last calendar month before the last day of the billing period has been more than €45/MWh and the customers benefiting from the special social rate (Bono Social) who are recognised as being in a severely vulnerable condition or a severely vulnerable condition at risk of social exclusion. This measure has been extended until 31/12/2023.

- In addition, the reduction of the special electricity tax to 0.5% is extended to 31 December 2022.
- Extension of the temporary suspension of the Tax on the Value of Electricity Production until 31 December 2023.
- Cut in the Value Added Tax (VAT) rate for natural gas from 21% to 5% for all consumers, starting on 1 October 2022 and ending on 31 December 2023.

Looking at Endesa's tax contribution in 2022 compared to 2021 in more detail, it should be noted that in 2022, ENDESA's total tax contribution came to Euros 3,843 million, up by 28% on the 2021 figure.

From these Euros 3,843 million, 43% corresponds to taxes incurred that represent an expense for ENDESA and 57% corresponds to taxes collected by ENDESA on the performance of its economic activity. Spain has been the jurisdiction in which ENDESA has most contributed to the payment of taxes, representing over 85% of the total taxes paid and collected in 2022.

Endesa has also paid Euros 190 million as other regulatory payments, such as the Social Bonus and Energy Efficiency. In Spain, taxes borne increased by 31%, mainly as a consequence of the following variables:

- There was an increase in the payment of corporate tax as a result of the following:
 - Higher amount to be paid to Enel Iberia as a result of the distribution of the consolidated profit of the Tax Group to which Endesa belongs in relation to the 2021 tax return and the 2002 payments in instalments mainly due to two facts: i) the entry into force of the 5% limit on the exemption of dividends and capital gains even in relation to those generated within the consolidation group (implying effective taxation of 1.25% of this income) and ii) the lower tax depreciation of coal plants as a result of the delay in their planned closure.
 - Higher amount to be paid to Enel Iberia as a result of the distribution of the consolidated profit of the Tax Group to which Endesa belongs for the supplementary tax returns corresponding to 2019 and 2020 filed in 2022, to incorporate the necessary adjustments following the completion of the General Audit for 2015 to 2018 and due to the delay in the closure of coal plants.

- Increase in payments of Tax for Occupying the Public Highways, mainly as a result of the increased income from electricity sales.
- Decrease in payments of the Tax on the Value of Production of Electricity, resulting from the temporary suspension of said tax during 2022 compared to 2021, when it was only suspended for part of the year.
- Lower tax contribution in terms of the tax on the production of depleted nuclear fuel and radioactive waste, as a result of the returns linked to the certificates signed in accordance with the Tax Agency in relation to the nuclear plants of Almaraz and Trillo, where a request was made to apply the retroactivity coefficient calculation pursuant to the recent administrative doctrine in this regard.
- Increase in payments for the tax on facilities that affect the environment in the Autonomous Region of Catalonia, as a result of this tax being payable for the entirety of 2022, compared to 2021, where the tax did not apply until the date on which the regulation was approved and, additionally, as that the tax rate was increased by 33% in 2022 compared to 2021.
- In turn, in 2021 there was a decrease in the payment of environmental taxes due to the significant refund of the amount paid as a fee for the use of inland waters for the production of electricity between 2013 and 2020, following the Supreme Court Ruling of 19 April 2021.

In turn, taxes collected in Spain increased by 16% in 2022, mainly due to the following factors:

- Increase of taxes on products and services, mainly due to the increased payments of Value Added Tax (VAT), basically as a result of the increased output VAT of *Endesa Generación* associated with the increased production in 2022.
- This was partially offset by a decrease in withholding taxes on profits due to the decrease in withholdings following the change to the Group's dividend policy, which resulted in a lower dividend payment compared to the previous year and a reduction in the payment of Electricity Tax as a result, consisting of a reduction in the tax rate to 0.5%.

With respect to other countries (**Portugal, France, Germany and the Netherlands**), there was an increase in tax contribution of 68%, due mainly to the increased payments for

Value Added Tax (VAT) associated with increased income on the sale of energy and gas.

Details of Endesa's tax contribution can be found on the corporate website, where the 2022⁴⁸ Total Tax Contribution Report 2022, prepared by PriceWaterhouseCoopers (PwC) can be downloaded.

Breakdown of total tax contribution and accounting results by geographical region

Obviously, Spain was the jurisdiction where Endesa, paid most in taxes, representing more than 85% of the total taxes paid and collected in 2022 by Endesa.

Total amount of payments made to Public Administrations in millions of euros Breakdown by country in which Endesa operates year 2022

	Spain	Portugal	France	Germany	Netherlands	Total
Tax borne	1,619	7	7	0	1	1,634
Tax collected	1,676	257	146	114	16	2,209
Total Tax Contribution	3,295	264	153	114	17	3,843
TTC % of total	85.7%	6.9%	4.0%	3.0%	0.4%	100%
Other regulatory payments						
Social Bonus	134	9	0	0	0	143
Energy efficiency	26	0	0	0	0	26
Other	0	17	4	0	0	21
Total other payments to public administrations	160	26	4	0	0	190
Total payments made to public administrations	3,455	290	157	114	17	4,033

Total amount in millions of euros of accounting profit breakdown by country in which Endesa operates in 2022

	Spain	Portugal	France	Germany	Netherlands	Morocco	Total
Total revenue	29,669	1,569	1,162	468	28	0	32,896
Accounting profit before tax ¹	3,365	67	36	16	1	2	3,487
Corporation tax paid ²	519	6	6	0	1	0	532
Accrued corporation tax ³	-678	-18	-5	-2	0	0	-703
Retained earnings	4,182	84	20	-10	-2	0	4,274
Cash and cash equivalents	22,022	312	4	0	0	0	22,338
Average headcount	8,997	77	59	9	1	0	9,143
Number of employees ⁴	9,104	82	63	8	1	0	9,258
Contributions to foundations and non-profit organisations	7.7	0	0	0	0	0	7.7
Public grants received ⁵	2.1	0	0	0	0	0	2.1

¹ The criterion for determining the accounting profit is on a consolidated basis.

² The figure corresponding to Tax on Profits corresponds to Corporation Tax paid/received in the reporting period. In this case, it should be noted that Endesa and its wholly owned subsidiaries located in Spain are part of the fiscal consolidation group whose parent company is Enel S.p.a., the company representing the tax group in Spain being Enel Iberia, S.L.U. Therefore, the data shown is the amount paid/collected by Endesa and its subsidiaries belonging to the tax group to Enel Iberia, S.L.U., which declares and settles the taxes of the tax group with the tax authorities in accordance with tax regulations. For the rest of the subsidiaries of the consolidated commercial group that are not part of the fiscal consolidation group, the amount paid / charged to the Tax Administration is taken into account.

Morocco consolidates in the group by the equity method, so the accounting profit corresponds to the result after taxes in the percentage in which Endesa participates.

(+) payment, (-) collection

³ Accrued Tax on Profits corresponds to the Current Corporation Tax recognised in the period.

(+) Corporation Tax receipt, (-) Corporation Tax expense.

⁴ The employee figure refers to the number of active employees at 31 December 2022. Employees in France, Germany, the Netherlands and part of Portugal are employees of branches of the company Endesa Energía S.A. in these countries, consolidated in Spain.

⁵ The figure for public subsidies received corresponds to the total amount of public subsidies collected in 2022, all in Spain.

⁴⁸ <https://www.endesa.com/en/our-commitment/transparency/tax-information-breakdown>

3.7.4.5. Use of tax havens

Endesa understands the concept of tax haven in relation to those territories considered as such by Spanish tax regulations, in accordance with Royal Decree 1080/1991 of July 5 which determines the countries or territories referred to by Articles 2, section 3, number 4, of Law 17/1991 of 27 May on Urgent Fiscal Measures, and 62 of Law 31/1990 of 27 December on General State Budgets for 1991. However, the territories included in the EU's list of non-cooperative jurisdictions for tax purposes (both the "black" and "grey" lists) and the jurisdictions analysed by the Global Forum on Transparency and Information Exchange within the OECD are also analysed, as are the lists issued by other organisations and NGOs.

Endesa's policy is that investments are not made in or through territories classified as tax havens in order to reduce the tax burden. They are only carried out if there are important economic reasons that justify it other than the one mentioned. In addition, Endesa has never resorted to entities located in tax havens to conceal the identity of parties earning income, conducting activities, owning property or holding rights.

At 31 December 2022, Endesa did not have holdings in companies located in any territory classified as a tax haven or in any territory classified by third parties as having more favourable taxation than Spain.



4.

Appendices

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Appendix I: Methodology for preparing the report

1. Profile of the report

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The 2022 Non-Financial and Sustainability Statement is the twenty-second annual report published by the company since it began publishing Sustainability Reports in 2001. This report is Endesa's third joint Non-Financial and Sustainability Statement

With this 2022 Report, Endesa aims to offer a transparent and global vision of the company's performance in terms of Sustainability, in accordance with its new Sustainability Policy and its 2022-2024 Sustainability Plan, which has been renewed with the 2023-2025 Plan, as well as complying with the Law. This underlines Endesa's commitment to generating long-term value for its stakeholders and sustainable management of its business.

The 2022 Non-Financial and Sustainability Statement, which forms part of Endesa's Consolidated Management Report at 31 December 2022, was drafted according to the requirements requested by the following international regulations and reporting standards:

- Global Reporting Initiative (GRI Standards), a global initiative for the presentation of sustainability reports and the sector-specific supplement *"Electric Sector Supplement"*.
- Law 11/2018, of 28 December, amending the Code of Commerce, the consolidated text of the Spanish Corporate Enterprises Act approved by Royal Decree Law 1/2010, of 2 July, Law 22/2015, of 20 July, on Account Auditing, on non-financial information and diversity, and Law 5/2021, of April 12, which modifies article 49.6.II, fourth indent, of the Commercial Code.
- Article 8 of Regulation 852/2020, on the establishment of a framework to facilitate sustainable investments, and Commission Delegated Regulation (EU) 2021/2178, which establishes the methodology for reporting eligibility and Taxonomy alignment.
- Regulation 2019/2088 (SFDR) which aims to establish harmonised rules on transparency to be applied by market participants and financial advisers on sustainability. In this case, Endesa would not be within the scope of the Regulation, but considers that it is relevant information for its stakeholders.
- Sustainability Accounting Standards Board (SASB), responding to the main indicators required in its sector standard *"Electric Utilities & Power Generators"*.

- The recommendations established by the Task Force on Climate-Related Financial Disclosures (TCFD) in relation to the reporting of the risks and opportunities identified in the field of Climate Change.
- The performance indicators defined by the World Economic Forum (WEF) in its report *"Measuring Stakeholder Capitalism: Towards Common Metrics and Consistent Reporting of Sustainable Value Creation"*.

In 2022, with the aim of continuing to align itself with the main reporting standards, Endesa carried out an in-depth analysis of the European Sustainability Reporting Standards (ESRS), developed by EFRAG and derived from the update of the Corporate Sustainability Reporting Directive (CSRD). Endesa established a roadmap to comply with these future standards, on which work will continue in the coming years.

The scope of this Non-Financial and Sustainability Statement includes the consolidated information relating to the 2022 financial year of the Endesa Group in accordance with the Basis of Presentation of the Consolidated Financial Statements described in Note 2 of the Notes to the Consolidated Financial Statements for the year ended 31 December 2022.

The 2022 Non-Financial and Sustainability Statement is published together with the company's other annual reports, such as the legal documentation and the Corporate Governance Report, as well as with the contents of the Sustainability section of the Endesa website (www.endesa.com). Information is also provided on the social commitment activities of the Endesa Foundation in its annual report.

ENDESA reports on its sustainability performance through its corporate website, www.endesa.com, offering quarterly information to shareholders and the financial markets. This information is also available via the Endesa Shareholder Office.

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The Board of Directors, the highest governing body of the company, and senior management participate in the request for external verification, which is entrusted to KPMG, an entity of proven competence unconnected with the company, which applies professional criteria and follows systematic processes based on empirical verification. The public independent review report is included in Appendix IX.

2. Report boundary

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Endesa keeps a corporate record permanently updated with information on all its holdings, whether direct or indirect, as well as details of any companies over which it may be able to exercise control.

The scope of the information provided in this report covers both Endesa, S.A. and its investee companies in Spain and Portugal. It is the same as for the Legal Documentation reports. For further information, see section 1.1.2.6. *Organisational structure*.

Endesa Movilidad Eléctrica, S.L.U. was incorporated on 9 February 2022 (currently known as Endesa X Way, S.L.), in which Endesa X Servicios, S.L.U. has a 100% ownership interest. On 29 April 2022, Endesa X Servicios, S.L.U. sold 51% of its holding in Endesa Movilidad Eléctrica, S.L.U., currently known as Endesa X Way, S.L., to Enel X Way, S.r.l. (company in the Enel Group, the parent of the electric mobility business. This sale transaction meant that Endesa lost control over Endesa X Way, S.L. As a result, this report does not include the information related to Endesa X Way, S.L. since its non-financial information is not material.

Environment

As a rule, 100% of those facilities majority-owned by Endesa, over which it therefore has operational responsibility (control), are included for environmental data. Data is also included relating to facilities over which Endesa does not have control in proportion to its shareholding, as is the case of nuclear facilities.

Our Zero Emissions Ambition

Only the perimeter of Spain is included in the identification and quantification of risks deriving from climate change. Not included is Endesa's activity in Portugal, as it is not material in terms of business comparison.

Employees and society

The data on employees include the companies managed by Endesa and its investees in Spain and Portugal. Employees of investee companies in France, the Netherlands and Germany are also included. The following percentages of the company's participation has been consolidated for the quantitative information reported by the companies SALIME and ANAV: 50% for SALIME and 85.41% for ANAV.

In the area of occupational health and safety, data are included for the employees of companies majority-owned by Endesa, where it is therefore responsible for operations (control). This means that the data do not include the Endesa Foundation. The percentage holding in ANAV (85.41%) is also considered, except for the number of accidents, where 100% of accidents are included.

The information on social programmes corresponds to activities undertaken by Endesa and its subsidiaries in Spain and Portugal, either directly or through the Foundation.

Nuclear power stations

The scope of the information reported in relation to nuclear power plants considers Endesa's percentage holding in the facilities belonging to each of the companies, reporting their environmental impacts in these percentage terms.

Material issues

The material aspects identified are all relevant for all the entities that make up Endesa, both within and outside the organisation. All of these aspects are described in this report. To learn more about the material topics see section 1.3. *What is material for us* and chapter 2. *Materiality*.

Throughout the Sustainability and Non-Financial Statement, cases are indicated where there are restrictions on the scope of the information included compared with these criteria.

3. Other information

For further information on sustainability, refer to the following channels:

Websites

<https://www.endesa.com>
<https://www.endesatarifasluzygas.com/>
<https://www.edistribucion.com/es/index.html>
<https://www.energiaxxi.com/homexxi-en>
<https://www.endesax.com/es>

Customer service numbers

- Free market customers: 800 76 09 09 / From abroad +34 937 061 510
- Energía XXI: 800 76 03 33
- Companies: 800 76 02 66
- Endesa One: +34 919 03 94 67
- Endesa Distribución: 900 87 81 19 / From abroad +34 937 061 513

Email address

e-mail: atencionalcliente@endesaonline.com

Shareholders and investors

Investor Relations:

C/ Ribera del Loira, 60. 28042 Madrid.
Tel. + 34 91 213 1503
e-mail: ir@endesa.es

Shareholders' Office:

C/ Ribera del Loira, 60. 28042 Madrid.
Tel. 900 666 900
e-mail: accionistas@endesa.es

Suppliers

<https://globalprocurement.enel.com>
C/ Ribera del Loira, 60. 28042 Madrid.
Tel. +34 914 558 838
e-mail: procurement.enel@enel.com

Employees and their representatives

100% of employees have access to the corporate intranet. Employees also have a multichannel platform (website, telephone and chat) known as "Online" (En Línea) through which they can make enquiries, resolve doubts and carry out tasks related to staff administration. This initiative, which leverages new technologies, is included within the Company's digital transformation plan, which seeks to reduce response times and increase employee satisfaction levels.

Endesa trade union websites:

<http://ugtendesa.es/>
<https://ccooendesa.com/>
<http://www.asie-sindical.com/>

Customer service

Endesa sustainability mailbox:
sostenibilidad@endesa.es

Ethical channel:

<https://secure.ethicspoint.eu/domain/media/es/gui/102504/index.html>

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The contact person for all stakeholders on sustainability-related issues and those related to the content of the 2022 Sustainability and Non-Financial Statement is:

D^a María Malaxechevarría Grande

Endesa General Manager – Sustainability

C/ Ribera del Loira, 60
28042 Madrid (España)
e-mail: sostenibilidad@endesa.es

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Endesa Head Office

Ribera del Loira, 60
28042 Madrid (España)

Appendix II: Index of content of GRI

GRI Standard	Contents
Declaration of use	Endesa has drafted the report according to the GRI Standards for the period between 1 January 2022 and 31 December 2022
GRI 1 used	GRI 1: Fundamentals 2021

GRI Standard	Content	Reference
GRI 2: General contents 2021		
2-1	Organizational details	1.1.2.4. Main business activities, page 25 1.1.2.5. Main markets, page 25 1.1.2.6. Organisational structure, page 26 Appendix I: Methodology for preparing the report page 328
2-2	Entities included in the organization's sustainability reporting	1.1.2.6. Organisational structure, page 26
2-3	Reporting period, frequency and contact point	Appendix I: Methodology for preparing the report, page 328
2-4	Restatement of information	Restatements of information are referenced in each chapter
2-5	External assurance	Appendix I: Methodology for preparing the report, page 328 Appendix X: Public independent review report, page 378
2-6	Activities, value chain and other business relationships	1.1.1. Financial, operational and sustainability milestones, page 12 1.1.2.4 Main business activities, page 25 1.1.2.5. Main markets, page 25 1.1.2.6. Organisational structure, page 26 1.1.3.1. Share performance, page 31 3.6.3.1. Responsible supply chain, page 282 3.6.3.2. Comprehensive procurement process, page 284 Endesa does not sell or market prohibited products or services. Two services are provided in distribution activities: supply of energy and connection to the grid. Both of these services are regulated, so they are always provided in accordance with the existing regulatory framework. Endesa Energía sells electricity and gas in compliance with applicable legislation. Endesa X does not market any products or services prohibited by Spanish law and always acts in accordance with the law.
2-7	Employees	3.6.1.1. Workforce, page 242
2-8	Workers who are not employees	3.6.3.1. Responsible supply chain, page 282
2-9	Governance structure and composition	1.2. Sustainability governance, page 35 3.7.2.1. Corporate governance model, page 298
2-10	Nomination and selection of the highest governance body	3.7.2.1. Corporate governance model, page 298
2-11	Chair of the highest governance body	3.7.2.1. Corporate governance model, page 298
2-12	Role of the highest governance body in overseeing the management of impacts	1.2. Sustainability governance, page 35 2.2.2.5. Prioritisation matrix, page 85 2.2.2.4. Priority assessment of subjects for company strategy, page 85 3.7.2.1. Corporate governance model, page 298 3.7.1.1. The due diligence process, page 292
2-13	Delegation of responsibility for managing impacts	1.2. Sustainability governance, page 35 3.7.2.1. Corporate governance model, page 298
2-14	Role of the highest governance body in sustainability reporting	1.2. Sustainability governance, page 35 3.7.2.1. Corporate governance model, page 298 2.2.3. Double Materiality, page 86
2-15	Conflicts of interest	3.7.2.1. Corporate governance model, page 298
2-16	Communication of critical concerns	2.2.3. Double Materiality, page 86
2-17	Collective knowledge of the highest governing body	1.2. Sustainability governance, page 35
2-18	Evaluation of the performance of the highest governance body	3.1.2. Governance of climate change management, page 106

GRI Standard	Content	Reference
2-19	Remuneration policies	3.1.2. Governance of climate change management, page 106 3.6.1.2. Talent and leadership management, page 245 3.7.2.1. Corporate governance model, page 298
2-20	Process to determine remuneration	3.6.1.2. Talent and leadership management, page 245
2-21	Annual total compensation ratio	3.7.2.1. Corporate governance model, page 298
2-22	Statement on sustainable development strategy	Letter to our stakeholders, page 6
2-23	Policy commitments	1.4.3.1. Human Rights Policy, page 51 3.5.1.1. Environmental policy, page 212 3.7.2.2. Values and pillars of corporate ethics, page 302
2-24	Embedding policy commitments	3.7.1.1. The due diligence process, page 292 3.7.2.2. Values and pillars of corporate ethics, page 302
2-25	Processes to remediate negative impacts	2.2.3. Double Materiality, page 86 3.7.1.1. The Due Diligence process, page 292 3.7.2.2. Values and pillars of corporate ethics, page 302
2-26	Mechanisms for seeking advice and raising concerns	1.4.3.2. Whistleblowing and complaint mechanisms, page 52 3.7.2.2. Values and pillars of corporate ethics, page 302
2-27	Compliance with laws and regulations	3.7.2.2. Values and pillars of corporate ethics, page 302
2-28	Membership associations	1.4.7. Participation in forums and associations, page 57
2-29	Approach to stakeholder engagement	2.2.2. Traditional materiality, page 82 2.2.2.3. Assessment of the priority and fulfilment of stakeholders issues, page 82 1.1.3.4. Transparency and closeness with shareholders and investors, page 33 1.1.3.5. Investor Relations, page 33 1.1.3.6. Shareholders' Office, page 34 3.3.4.2. Customer satisfaction, page 163 3.6.3.1. Responsible supply chain, page 282
2-30	Collective bargaining agreements	3.6.1.4. Social dialogue, page 287

GRI Standard	Content	Page number(s) and/or direct response
GRI 3: Material issues 2021		
3-1	Process to determine material topics	2.2. Materiality analysis and results, page 81 Appendix I: Methodology for preparing the report, page 328
3-2	List of material topics	2.2. Materiality analysis and results, page 81

GRI Standard	Content	Page number(s) and/or direct response
Material issue: Creation of economic and financial value		
GRI 3: Material issues 2021		
3-3	Management of material topics	1.1.3.2. Dividend, page 32 1.1.3.3. Return, page 32
GRI 200: Series of economic standards		
201-1	Direct economic value generated and distributed	1.1.1.3. Sustainable metrics, page 17 3.6.2.5. Quantification of social investment in the community, page 278
201-2	Financial implications and other risks and opportunities due to climate change	1.4.1.4. Main ESG risks, page 39 3.1.3. Climate strategy, page 107 3.1.4. Risk management, page 118 3.1.6.2. Climate projects, page 139 3.2.2. Construction of new projects - Renewable energies, page 146 3.5.1.3. Investment in environmental management, page 212 3.5.1.4. Managing environmental risks and impacts, page 213
201-3	Defined benefit plan obligations and other retirement plans	3.6.1.2. Talent and leadership management, page 245
201-4	Financial assistance received from government	1.1.1.1. Financial indicators, page 12

GRI Standard	Content	Page number(s) and/or direct response
Material issue: Creation of economic and financial value		
GRI 3: Material issues 2021		
3-3	Management of material issues	3.6.1.2. Talent and leadership management, page 245
GRI 202: Market presence		
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	3.6.1.2. Talent and leadership management, page 245
202-2	Proportion of senior management hired from the local community	3.6.1.2. Talent and leadership management, page 245

GRI Standard	Content	Page number(s) and/or direct response
Material issue: Creation of economic and financial value		
GRI 3: Material issues 2021		
3-3	Management of material issues	3.6.2.1. Action under the CSV approach, page 266
GRI 203: Indirect economic impacts		
203-1	Infrastructure investments and services supported	3.6.2.5. Quantification of social investment in the community, page 278 3.6.2.1. Action under the CSV approach, page 266
203-2	Significant indirect economic impacts	3.6.2.4. Details of sustainability projects, page 271 3.6.2.5. Quantification of social investment in the community, page 278 3.6.2.1. Action under the CSV approach, page 266 3.6.2.2. Response to emergencies, page 269 3.6.2.3. Sustainability projects, page 270

GRI Standard	Content	Page number(s) and/or direct response
Material issue: Sustainable supply chain		
GRI 3: Material issues 2021		
3-3	Management of material issues	3.6.3.2. Comprehensive procurement process, page 284 3.6.3.1. Responsible supply chain, page 282
GRI 204: Acquisition practices		
204-1	Proportion of spending on local suppliers	3.6.3.1. Responsible supply chain, page 282

GRI Standard	Content	Page number(s) and/or direct response
Material issue: Good governance and ethical conduct		
GRI 3: Material issues 2021		
3-3	Management of material issues	3.7.2.2. Values and pillars of corporate ethics, page 302
GRI 205: Anti-corruption		
205-1	Operations assessed for risks related to corruption	3.7.2.2. Values and pillars of corporate ethics, page 302
205-2	Communication and training about anti-corruption policies and procedures	3.6.1.3. Training, page 281 3.7.2.2. Values and pillars of corporate ethics, page 302
205-3	Confirmed incidents of corruption and actions taken	3.7.2.2. Values and pillars of corporate ethics, page 302

GRI Standard	Content	Page number(s) and/or direct response
Material issue: Good governance and ethical conduct		
GRI 3: Material issues 2021		
3-3	Management of material issues	3.7.2.2. Values and pillars of corporate ethics, page 302
GRI 206: Unfair competition		
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	3.7.2.2. Values and pillars of corporate ethics, page 302

GRI Standard	Content	Page number(s) and/or direct response
Material issue: Good governance and ethical conduct		
GRI 207: Taxation		
207-1	Approach to tax	3.7.4.1. Tax policy, page 318
207-2	Tax governance, control, and risk management	3.7.4.1. Tax policy, page 318 1.4.1.7. Tax Risk Management and Control System, page 46
207-3	Stakeholder engagement and management of concerns related to tax	3.7.4.3. Relations with stakeholders, page 320
207-4	Country-by-country reporting	3.7.4.4. Tax contribution, page 320

GRI Standard	Content	Page number(s) and/or direct response
Material issue: Innovation, circular economy and digitalization		
GRI 3: Material issues 2021		
3-3	Management of material issues	3.5.1. Environmental management, page 211 3.5.1.1. Environmental policy, page 212
GRI 300 Series on environmental standards		
301-1	Materials used by weight or volume	3.5.2.1. Energy resources, page 219
301-2	Recycled input materials used	3.5.3.1. Water collection, consumption and discharges, page 225 3.5.4. Waste management, page 228

GRI Standard	Content	Page number(s) and/or direct response
Material issue: Preservation of ecosystems and environmental management		
GRI 3: Material issues 2021		
3-3	Management of material issues	3.5.1. Environmental management, page 211 3.5.1.1. Environmental policy, page 212 3.5.2.1. Energy resources, page 219
GRI 302: Energy		
302-1	Energy consumption within the organization	3.5.2.1. Energy resources, page 219
302-2	Energy consumption outside of the organization	3.5.2.1. Energy resources, page 219
302-3	Energy intensity	3.5.2.1. Energy resources, page 219
302-4	Reduction of energy consumption	3.5.2.1. Energy resources, page 219
302-5	Reductions in energy requirements of products and services	3.3.5.1. Products and services, page 166

GRI Standard	Content	Page number(s) and/or direct response
Material issue: Preservation of ecosystems and environmental management		
GRI 3: Material issues 2021		
3-3	Management of material issues	3.5.3. Water resources, page 224 3.5.3.1. Water collection, consumption and discharges, page 225 3.5.3.2. Water stress, page 227
GRI 303: Water and effluents		
303-1	Interactions with water as a shared resource	3.5.3.1. Water collection, consumption and discharges, page 225
303-2	Management of water discharge-related impacts	3.5.3.1. Water collection, consumption and discharges, page 225
303-3	Water withdrawal	3.5.3.1. Water collection, consumption and discharges, page 225 3.5.3.2. Water stress, page 227
303-4	Water discharge	3.5.3.1. Water collection, consumption and discharges, page 225
303-5	Water consumption	3.5.3.1. Water collection, consumption and discharges, page 225

GRI Standard	Content	Page number(s) and/or direct response
Material issue: Preservation of ecosystems and environmental management		
GRI 3: Material issues 2021		
3-3	Management of material issues	3.5.5. Biodiversity conservation, page 233
GRI 304: Biodiversity		
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	3.5.5.4. Impacts caused by activities and operations in protected areas, page 239
304-2	Significant impacts of activities, products and services on biodiversity	3.5.5.2. Highlights page, 236 3.5.5.4. Impacts caused by activities and operations in protected areas, page 239
304-3	Habitats protected or restored	3.5.5.3. Environmental restoration, page 238
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	3.5.5.2. Highlights, page 236

GRI Standard	Content	Page number(s) and/or direct response
Material issue: Decarbonisation of the energy mix		
GRI 3: Material issues 2021		
3-3	Management of material issues	3.1.2. Governance of climate change management, page 106 3.1.5.1. Carbon footprint, page 130 3.1.5.3. Objectives, page 137 3.5.2.2. Air quality, page 223 3.5.2.3. Emissions of ozone-depleting substances, page 224 3.5.2.4. Noise and light pollution, page 224
GRI 305: Emissions		
305-1	Direct (Scope 1) GHG emissions	3.1.5.2. Direct and indirect Greenhouse Gas (GHG) emissions, page 132
305-2	Energy indirect (Scope 2) GHG emissions	3.1.5.2. Direct and indirect Greenhouse Gas (GHG) emissions, page 132
305-3	Other indirect (Scope 3) GHG emissions	3.1.5.2. Direct and indirect Greenhouse Gas (GHG) emissions, page 132
305-4	GHG emissions intensity	3.1.5.2. Direct and indirect Greenhouse Gas (GHG) emissions, page 132
305-5	Reduction of GHG emissions	3.1.5.2. Direct and indirect Greenhouse Gas (GHG) emissions, page 132
305-6	Emissions of ozone-depleting substances (ODS)	3.5.2.3. Emissions of ozone-depleting substances, page 224
305-7	Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions	3.5.2.2. Air quality, page 223 3.5.2.3. Emissions of ozone-depleting substances, page 224

GRI Standard	Content	Page number(s) and/or direct response
Material issue: Preservation of ecosystems and environmental management		
GRI 3: Material issues 2021		
3-3	Management of material issues	3.5.3.1. Water collection, consumption and discharges, page 225 3.5.4. Waste management, page 228
GRI 306: Waste		
306-1	Waste generation and significant waste-related impacts	3.5.4. Waste management, page 228
306-2	Management of significant waste-related impacts	3.5.1.4. Managing environmental risks and impacts, page 213 3.5.4. Waste management, page 228
306-3	Waste generated	3.5.4. Waste management, page 228
306-4	Waste diverted from disposal	3.5.4. Waste management, page 228
306-5	Waste directed to disposal	3.5.4. Waste management, page 228

GRI Standard	Content	Page number(s) and/or direct response
Material issue: Sustainable supply chain		
GRI 3: Material issues 2021		
3-3	Management of material issues	3.6.3.2. Comprehensive procurement process, page 284 3.6.3.3. ESG management of the supply chain, page 289
GRI 308: Environmental assessment of suppliers		
308-1	New suppliers that were screened using environmental criteria	3.6.3.3. ESG management of the supply chain, page 289 3.6.3.2. Comprehensive procurement process, page 284
308-2	Negative environmental impacts in the supply chain and actions taken	3.6.3.3. ESG management of the supply chain, page 289 3.6.3.2. Comprehensive procurement process, page 284

GRI Standard	Content	Page number(s) and/or direct response
Material issue: Employee management, development and motivation		
GRI 3: Material issues 2021		
3-3	Management of material issues	3.6.1.5. Work environment, page 259 3.6.1.6. Responsible people management, page 260
GRI 401: Employment		
401-1	New employee hires and employee turnover	3.6.1.2. Talent and leadership management, page 245 3.6.1.1. Workforce page, 242
401-2	Benefits provided to full-time employees that are not provided to temporary or parttime employees	3.6.1.2. Talent and leadership management, page 245
401-3	Parental leave	3.6.1.6 Responsible people management, page 260

GRI Standard	Content	Page number(s) and/or direct response
Material issue: Employee management, development and motivation		
GRI 3: Material issues 2021		
3-3	Management of material issues	3.6.1.4. Social dialogue, page 257
GRI 402: Worker-company relations		
402-1	Minimum notice periods regarding operational changes	3.6.1.4. Social dialogue, page 257

GRI Standard	Content	Page number(s) and/or direct response
Material issue: Occupational health and safety		
GRI 3: Material issues 2021		
3-3	Management of material issues	3.7.3.1. A safe and healthy workplace, page 311
GRI 403: Occupational health and safety		
403-1	Occupational health and safety management system	3.7.3.1. A safe and healthy workplace, page 311
403-2	Hazard identification, risk assessment, and incident investigation	3.7.3.1. A safe and healthy workplace, page 311
403-3	Occupational health services	3.7.3.1. A safe and healthy workplace, page 311
403-4	Worker participation, consultation, and communication on occupational health and safety	3.7.3.1. A safe and healthy workplace, page 311
403-5	Worker training on occupational health and safety	3.7.3.1. A safe and healthy workplace, page 311 3.6.1.3. Training, page 281
403-6	Promotion of worker health	3.7.3.1. A safe and healthy workplace, page 311
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	3.7.3.1. A safe and healthy workplace, page 311
403-8	Workers covered by an occupational health and safety management system	3.7.3.1. A safe and healthy workplace, page 311 3.7.3.2. Occupational health and safety in collaborating companies, page 316
403-9	Work-related injuries	3.7.3.1. A safe and healthy workplace, page 282 3.6.3.1. Responsible supply chain, page 311
403-10	Work-related ill health	3.7.3.1. A safe and healthy workplace, page 311

GRI Standard	Content	Page number(s) and/or direct response
Material issue: Employee management, development and motivation		
GRI 3: Material issues 2021		
3-3	Management of material issues	3.6.1.2. Talent and leadership management, page 245 3.6.1.3. Training, page 254
GRI 404: Training and teaching		
404-1	Average hours of training per year per employee	3.6.1.3. Training, page 254
404-2	Programs for upgrading employee skills and transition assistance programs	3.6.1.3. Training, page 254 3.6.1.2. Talent and leadership management, page 245
404-3	Percentage of employees receiving regular performance and career development reviews	3.6.1.2. Talent and leadership management, page 245

GRI Standard	Content	Page number(s) and/or direct response
Material issue: Employee management, development and motivation		
GRI 3: Material issues 2021		
3-3	Management of material issues	3.6.1.6. Responsible people management, page 260
GRI 405: Diversity and equal opportunity		
405-1	Diversity of governance bodies and employees	3.7.2.1. Corporate governance model, page 298 3.6.1.6. Responsible people management, page 260 3.6.1.1. Workforce, page 242
405-2	Ratio of basic salary and remuneration of women to men	3.6.1.2. Talent and leadership management, page 245

GRI Standard	Content	Page number(s) and/or direct response
Material issue: Employee management, development and motivation		
GRI 3: Material issues 2021		
3-3	Management of material issues	3.6.1.6. Responsible people management, page 260
GRI 406: Non-discrimination		
406-1	Incidents of discrimination and corrective actions taken	3.6.1.6. Responsible people management, page 260

GRI Standard	Content	Page number(s) and/or direct response
Material issue: Employee management, development and motivation		
GRI 3: Material issues 2021		
3-3	Management of material issues	3.6.1.4. Social dialogue, page 257
GRI 407: Freedom of association and collective bargaining		
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	3.6.1.4. Social dialogue, page 257

GRI Standard	Content	Page number(s) and/or direct response
Material issue: Sustainable supply chain		
GRI 3: Material issues 2021		
3-3	Management of material issues	3.6.1.2. Talent and leadership management, page 245
GRI 408: Child labour		
408-1	Operations and suppliers at significant risk for incidents of child labor	3.6.1.2. Talent and leadership management, page 245 3.6.3.2. Integrated procurement process, page 284

GRI Standard	Content	Page number(s) and/or direct response
Material issue: Sustainable supply chain		
GRI 3: Material issues 2021		
3-3	Management of material issues	3.6.1.2. Talent and leadership management, page 245
GRI 409: Forced or compulsory labour		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	3.6.1.2. Talent and leadership management, page 245 3.6.3.2. Integrated procurement process, page 284

GRI Standard	Content	Page number(s) and/or direct response
Material issue: Employee management, development and motivation		
GRI 3: Material issues 2021		
3-3	Management of material issues	3.6.1.3. Training, page 254
GRI 410: Security practices		
410-1	Security personnel trained in human rights policies or procedures	3.6.1.3 Training, page 254

GRI Standard	Content	Page number(s) and/or direct response
Material issue: Commitment to local and global communities		
GRI 3: Material issues 2021		
3-3	Management of material issues	3.6.2.1. Action under the CSV approach, page 266
GRI 413: Local communities		
413-1	Operations with local community engagement, impact assessments, and development programs	3.6.2.1. Action under the CSV approach, page 266
413-2	Operations with significant actual and potential negative impacts on local communities	3.6.2.1. Action under the CSV approach, page 266 3.6.2.5 Quantification of the social investment in the community, page 278

GRI Standard	Content	Page number(s) and/or direct response
Material issue: Sustainable supply chain		
GRI 3: Material issues 2021		
3-3	Management of material issues	3.6.3.2. Comprehensive procurement process, page 284 3.6.3.3. ESG management of the supply chain, page 289
GRI 414: Social assessment of suppliers		
414-1	New suppliers that were screened using social criteria	3.6.3.1. Responsible supply chain, page 282 3.6.3.2. Comprehensive procurement process, page 284 3.6.3.3. ESG management of the supply chain, page 289
414-2	Negative social impacts in the supply chain and actions taken	3.6.3.3. ESG management of the supply chain, page 289 3.6.3.2. Comprehensive procurement process, page 284

GRI Standard	Content	Page number(s) and/or direct response
Material issue: Good governance and ethical conduct		
GRI 3: Material issues 2021		
3-3	Management of material issues	3.7.2.2. Values and pillars of corporate ethics, page 302
GRI 415: Public policy		
415-1	Political contributions	3.7.2.2. Values and pillars of corporate ethics, page 302

GRI Standard	Content	Page number(s) and/or direct response
Material issue: Commitment to the customer		
GRI 3: Material issues 2021		
3-3	Management of material issues	3.3.1.3. Safety at facilities, page 153 3.3.5.3. Security measures in products and services for customers, page 175
GRI 416: Customers' health and safety		
416-1	Assessment of the health and safety impacts of product and service categories	3.3.1.3. Safety at facilities, page 153 3.3.5.3. Security measures in products and services for customers, page 175
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	3.7.2.2. Values and pillars of corporate ethics, page 302

GRI Standard	Content	Page number(s) and/or direct response
Material issue: Commitment to the customer		
GRI 3: Material issues 2021		
3-3	Management of material issues	3.3.4.1. Responsibility for information and portfolio of products and services, page 162 3.3.4.2 Customer satisfaction page 163
GRI 417: Marketing and labelling		
417-1	Requirements for product and service information and labeling	3.3.4.1. Responsibility for information and portfolio of products and services, page 162
417-2	Incidents of non-compliance concerning product and service information and labeling	3.7.2.2. Values and pillars of corporate ethics page 302 3.3.5.3. Security measures in products and services for customers, page 175
417-3	Incidents of non-compliance concerning marketing communications	3.7.2.2. Values and pillars of corporate ethics, page 302

GRI Standard	Content	Page number(s) and/or direct response
Material issue: Commitment to the customer		
GRI 3: Temas materiales 2021		
3-3	Management of material issues	3.3.2.3. Customer complaints resolution, page 157
GRI 418: Customer privacy		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	3.3.2.3. Customer complaints resolution, page 157 3.7.2.2. Values and pillars of corporate ethics, page 302

GRI Standard	Content	Page number(s) and/or direct response
EU1	Installed capacity, broken down by primary energy source and by regulatory regime	1.1.1. Financial, operational and sustainable milestones, page 12 1.1.2.6. Organisational structure page 24
EU2	Net energy output broken down by primary energy source and by regulatory regime	1.1.1. Financial, operational and sustainability milestones, page 12 1.1.2.6. Organisational structure page 24
EU3	Number of residential, industrial, institutional and commercial customer accounts	1.1.1. Financial, operational and sustainable milestones, page 12
EU4	Length of above and underground transmission and distribution lines by regulatory regime	3.3.1. Quality and security of electricity supply, page 151
EU5	Allocation of CO ₂ e emissions allowances or equivalent, broken down by carbon trading framework	3.1.7.1. Carbon market and offsetting mechanisms, page 140
EU11	Average generation efficiency of thermal plants by energy source and by regulatory regime	3.5.2.1. Energy resources, page 219
EU12	Transmission and distribution losses as a percentage of total energy	3.3.1.1. Development and improvement of distribution infrastructure, page 151
EU13	Biodiversity of offset habitats compared to the biodiversity of the affected areas	3.5.5.4. Impacts caused by activities or operations in protected areas, page 239
EU15	Percentage of employees eligible to retire in the next 5 and 10 years broken down by job category And by region	3.6.1.1. Workforce page 242
EU17	Days worked by contractor and subcontractor employees involved in construction, operation & Maintenance activities	3.6.3.1. Responsible supply chain, page 282
EU18	Percentage of contractor and subcontractor employees that have undergone relevant health and Safety training	3.7.3.2. Occupational Health and Safety in collaborating companies page 316
EU25	Number of injuries and fatalities to the public involving company assets including legal judgments, Settlements and pending legal cases of diseases	3.7.2.2. Values and pillars of corporate ethics, page 302
EU27	Number of residential disconnections for non-payment, broken down by duration of disconnection And by regulatory regime	3.3.3.1. Disconnections due to non-payment and reconnections for household customers, page 161
EU28	Power outage frequency	3.3.1.2. Continuity in supply, page 152
EU29	Average power outage duration	3.3.1.2. Continuity in supply, page 152
EU30	Average plant availability factor by energy source and by regulatory regime	3.5.2.1. Energy resources, page 219

GRI Standard	Content	Page number(s) and/or direct response
GRI 3: Material issues 2021		
Access to electricity EUSS	3-3 Management of material issues	3.3.3. Energy poverty and access to electricity for vulnerable customers, page 159
Effluents and waste EUSS	3-3 Management of material issues	3.5.1.6. Management of nuclear activity page 216 3.5.4. Waste management page 228
Water and effluents EUSS	3-3 Management of material issues	3.5.3. Water resources, page 225 3.5.3.1. Capture, consumption and discharge of water, page 276
Materials EUSS	3-3 Management of material issues	3.5.4. Waste management page 228
Biodiversity EUSS	3-3 Management of material issues	3.5.5. Conservation of biodiversity page 233
Employment EUSS	3-3 Management of material issues	3.6.1.3. Training, page 254 3.7.3.1. A safe and healthy workplace page 311
Availability and reliability EUSS	3-3 Management of material issues	3.3.1. Quality and security of electricity supply, page 151

GRI Standard	Content	Page number(s) and/or direct response
GRI 3: Material issues 2021		
Research and development EUSS	3-3 Management of material issues	3.4.2.1. Investment in Research, Development and Innovation activities (R+D+i), page 189 3.4.2.2. Open innovation model page 190 3.4.2.4. Innovation in the electricity distribution network page 198
Provision of information EUSS	3-3 Management of material issues	3.3.4.1. Responsibility for information and portfolio of products and services, page 162
Dismantling of plants EUSS	3-3 Management of material issues	3.5.1.6. Management of nuclear activity, page 216
Disaster/emergency planning and response EUSS	3-3 Management of material issues	3.5.1.6. Management of nuclear activity, page 216
Demand management EUSS	3-3 Management of material issues	3.3.5.1. Products and services, page 166 3.4.1.2. Digitalizing assets page 178
System efficiency EUSS	3-3 Management of material issues	3.5.2.1. Energy resources, page 219
Customer health and safety EUSS	3-3 Management of material issues	3.3.1.3. Safety at facilities, page 153 3.3.5.3. Security measures in products and services for customers, page 175

Appendix III: Index of content required by Law 11/2018

Index of content required by Law 11/2018, of 28 December, which amends the Code of Commerce, the consolidated text of the Spanish Corporate Enterprises Act approved by Legislative Royal Decree 1/2010, of 2 July, and Law 22/2015, of 20 July, on the Audit of the Financial Statements with respect to non-financial information and diversity.

Taxonomy

Scope	Reporting framework	Reference
Taxonomy	Own methodology based on compliance with EU Regulation 2020/852	1.5.2. European Union (EU) taxonomy, page 65

General areas

Scope	Reporting framework	Reference
Business model	GRI 2-1, 2-6, 2-22	1.1.1. Financial, operational and sustainability milestones, page 12 1.1.2.4. Main business activities, page 25 1.1.2.5. Main markets, page 25 1.1.2.6. Organisational structure, page 26 Appendix I: Methodology for preparing the report, page 328 2.2.3. Double Materiality, page 86 3.7.1.1. The Due Diligence process, page 292 3.7.1.2. Opportunities for improvement and action plan, page 295 1.4.2. Endesa Sustainability Plan 2023-2025, page 49 1.4.1.4. Main ESG risks page 39
Main risks and impacts identified	Internal control and risk management system Risk and impact analysis related to key issues	1.4.1.2. Tax Risk Control and Management Governance, page 38 1.4.2. Endesa Sustainability Plan 2023-2025, page 49 2.2.3. Double Materiality, page 86

Environmental issues

Scope		Reporting framework	Reference
Management approach			
Environmental management	Current and foreseeable effects of the company's activities	GRI 3-3, 307-1	3.5.1. Environmental management, page 211 3.5.1.1. Environmental policy page 212
	Environmental assessment or certification procedures	GRI 307-1	3.5.1.5. Environmental management systems, page 214
	Resources dedicated to the prevention of environmental risks	Internal framework: Resources for the prevention of environmental risks	3.5.1.4. Managing environmental risks and impacts, page 213
	Application of the precautionary principle	GRI 2-23	3.5.1.1. Environmental policy page 212
	Amount of provisions and guarantees for environmental risks	Internal framework: Amount of provisions and guarantees for environmental risks	3.7.2.2. Values and pillars of corporate ethics page 302
Pollution	Measures to prevent, reduce or offset carbon emissions (also includes noise and light pollution)	GRI 305-7	3.5.2.2. Air quality, page 223 3.5.2.4. Noise and light pollution, page 224
Circular economy and waste prevention and management	Measures for the prevention, recycling and reuse of waste, and other forms of recovery and disposal	GRI 306-2, 303-1	3.4.3.1. Circular approach, page 202 3.5.4. Waste management, page 228
	Actions to combat food waste		Actions to combat food waste are not reported as they are not considered a material issue.
Sustainable use of resources	Water consumption and water supply in accordance with local limitations	GRI 303-1, 303-3, 303-5, 306-5	3.5.3.1. Capture, consumption and discharge of water, page 225
	Consumption of raw materials and measures taken to improve the efficiency of their use	GRI 301-1	3.5.2.1. Energy resources, page 219
	Direct and indirect consumption of energy	GRI 302-1, 302-3	3.5.2.1. Energy resources, page 219
	Measures taken to improve energy efficiency	GRI 302-4	3.5.2.1. Energy resources, page 219
	Use of renewable energies	Internal framework: Use of renewable energies	3.1.3. Climate strategy, page 107
Climate change	Important elements of greenhouse gas emissions generated	GRI 305-1, 305-2, 305-3, 305-4, 305-5	3.1.5.2. Direct and indirect Greenhouse Gas (GHG) emissions, page 132
	Measures taken to adapt to the consequences of climate change	GRI 201-2	3.1.4.2. Adaptation to climate change page 122 1.4.1.4. Main ESG risks page 39
	Reduction goals set voluntarily	GRI 305-5	3.1.5.2. Direct and indirect Greenhouse Gas (GHG) emissions, page 132
Protection of biodiversity	Measures taken to preserve or restore biodiversity	GRI 304-3	3.5.5. Biodiversity conservation, page 233 3.5.5.1. Biodiversity Conservation Plan page 235
	Impacts caused by activities or operations in protected areas	GRI 304-2, 303-2	3.5.5.2. Key actions, page 236 3.5.5.3. Environmental restoration, page 238 3.5.5.4. Impacts caused by activities and operations in protected areas, page 239 3.5.3.1. Capture, consumption and discharge of water, page 225

Social and personnel issues

Scope	Reporting framework	Reference
Management approach		
Employment	Total number and distribution of employees by gender, age, country and professional category	GRI 401-1 3.6.1.1. Workforce page 242
	Total number and breakdown by type of employment contract	GRI 2-7 3.6.1.1. Workforce page 242
	Annual average of indefinite, temporary and part-time contracts by gender, age and professional category	GRI 2-7 3.6.1.1. Workforce page 242
	Number of layoffs by gender, age and professional category	Internal framework: Number of layoffs by gender, age and professional category 3.6.1.1. Workforce page 242
	Wage gap	Internal framework: Wage gap calculation 3.6.1. Empowering our people page 240 3.6.1.2. Talent and leadership management, page 245
	Average remuneration by gender, age and professional category	GRI 405-2 3.6.1.2. Talent and leadership management, page 245
	Average remuneration of Directors by gender	GRI 405-2 3.7.2.1. Corporate governance model page 298
	Average remuneration of managers by gender	GRI 405-2 3.6.1.2. Talent and leadership management, page 245
	Implementation of right to disconnect policies	GRI 3-3 3.6.1.4. Social Dialogue, page 257
Work organisation	Employees with disabilities	GRI 405-1 3.6.1.6. Responsible people management, page 260
	Organisation of working time	Internal framework: Organisation of working time 3.6.1.4. Social dialogue, page 257
	Number of hours of absenteeism	Internal framework: Number of hours of absenteeism 3.7.3.1. A safe and healthy workplace page 311
Health and safety	Measures aimed at facilitating the enjoyment of work-life balance and encouraging the sharing of responsibilities in this respect by both parents	Internal framework: Measures aimed at work-life balance 3.6.1.6. Responsible people management, page 260
	Health and safety conditions at work	GRI 414-1 3.7.3.1. A safe and healthy workplace page 311
Social relationships	Number of accidents at work and occupational illness by gender, frequency and severity rate by gender	GRI 403-9, 403-10 3.7.3.1. A safe and healthy workplace page 311
	Organisation of social dialogue, including procedures for informing and consulting personnel and negotiating with them	GRI 2-29 3.6.1.4. Social dialogue, page 257 3.6.1.5. Work environment page 259
	Percentage of employees covered by collective agreements by country	GRI 2-30 3.6.1.4. Social dialogue, page 257
	Balance of collective agreements, particularly in the field of health and safety at work	GRI 2-30 3.6.1.4. Social dialogue, page 257
	Mechanisms and procedures that the company can use to promote the involvement of workers in the management of the company, with regard to information, consultation and participation.	GRI 2-29 2.2.2.1. Identification of issues and stakeholders page 82 3.6.1.4. Social dialogue page 257 3.6.1.5. Work environment, page 259
Training	Policies implemented in the field of training	GRI 3-3 3.6.1.3. Training, page 254
	Total number of hours of training by professional categories.	GRI 412-2 3.6.1.3. Training, page 254
Universal accessibility for people with disabilities		Internal framework: Accessibility for people with disabilities 3.6.1.6. Responsible people management, page 260

Scope		Reporting framework	Reference
Management approach			
Equal opportunities	Measures taken to promote equal treatment and opportunities between women and men	GRI 405-1, 405-2	3.6.1.6. Responsible people management, page 260
	Equality plans , measures taken to promote employment, protocols against sexual and gender-based harassment	GRI 3-3	3.6.1.6. Responsible people management, page 260 3.6.1.2. Talent and leadership management, page 245
	Integration and universal accessibility of people with disabilities	Internal framework: Integration and universal accessibility for people with disabilities	3.6.1.6. Responsible people management, page 260
	Policy against all types of discrimination and, where applicable, diversity management policy	GRI 3-3	3.6.1.6. Responsible people management, page 260

Information on respect for human rights

Scope		Reporting framework	Reference
Management approach			
Application of due diligence procedures in the field of human rights		GRI 2-23, 412-2	3.7.1.1. The due diligence process page 292
Prevention of risks of violation of human rights and, where necessary, measures to mitigate, manage and repair possible abuses committed		GRI 2-23, 412-2	3.7.1.1. The due diligence process page 292 3.7.1.2. Opportunities for improvement and action plan, page 295
Reports of cases of violation of human rights		GRI 2-26, 406-1	1.4.3.2. Whistleblowing and complaint mechanisms, page 52 1.4.3.3. Cases of human rights violations, page 52
Promotion and compliance with the provisions of core ILO agreements in relation to respect for freedom of association and the right to collective bargaining, the elimination of discrimination in employment and work, the elimination of forced and compulsory labour and the effective abolition of child labour		GRI 402-1, 403-1, 403-4, 2-30	3.6.1.2. Talent and leadership management, page 245 3.6.1.4. Social Dialogue, page 257 3.6.3.3. ESG supply chain management, page 289

Information regarding the fight against corruption and bribery

Scope		Reporting framework	Reference
Management approach			
Measures taken to prevent corruption and bribery		GRI 2-23, 2-26, 405-1, 3-3, 205-3	3.7.2.2. Values and pillars of corporate ethics, page 302
Anti-money laundering measures		GRI 2-23, 2-26	3.7.2.2. Values and pillars of corporate ethics, page 302
Contributions to foundations and non-profit organisations		Internal framework: Contributions to foundations and non-profit organisations	1.1.1. Financial, operational and sustainability milestones, page 12

Information about the Company

Scope		Reporting framework	Reference
Management approach			
Commitments of the company to sustainable development	Impact of the Company's activity on local employment and development	GRI 413-1, 413-3	3.6.2.5. Quantification of social investment in the community page 278
	Impact of the Company's activity on local populations and regions	GRI 413-1, 413-2	3.6.2.5. Quantification of social investment in the community page 278
	Relations with local community actors and forms of dialogue with them	GRI 2-29	2.2.2.1. Identification of issues and stakeholders page 82 3.6.2.4. Details of sustainability projects, page 271
	Partnership and sponsorship actions	Internal framework: Partnership and sponsorship actions	3.6.2.5. Quantification of social investment in the community page 278 3.3.3. Energy poverty and access to electricity for vulnerable customers, page 159 1.4.7.5. Transparency in institutional relations, page 63
Subcontracting and suppliers	Inclusion of social, gender equality and environmental issues in purchasing policy	Internal framework: Inclusion of social, gender equality and environmental issues in purchasing policy	3.6.3.2. Integrated procurement process page 284
	Consideration of social and environmental responsibility in relations with suppliers and subcontractors	GRI 2-6	3.6.3.3. ESG supply chain management, page 289
	Supervision systems and audits and their results	Internal framework: Supervision systems and audits and their results	3.6.3.2. Integrated purchase process, page 284
Consumers	Measures for the health and safety of consumers	GRI 3-3	3.3.1.3. Safety at facilities, page 153
	Complaint systems	Internal framework: Complaint systems	3.3.2.3. Customer complaints resolution, page 157
	Complaints received and resolution thereof	Internal framework: Complaints received and resolution thereof	
Tax information	Profits by country		
	Taxes paid on income	GRI 201-2, 201-4	3.7.4.4. Tax contribution, page 320
	Public grants received		

Appendix IV: Index of content required by the SASB

The following table shows the main indicators required by SASB (Sustainability Accounting Standards Board) in its industry standard “Electric Utilities & Power Generators”.

Category	Standard number	Disclosure number	GRI equivalence	Disclosure title	Disclosure typology	Reference
Environmental	IF-EU-110	IF-EU-110a.1	305-1	(1) Gross global Scope 1 emissions, percentage covered under (2) emissions-limiting regulations, and (3) emissions-reporting regulations	Quantitative	3.1.5. Metrics and objectives page 130
Environmental	IF-EU-110	IF-EU-110a.2	305-3	Greenhouse gas (GHG) emissions associated with power deliveries	Quantitative	3.1.5. Metrics and objectives page 130
Environmental	IF-EU-110	IF-EU-110a.3	201-2	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Qualitative	1.4.1.4. Main ESG risks page 39 1.4.2. Endesa Sustainability Plan 2023-2025, page 49 3.1.1 Commitment to climate change page 105 3.1.4. Risk management page 130
Environmental	IF-EU-110	IF-EU-110a.4	N/A	(1) Number of customers served in markets subject to renewable portfolio standards (RPS) and (2) percentage fulfillment of RPS target by market	Quantitative	Regulation not applicable
Environmental	IF-EU-120	IF-EU-120a.1	305-7	Air emissions of the following pollutants: (1) NO _x (excluding N ₂ O), (2) SO _x , (3) particulate matter (PM10), (4) lead (Pb), and (5) mercury (Hg); percentage of each in or near areas of dense population	Quantitative	3.5.2.2. Air quality, page 223 Data available for: SO ₂ , NO _x , PM10 and Hg.
Environmental	IF-EU-140	IF-EU-140a.1	303-3; 303-5	(1) Total water withdrawn, (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	Quantitative	3.5.3.1. Capture, consumption and discharge of water, page 225 Endesa bases its calculation of the areas affected by water stress on the World Resources Institute's (WRI) Water Risk Atlas tool, Aqueduct.
Environmental	IF-EU-140	IF-EU-140a.2	N/A	Number of incidents of non-compliance associated with water quantity and/or quality permits, standards, and regulations	Quantitative	Not available
Environmental	IF-EU-140	IF-EU-140a.3	303-1; 303-2	Description of water management risks and discussion of strategies and practices to mitigate those risks	Qualitative	3.5.3. Water resources, page 224 1.4.1.4. Main ESG risks, page 39
Environmental	IF-EU-150	IF-EU-150a.1	306-4	Amount of coal combustion residuals (CCR) generated, percentage recycled	Quantitative	3.5.4. Waste management page 228
Environmental	IF-EU-150	IF-EU-150a.2	N/A	Total number of coal combustion residual (CCR) impoundments, broken down by hazard potential classification and structural integrity assessment	Quantitative	Regulation not applicable
Social	IF-EU-240	IF-EU-240a.1	N/A	Average retail electric rate for (1) residential, (2) commercial, and (3) industrial customers	Quantitative	Not applicable

Category	Standard number	Disclosure number	GRI equivalence	Disclosure title	Disclosure typology	Reference
Social	IF-EU-240	IF-EU-240a.2	N/A	Typical monthly electric bill for residential customers for (1) 500 kWh and (2) 1,000 kWh of electricity delivered per month	Quantitative	Not applicable
Social	IF-EU-240	IF-EU-240a.3	EU27	Number of residential customer electric disconnections for non-payment, percentage reconnected within 30 days	Quantitative	3.3.1.1 Development and improvement of distribution infrastructure page 151 3.3.3.1. Disconnections due to non-payment and reconnections for domestic customers, page 161
Social	IF-EU-240	IF-EU-240a.4	EU 28; EU 29; EU 10; 3-3	Discussion of impact of external factors on customer affordability of electricity, including the economic conditions of the service territory	Qualitative	3.3.1.1. Development and improvement of distribution infrastructure, page 151 3.3.1. Quality and security of electricity supply, page 151
Social	IF-EU-320	IF-EU-320a.1	403-9; 403-10	(1) Total recordable incident rate (TRIR), (2) fatality rate, and (3) near miss frequency rate (NMFR)	Quantitative	3.7.3.1. A safe and healthy workplace page 311
Social	IF-EU-420	IF-EU-420a.1	N/A	Percentage of electric utility revenues from rate structures that (1) are decoupled and (2) contain a lost revenue adjustment mechanism (LRAM)	Quantitative	Regulation not applicable
Social	IF-EU-420	IF-EU-420a.2	N/A	Percentage of electric load served by smart grid technology	Qualitative/ Quantitative	Not available
Social	IF-EU-420	IF-EU-420a.3	N/A	Customer electricity savings from efficiency measures, by market	Qualitative/ Quantitative	Not available
Social	IF-EU-540	IF-EU-540a.1	N/A	Total number of nuclear power units, broken down by U.S. Nuclear Regulatory Commission (NRC) Action Matrix Column	Quantitative	Regulation not applicable
Social	IF-EU-540	IF-EU-540a.2	EU21	Description of efforts to manage nuclear safety and emergency preparedness	Qualitative	3.5.1.6. Management of nuclear activity page 216
Economic	IF-EU-550	IF-EU-550a.1	N/A	Number of incidents of non-compliance with physical and/or cybersecurity standards or regulations	Quantitative	Not available
Economic	IF-EU-550	IF-EU-550a.2	EU28; EU29	(1) System Average Interruption Duration Index (SAIDI), (2) System Average Interruption Frequency Index (SAIFI), and (3) Customer Average Interruption Duration Index (CAIDI), inclusive of major event days	Quantitative	3.3.1.2. Continuity in supply page 152 Only the SAIDI (known as NIEPI in Spanish legislation) and SAIFI (known as TIEPI in Spanish legislation) indicators are reported. The CAIDI indicator is not available
Social	IF-EU-000	IF-EU-000.A	N/A	Number of: (1) residential, (2) commercial, and (3) industrial customers served	Quantitative	1.1.1. Financial, operational and sustainability milestones, page 12 Information partly available
General	IF-EU-000	IF-EU-000.B	N/A	Total electricity delivered to: (1) residential, (2) commercial, (3) industrial, (4) all other retail customers, and (5) wholesale customers	Quantitative	1.1.1. Financial, operational and sustainability milestones, page 12 Information partly available
General	IF-EU-000	IF-EU-000.C	EU4	Length of transmission and distribution lines	Quantitative	3.3.1. Quality and security of electricity supply, page 151
General	IF-EU-000	IF-EU-000.D	EU2	Total electricity generated, percentage by major energy source, percentage in regulated markets	Quantitative	1.1.1. Financial, operational and sustainability milestones, page 12 Only data on electricity generated and percentages by technology are available.
Economic	IF-EU-000	IF-EU-000.E	N/A	Total wholesale electricity purchased	Quantitative	Not available

Appendix V: World Economic Forum (WEF) index of contents

The World Economic Forum (WEF) has defined standard metrics, using key performance indicators (KPIs), for preparing reports and measuring and comparing the sustainability of companies through its “Measuring Stakeholder Capitalism: Towards Common Metrics and Consistent Reporting of Sustainable Value Creation” report. This seeks to measure the effectiveness of actions to achieve the United Nations Sustainable Development Goals

(SDGs) in the business model adopted to create value for stakeholders.

The following table shows the 21 core KPIs described in the World Economic Forum (WEF) report, arranged in accordance with the four core conceptual pillars of the “Environmental, Social, Governance” (ESG) criteria, and how these correspond to the key performance indicators (KPIs) detailed in this Consolidated Management Report.

Pillar	Topic	21 core WEF KPIs	Representative KPIs for ENDESA	2022	2021	2020	Reference Endesa Non-Financial and Sustainability Statement 2022
Principles of governance	Governing purpose	Setting purpose		Open Power strategic positioning			1.1.2.1. Open Power strategic positioning page 20
	Quality of governing body	Governance body composition	Women on the Board of Directors (%)	41.7%	36.4%	30.8%	3.6.1.6.1.2. Promotion of gender equality, page 261
	Stakeholder engagement	Material issues impacting stakeholders		Priorities for the company and stakeholders			2.2.2.1. Identification of issues and stakeholders page 82
	Ethical behaviour	Anti-corruption	Workers who have received training on the anti-corruption policies and procedures (number)	4,926	3,678	2,035	3.6.1.3. Training, page 254
			Total number of incidents of conflicts of interest/corruption confirmed (number)	0	1	3	3.7.2.2. Values and pillars of corporate ethics, page 302
		Protected ethics advice and reporting mechanisms	Complaints of breaches received through the ethics channel and other means (number)	12	7	4	3.7.2.2. Values and pillars of corporate ethics page 302
	Risks and opportunity oversight	Integrating risk and opportunity into business processes					1.4.1. Risk management, page 37

Pillar	Topic	21 core WEF KPIs	Representative KPIs for ENDESA	2022	2021	2020	Reference Endesa Non-Financial and Sustainability Statement 2022
Planet	Climate change	Greenhouse gas (GHG) emissions	Scope 1 GHG Emissions (tCO ₂ eq)	13,698,169	10,812,036	10,298,310	3.1.5.2. Direct and indirect Greenhouse Gas (GHG) emissions, page 132
			Scope 2 GHG Emissions (tCO ₂ eq) ⁽¹⁾	397,332	437,734	457,184	3.1.5.2. Direct and indirect Greenhouse Gas (GHG) emissions, page 132
			Scope 2 GHG emissions - Acquisition of energy from the grid (tCO ₂ eq) ⁽¹⁾	9,510	8,936	No figures available	3.1.5.2. Direct and indirect Greenhouse Gas (GHG) emissions, page 132
			Scope 2 GHG emissions - Losses from the distribution grid (tCO ₂ eq) ⁽¹⁾	387,822	428,798	No figures available	3.1.5.2. Direct and indirect Greenhouse Gas (GHG) emissions, page 132
			Scope 3 GHG Emissions (tCO ₂ eq)	21,725,118	23,219,016	21,213,651	3.1.5.2. Direct and indirect Greenhouse Gas (GHG) emissions, page 132
		TCFD implementation	Qualitative			Appendix VI: TCFD content index page 352	
	Nature loss	Land use and ecological sensitivity	Protected areas affected (Km ²)	374	789	874	3.5.5.4. Impacts caused by activities and operations in protected areas, page 239
	Fresh water availability	Water consumption and withdrawal in water-stressed areas	Water withdrawal (hm ³)	5,399	4,864	5,226	3.5.3.1. Capture, consumption and discharge of water, page 225
			Water withdrawal in water-stressed areas (%)	14.6%	18%	14%	3.5.3.2. Water stress page 227
			Water consumption (hm ³)	25.8	17.7	25.6	3.5.3.1. Capture, consumption and discharge of water, page 225
			Water consumption in water-stressed areas (hm ³)	0.139	0.156	0.155	3.5.3.2. Water stress page 227
People	Dignity and equality	Diversity and inclusion	Percentage of women in the workforce (%)	26.3%	25.5%	24.6%	3.6.1.1. Workforce page 242
		Pay equality	Wage gap. Fixed salary + Variable remuneration + Social benefits ⁽²⁾	6.8%	6.1%	5.7%	3.6.1.2. Talent and leadership management, page 245
		Wage level	Remuneration ratio of the Chief Executive Officer ⁽³⁾	37	33	No figures available	3.7.2.1.2. Corporate governance model page 298
		Risk for incidents of child, forced or compulsory labour	Evaluation of the supply chain for protection from child labour and prohibition of forced and compulsory labour	Sustainability requirements in contracting		3.6.3.2. Integrated purchase process page 284	
	Health and wellbeing	Health and safety	Fatal accidents (number) ⁽⁴⁾	0	1	1	3.7.3.1. A safe and healthy workplace page 311
			Accident frequency index ⁽⁴⁾	0.33	0.57	0.36	3.7.3.1. A safe and healthy workplace page 311
			Serious accidents (no.) ⁽⁴⁾	0	2	4	3.7.3.1. A safe and healthy workplace page 311
	Skills for the future	Training provided	Average hours of training per employee per year (hours/per head)	45.69	43.95	54.1	3.6.1.3. Training, page 254
			Employee training expenses (million euros)	36.1	34.3	30.8	3.6.1.3. Training, page 254

Pillar	Topic	21 core WEF KPIs	Representative KPIs for ENDESA	2022	2021	2020	Reference Endesa Non-Financial and Sustainability Statement 2022
Prosperity	Wealth creation and employment	Absolute number and rate of employment	Employees (number)	9,258	9,258	9,591	3.6.1.1. Workforce page 242
			Contracting (number)	648	678	253	3.6.1.1. Workforce page 242
			Hiring rate (%) ⁽⁵⁾	7.0%	7.3%	2.6%	No figures available
			Dismissals (number)	11	10	10	3.6.1.1. Workforce page 242
			Rotation (%) ⁽⁶⁾	6.0%	10.1%	6.2%	3.6.1.1. Workforce page 242
	Financial investment contribution disclosure	Economic contribution	—	—	—	—	1.1.1.1. Financial indicators page 12
			Total investment (million euros)	2,370	2,389	1,846	1.1.1.1. Financial indicators page 12
			Purchases of own shares (million euros) ⁽⁷⁾	4.8	3.4	2	Note 35.1.8 to the Consolidated Financial Statements
			Dividends paid (millions of euros)	1,521	2,132	2,132	1.1.3.2. Dividend, page 32
	Innovation in better products and services	Total R&D expenses	Investment in research and development (million euros)	91	110	72	3.4.2.1. Investment in Research, Development and Innovation activities (R+D+i), page 189
	Community and social vitality	Total tax paid	Total tax paid (million euros)	1,857	1,147	1,413	1.1.1.3 Sustainable metrics, page 17

⁽¹⁾ The results of scope 2 of Endesa's carbon footprint are obtained by applying the following approaches: the market-based approach is applied to electricity consumption, while the location-based approach is applied to technical losses produced during electricity distribution.

⁽²⁾ Difference between average fixed remuneration + variable remuneration + employee benefits of men and women as a % of average fixed remuneration of men (%).

⁽³⁾ Ratio of the total annual remuneration of the Chief Executive Officer of Endesa and the average total annual remuneration of all employees (excluding CEO)

⁽⁴⁾ Includes own and subcontractor personnel.

⁽⁵⁾ Percentage of new hires compared to final workforce.

⁽⁶⁾ Percentage of contracts terminated compared to final workforce.

⁽⁷⁾ Total accumulated cost of acquiring own shares at 31 December 2022.

Appendix VI: Index of TCFD content

Reflecting Endesa's commitment to climate change related disclosures, the following table shows the alignment of the company's disclosure both with respect to the "Guidelines on reporting climate-related information" published by the European Commission in June 2019, and taking into account the results of the first work carried out by the European Lab Project Task Force on Climate-related Reporting (PTF-CRR),

which compiles associated best practices ("How to improve climate-related reporting"), and with respect to the Task force on Climate-related Financial Disclosures (TCFD) of the Financial Stability Board's, which published specific recommendations for voluntary reporting on the financial impact of climate risks in June 2017.

Endesa Non-Financial and Sustainability Statement 2022	Recommendations from the TCFD (Task Force on Climate-Related Financial Disclosures)	European Commission Guidelines on Climate Change
3.1.1. Commitment to climate change page 105 3.2. Just energy transition page 141 3.1.6. Climate change initiatives page 139 3.1.7. Carbon market page 140		Policies and Due Diligence Processes
3.1.2. Governance of climate change management, page 106	Corporate governance: recommendation a) and b)	Policies and Due Diligence Processes
3.1.3.1. Scenarios page 108	Strategy: recommendation c)	Business model
3.1.4.2. Adaptation to climate change, page 122	Strategy: recommendation b), c)	Business model
3.1.4.1. Chronic and acute physical risks and opportunities, page 120 3.1.4.3. Risks and transition opportunities, page 127	Strategy: recommendation a) Risk management: recommendation a), b), c)	Principal Risks and their Management
3.1.5.1. Carbon footprint, page 130 3.1.5.2. Direct and indirect Greenhouse Gas (GHG) emissions, page 132 3.1.5.3. Objectives page 137	Metrics and targets: recommendation a), b), c)	Profit/(loss): Key Performance Indicators

Appendix VII: Index of content of the SFDR Regulation

In this Appendix, Endesa breaks down the contents required by Regulation 2019/2088 (SFDR), whose objective is to establish harmonised rules on the transparency to be applied by market participants and financial advisors in relation to the integration of sustainability risks and the analysis of adverse sustainability impacts in their processes and sustainability information regarding financial products.

Although Endesa has no obligation to disclose the information presented below, since it would not be under the scope of the Regulation, it considers that it is relevant information for its Stakeholders, thus improving transparency for them.

KEY INDICATORS

Climate Change and other environment-related indicators

Topic	Adverse sustainability indicator	Metric	2022	2021	Reference Endesa Non-Financial and Sustainability Statement 2022
Greenhouse gas (GHG) emissions	1. GHG Emissions	Scope 1 GHG emissions (tCO ₂ eq)	13,698,169	10,812,036	3.1.5.2. Direct and indirect Greenhouse Gas (GHG) emissions, page 132
		Scope 2 GHG emissions (tCO ₂ eq) ⁽¹⁾	397,332	437,734	
		Scope 3 GHG emissions (tCO ₂ eq)	21,725,118	23,219,016	
	2. Carbon footprint	Total GHG emissions (tCO ₂ eq)	35,820,619	34,468,785	3.1.5.2. Direct and indirect Greenhouse Gas (GHG) emissions, page 132
	3. GHG intensity	GHG Intensity. Scope 1, 2 and 3 GHG emissions divided by revenues in millions of euros (tCO ₂ eq/M€)	1,089	1,649	
	4. Exposure to companies active in the fossil fuel sector	Companies active in the fossil fuel sector	Endesa is a company active in the fossil fuels sector.		
	5. Share of non-renewable energy production and consumption	Share of non-renewable energy consumption and non-renewable energy production from non-renewable energy sources compared to renewable energy sources (proportion of all energy sources)	Proportion of production with non-renewable energy: 81.4% Non-renewable consumption: 0.3%	Proportion of production with NON-renewable energy: 77.8% NON-renewable consumption: No figures available	
	6. Energy consumption intensity by sector with high climate impact	Energy consumption in GWh per million EUR of revenue (GWh/M€)	4.1	5.7	3.5.2.1. Energy resources page 219
Biodiversity	7. Activities adversely affecting biodiversity-sensitive areas	Companies with headquarters or operations located in or near biodiversity-sensitive areas where the activities of such companies adversely affect those areas	Endesa conducts environmental impact studies at its installations, and additionally has a Non-Net Loss objective for which it applies a mitigation hierarchy in order to avoid, reduce, minimise and compensate for potential impacts.		3.5.5. Biodiversity conservation, page 233
Water	8. Water emissions	Tons of emissions to water	Endesa annually publishes the emissions data for its combustion plants with thermal input greater than 50 MW in the E-PRTR register: https://prtr-es.es/informes/fichacomplejo.aspx?Id_Complejo=4156		
Waste	9. Ratio of hazardous waste to radioactive waste	Tons of hazardous waste and radioactive waste generated	Hazardous waste: 13,855 ton Residuos radioactivos: 184 m ³	Hazardous waste: 11,786 ton Residuos radioactivos: 185 m ³	3.5.4. Waste management page 228

Indicators on social and employee matters, respect for human rights and the fight against corruption and bribery

Topic	Adverse sustainability indicator	Metric	2022	2021	Reference Endesa Non-Financial and Sustainability Statement 2022
Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises	Companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0	0	3.7.2.2. Values and pillars of corporate ethics page 302
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Companies without policies to track compliance with the principles of the United Nations Global Compact or the OECD Guidelines for Multinational Enterprises or without complaints or grievance management mechanisms to address violations of the principles of the UN Global Compact or the OECD Guidelines for Multinational Enterprises	Endesa has a complaints and grievance management mechanism to address breaches of the principles of the United Nations Global Compact and the OECD Guidelines for Multinational Enterprises.		1.4.3.2. Whistleblowing and complaint mechanisms page 52
	12. Gender pay gap, unadjusted	Difference between average gross hourly earnings of salaried men and women employees, as a percentage of average gross earnings	6.8%	6.1%	3.6.1.2. Talent and leadership management, page 245
	13. Board gender diversity	Ratio of the number of women on the board of directors to the total number of members (men and women) of the board of directors	41.7%	36.4%	3.6.1.6. Responsible people management page 260
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Companies involved in the manufacture or selling of controversial weapons	Endesa is not related to the manufacture or sale of controversial weapons.		

ADDITIONAL INDICATORS

Climate Change and other environment-related indicators

Topic	Adverse sustainability impact	Adverse impact on sustainability factors (qualitative or quantitative)	2022	2021	Reference Endesa Non-Financial and Sustainability Statement 2022
Emissions	1. Emissions of inorganic pollutants	Equivalent tons of inorganic pollutants per million EUR invested (weighted average)	Not applicable (only for the large volume inorganic chemicals industry).		
	2. Emissions of atmospheric emissions	Air pollutant equivalent tons	SO ₂ : 7,596 ton NO _x : 43,088 ton Partículas: 682 tons	SO ₂ : 7,591 ton NO _x : 43,413 ton Partículas: 703 tons	3.5.2.2. Air quality page 223
	3. Emission of ozone-depleting substances	Equivalent tons of ozone-depleting substance	In 2021 and 2022, no ozone-depleting substances were produced.		3.5.2.3. Emissions of ozone-depleting substances page 224
	4. Investments in companies with no carbon reduction initiatives	Companies with no carbon reduction initiatives aimed at complying with the Paris Agreement	Endesa has initiatives to reduce CO ₂ emissions in line with the Paris Agreement.		

Topic	Adverse sustainability impact	Adverse impact on sustainability factors (qualitative or quantitative)	2022	2021	Reference Endesa Non-Financial and Sustainability Statement 2022
Energy efficiency	5. Breakdown of energy consumption by type of non-renewable energy source	Share of energy from non-renewable sources by non-renewable energy source	Coal: 11,281 TJ (2%) Fuelóleo: 32,386 TJ (7%) Gasóleo: 41,758 TJ (9%) Gas natural: 122,051 TJ (25%) Uranio: 282,872 TJ (58%)	Coal: 8,315 TJ (2%) Fuelóleo: 31,877 TJ (7%) Gasóleo: 37,334 TJ (9%) Gas natural: 81,025 TJ (19%) Uranio: 270,605 TJ (63%)	3.5.2.1. Energy resources page 219
	6. Water consumption and recycling	1. Average amount of water consumed (in cubic metres) per million EUR of revenue 2. Recycled and reused water (cubic metres)	1. Water consumed: 785 m ³ /€M 2. Recycled water: 95,785 m ³	1. Water consumed: 845 m ³ /€M 2. Recycled water: 38,443 m ³	3.5.3.1. Capture, consumption and discharge of water page 225
	7. Investments in companies with no water management policies	Companies with no water management policies	Endesa has a water management policy (included in the Environmental Policy).		3.5.1.1. Environmental policy page 212
	8. Exposure to areas of high water stress	Companies with headquarters located in areas of high water stress with no water management policy	Endesa has installations located in areas with water stress, but it has a water management policy (included in the Environmental Policy).		3.5.3.2. Water stress page 227
	9. Investments in companies that produce chemicals	Companies whose activities fall within division 20.2 of APPENDIX I to Regulation (EC) No. 1893/2006 (Manufacture of pesticides and other agrochemicals)	Not applicable		
Water, waste and material emissions	10. Land degradation, desertification, soil sealing	Companies whose activities may cause soil degradation, desertification or soil sealing	Endesa considers soil as an environmental resource with the highest value and aims to minimise its degradation but maintaining wherever possible its natural character and applying agricultural uses in those cases where this is compatible.		
	11. Investment in businesses with no sustainable farming or land-use practices	Businesses with no sustainable agricultural or land-use practices or policies	Not applicable		
	12. Investment in companies with no sustainable marine or ocean practices	Companies with no sustainable marine or ocean practices or policies	Not applicable		
	13. Non-recycled waste ratio	Tons of non-recycled waste generated	4,654 ton	5,419 ton	3.5.4. Waste management page 228
	14. Natural species and protected areas	1. Companies whose operations affect threatened species 2. Companies with no biodiversity protection policies covering operational sites owned, leased or managed in a protected area or in an area of high biological value outside or adjacent to protected areas	Endesa will not undertake any new projects in Areas declared by UNESCO as World Natural Heritage Sites. This is in addition to a commitment not to operate thermal generation installations in protected natural areas on the Spanish mainland and not to design or develop new thermal generation installations in protected natural areas in non-mainland territories. Endesa has a Biodiversity Policy		3.5.5. Conservation of biodiversity page 233
Green securities	15. Deforestation	Companies with no policies to address deforestation	In 2022, Endesa published a new net non-deforestation target by 2030 starting its implementation in selected projects of high importance for biodiversity from 2025. Endesa goes one step further, adding this objective to the Endesa Forest initiative, a pioneering programme in the Spanish energy sector that emerged in 2016 and through which more than 40,000 trees have been planted and in approximately 90 hectares.		
	16. Proportion of securities not issued under EU legislation on environmentally sustainable bonds	Proportion of securities in investments not issued under EU legislation on environmentally sustainable bonds	Not applicable		

Indicators on social and employee matters, respect for human rights and the fight against corruption and bribery

Topic	Adverse sustainability impact	Adverse impact on sustainability factors (qualitative or quantitative)	2022	2021	Reference Endesa Non-Financial and Sustainability Statement 2022
ESG (Social and employee matters)	1. Investments in companies with no workplace accident prevention policies	Companies with no workplace accident prevention policies	Endesa has an Occupational health, safety and working conditions policy.		3.7.3.1. A safe and healthy workplace page 311
	2. Accident rate	Accident rate	0.33	0.57	3.7.3.1. A safe and healthy workplace page 311
	3. Number of days lost due to injury, accident, death or illness	Number of working days lost due to injury, accident, death or illness	0.06	0.05	3.7.3.1. A safe and healthy workplace page 311 Total number of days lost to accidents, excluding journeys to and from work, compared to the total number of hours worked multiplied by 1,000.
	4. Lack of supplier code of conduct	Companies without a supplier code of conduct (facing unsafe working conditions, precarious labour, child labour and forced labour)	Endesa extends its Code of Ethics and Human Rights Policy to its suppliers through its General Conditions of Contract.		3.6.3.3. ESG supply chain management page 289
	5. Lack of a grievance mechanism related to labour matters	Companies with no mechanism for handling claims or complaints related to labour matters	Endesa has a mechanism for handling claims or complaints related to labour matters.		1.4.3.2. Whistleblowing and complaint mechanisms page 52
	6. Insufficient protection of whistleblowers	Entities with no whistleblower protection policies	Endesa guarantees the confidentiality of the identity of the informants.		1.4.3.2. Whistleblowing and complaint mechanisms page 52
	7. Discrimination incidents	1. Number of discrimination incidents reported	0	0	3.7.2.2. Values and pillars of corporate ethics page 302
		2. Number of discrimination incidents leading to sanctions	0	0	3.7.2.2. Values and pillars of corporate ethics page 302
	8. Excessive pay gap between CEO and workers. (Excessive CEO pay ratio)	Average ratio between the total annual remuneration of the person with the highest remuneration and the median annual remuneration of all workers (excluding the person with the highest remuneration)	37	33	3.7.2.1. Corporate governance model page 298

Topic	Adverse sustainability impact	Adverse impact on sustainability factors (qualitative or quantitative)	2022	2021	Reference Endesa Non-Financial and Sustainability Statement 2022
Human Rights	9. Lack of a human rights policy	Entities without a human rights policy (political commitment on human rights, approved at board level, that the company's economic activities will be in accordance with the UN Guiding Principles on Business and Human Rights)	Endesa has a Human Rights policy approved by Endesa's Board of Directors that is based on UN principles.		1.4.3.1. Human Rights Policy page 51
	10. Lack of due diligence	Entities with no due diligence process to identify, prevent, mitigate and address adverse human rights impacts	Endesa has a human rights due diligence process to assess the level of compliance with its policy.		3.7.1.1. The Due Diligence process page 292
	11. Lack of processes and measures to prevent the trafficking of human beings	Companies investing in without anti-trafficking policies	The rejection of human trafficking is part of Endesa's human rights policy.		1.4.3.1. Human Rights Policy page 51
	12. Operations and suppliers with significant risk of child labour incidents	Companies exposed to operations and suppliers with a significant risk of child labour incidents in terms of geographical areas or types of operation	There is no risk of child labour.		3.6.1.2. Talent and leadership management page 245 3.6.3.3. ESG supply chain management page 289
	13. Operations and suppliers with significant risk of forced or compulsory labour incidents	Companies exposed to operations and suppliers with a significant risk of forced or compulsory labour incidents in terms of geographical areas or types of operation	There is no risk of forced labour.		3.6.1.2. Talent and leadership management page 245 3.6.3.3. ESG supply chain management page 289
	14. Number of cases of serious human rights problems and incidents detected	Number of cases of serious human rights problems and incidents	0	0	3.7.2.2. Values and pillars of corporate ethics page 302
Fight against corruption and bribery	15. Lack of anti-corruption and bribery policies	Entities with no anti-corruption and bribery policies consistent with the United Nations Convention against Corruption	Endesa has a Zero Tolerance Plan Against Corruption and a Criminal Risk Prevention and Anti-Bribery Model.		3.7.2.2. Values and pillars of corporate ethics page 302
	16. Cases of insufficient action to address non-compliance with anti-corruption and bribery rules	Identified cases of shortcomings in measures taken to address breaches of anti-corruption and anti-bribery procedures and rules	The measures taken are sufficient to address non-compliance with anti-corruption and bribery rules.		3.7.2.2. Values and pillars of corporate ethics page 302
	17. Number of convictions and fines for breaching anti-corruption and bribery laws	Number of convictions and fines for breaching anti-corruption and bribery laws	0	0	

⁽¹⁾ The results of scope 2 of Endesa's carbon footprint are obtained by applying the following approaches: the market-based approach is applied to electricity consumption, while the location-based approach is applied to technical losses produced during electricity distribution.

Appendix VIII: Breakdown of activities considered environmentally sustainable by European Taxonomy

The level of alignment of Endesa's economic activities with the EU taxonomy as a result of its contribution to the climate change mitigation objective is detailed below.

Information requested by Appendix II of EU Delegated Regulation 2021/2178 on the content and presentation of information to be disclosed by undertakings concerning environmentally sustainable economic activities

Breakdown of Turnover KPI

Proportion of turnover from products or services associated with Taxonomy-aligned economic activities – disclosure covering years 2022 and 2021

Economic Activities	Code(s)	Absolute turnover ⁽¹⁾ 2022	Proportion of turnover ⁽²⁾ 2022	Substantial Contribution criteria							DNSH Criteria ("Does Not Significantly Harm")								Cate- gory ⁽⁸⁾	
				Climate change mitigation ⁽³⁾	Climate change Adaptation ⁽⁴⁾	Water and marine resources ⁽⁴⁾	Circular economy ⁽⁴⁾	Pollution ⁽⁴⁾	Biodiversity and ecosystems ⁽⁴⁾	Climate Change Mitigation ⁽⁵⁾	Climate Change Adaptation ⁽⁶⁾	Water and marine resources ⁽⁶⁾	Circular Economy ⁽⁶⁾	Pollution ⁽⁶⁾	Biodiversity and ecosystems ⁽⁶⁾	Minimum Safeguards ⁽⁷⁾	Taxonomy-aligned proportion of turnover ⁽²⁾ 2022	Taxonomy-aligned proportion of turnover ⁽²⁾ 2021	Category (enabling activity or)	Category "(transitional activity)"
		millions of €	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T	
A. TAXONOMY ELIGIBLE ACTIVITIES																				
A.1 Environmentally sustainable activities (Taxonomy-aligned)																				
Electricity generation from wind power	4.3	676.1	2.1%	100.0%	0%	n.a	n.a	n.a	n.a	n.a.	Y	n.a.	Y	n.a.	Y	Y	2.1%	1.4%		
Electricity generation using solar photovoltaic technology	4.1	139.3	0.4%	100.0%	0%	n.a	n.a	n.a	n.a	n.a.	Y	n.a.	Y	n.a.	Y	Y	0.4%	0.3%		
Electricity generation from hydropower	4.5	108.3	0.3%	98.5%	0%	n.a	n.a	n.a	n.a	n.a.	Y	Y	n.a.	n.a.	Y	Y	0.3%	2.4%		
Storage of electricity	4.10	0.0	0.0%	100.0%	0%	n.a	n.a	n.a	n.a	n.a.	Y	Y	Y	n.a.	Y	Y	0.0%	0.0%		
Transmission and distribution of electricity	4.9	2,3476	7.1%	100.0%	0%	n.a	n.a	n.a	n.a	n.a.	Y	n.a.	Y	Y	Y	Y	7.1%	12.3%	E	
Installation, maintenance and repair of energy efficiency equipment - (d) Installation and replacement of energy efficient light sources (Endesa X - Smart Lighting)	7.3 d	10.7	0.0%	100.0%	0%	n.a	n.a	n.a	n.a	n.a.	Y	n.a.	n.a.	Y	n.a.	Y	0.0%	0.0%		
Urban and suburban transport, road passenger transport - (a) The activity provides urban or suburban passenger transport and its direct (tailpipe) CO2 emissions are zero (Endesa X - e-Bus)	6.3 a	10.3	0.0%	100.0%	0%	n.a	n.a	n.a	n.a	n.a.	Y	n.a.	Y	Y	n.a.	Y	0.0%	0.0%		

Economic Activities	Code(s)	Absolute turnover ⁽¹⁾ 2022	Proportion of turnover ⁽²⁾ 2022	Substantial Contribution criteria								DNSH Criteria ("Does Not Significantly Harm")								Cate- gory ⁽⁸⁾	
				Climate change mitigation ⁽³⁾	Climate change Adaptation ⁽⁴⁾	Water and marine resources ⁽⁴⁾	Circular economy ⁽⁴⁾	Pollution ⁽⁴⁾	Biodiversity and ecosystems ⁽⁴⁾	Climate Change Mitigation ⁽⁶⁾	Climate Change Adaptation ⁽⁶⁾	Water and marine resources ⁽⁶⁾	Circular Economy ⁽⁶⁾	Pollution ⁽⁶⁾	Biodiversity and ecosystems ⁽⁶⁾	Minimum Safeguards ⁽⁷⁾	Taxonomy-aligned proportion of turnover ⁽²⁾ 2022	Taxonomy-aligned proportion of turnover ⁽²⁾ 2021	Category (enabling activity or)	Category "(transitional activity)"	
		millions of €	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T		
Installation, maintenance and repair of energy efficiency equipment (a-e) (Endesa X - Energy Efficiency)		7.3 a-e	5.3	0.0%	100.0%	0%	n.a	n.a	n.a	n.a	n.a.	Y	n.a.	n.a.	Y	n.a.	Y	0.0%	0.0%		
7.3 Installation, maintenance and repair of energy efficiency equipment - (a-e); 7.5 Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings - (a) Installation, maintenance and repair of zoned thermostats, smart thermostat systems and sensing equipment, including, motion and day light control; 7.6 Installation, maintenance and repair of renewable energy technologies - (a) installation, maintenance and repair of solar photovoltaic systems and the ancillary technical equipment. (Endesa X - Home)		7.3 a-e; 7.5 a; 7.6 a	195.4	0.6%	100.0%	0%	n.a	n.a	n.a	n.a	n.a.	Y	n.a.	n.a.	Y	n.a.	Y	0.6%	0.7%		
Professional services related to energy performance of buildings (Endesa X - Customer Insight)		9.3	15.6	0.0%	100.0%	0%	n.a	n.a	n.a	n.a	n.a.	Y	n.a.	n.a.	n.a.	n.a.	Y	0.0%	0.1%		
7.3 Installation, maintenance and repair of energy efficiency equipment - (d) Installation and replacement of energy efficient light sources; - (e) Installation, replacement, maintenance and repair of heating, ventilation and air-conditioning (HVAC) and water heating systems, including equipment related to district heating services, with highly efficient technologies. 7.6 Installation, maintenance and repair of renewable energy technologies - (a) Installation, maintenance and repair of solar photovoltaic systems and the ancillary technical equipment. (Endesa X - Distributed Energy)		7.3 d, e; 7.6 a	82.6	0.3%	100.0%	0%	n.a	n.a	n.a	n.a	n.a.	Y	n.a.	n.a.	Y	n.a.	Y	0.3%	0.2%		
Installation, maintenance and repair of renewable energy technologies - (f) Installation, maintenance and repair of thermal or electric energy storage units and the ancillary technical equipment. (Endesa X - Battery Energy Storage)		7.6 f	0.0	0.0%	100.0%	0%	n.a	n.a	n.a	n.a	n.a.	Y	n.a.	n.a.	n.a.	n.a.	Y	0.0%	0.0%		
6.13 Infrastructure for personal mobility 6.13 7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings) (e - Mobility)		6.13; 7.4	3.2	0.0%	100.0%	0%	n.a	n.a	n.a	n.a	n.a.	Y	Y	Y	Y	Y	Y	0.0%	0.0%		
turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)			3,594.4	10.9%	100.0%	0%	n.a	n.a	n.a	n.a								10.9%	17.5%		

Economic Activities	Code(s)	Substantial Contribution criteria										DNSH Criteria ("Does Not Significantly Harm")							Category ⁽⁸⁾	
		Absolute turnover ⁽¹⁾ 2022	Proportion of turnover ⁽²⁾ 2022	Climate change mitigation ⁽³⁾	Climate change Adaptation ⁽⁴⁾	Water and marine resources ⁽⁴⁾	Circular economy ⁽⁴⁾	Pollution ⁽⁴⁾	Biodiversity and ecosystems ⁽⁴⁾	Climate Change Mitigation ⁽⁶⁾	Climate Change Adaptation ⁽⁶⁾	Water and marine resources ⁽⁶⁾	Circular Economy ⁽⁶⁾	Pollution ⁽⁶⁾	Biodiversity and ecosystems ⁽⁶⁾	Minimum Safeguards ⁽⁷⁾	Taxonomy-aligned proportion of turnover ⁽²⁾ 2022	Taxonomy-aligned proportion of turnover ⁽²⁾ 2021	Category (enabling activity or)	Category "(transitional activity)"
		millions of €	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Electricity generation from hydropower	4.5	1.7	0.0%														0.0%	0.0%		
Transmission and distribution of electricity (new connections)	4.9	0.0	0.0%														0.0%	0.0%		
Electricity generation from fossil gaseous fuels (CCGT)	4.29	6,467.4	19.7%														19.7%	17.4%		
turnover of Taxonomy-eligible but not environmentally sustainable activities (non Taxonomy-aligned activities) (A.2)		6,469.1	19.7%														19.7%	17.4%		
Total (A.1 + A.2)		10,063.5	30.6%														30.6%	34.9%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
turnover of Taxonomy-non-elegible activities (B)																				
Electricity generation from coal	n.a	252.0	0.8%																	
Electricity generation from nuclear ⁽⁹⁾	n.a	1,573.1	4.8%																	
Electricity generation from fuel-oil and OCGT ⁽¹⁰⁾	n.a	1,758.7	5.3%																	
Endesa X (only activities non eligible)	n.a	44.9	0.1%																	
Trading activities (Energy sales - wholesale)	n.a	7,436.0	22.6%																	
Market (Gas Sales - end customer)	n.a	8,023.1	24.4%																	
Market (Power Sales - end customer)	n.a	18,125.8	55.1%																	
Services, Holding & Others	n.a	472.2	1.4%																	
Elisions and adjustments	n.a	-14,853.2	-45.2%																	
turnover of Taxonomy-non-elegible activities (B)		22,832.6	69.4%																	
Total (A + B)		32,896.1	100%																	

⁽¹⁾ **Absolute turnover:** It refers to the absolute amount of turnover from each single economic activity, allocated according to its eligibility condition. If the same activity is reported both in A1 and A2 or B, the figure reported in each single field reflects the proportion of the activity that satisfies the eligibility conditions established in A1, A2 or B respectively.

⁽²⁾ **Proportion of turnover:** The proportion of the turnover of each single economic activity from total Group turnover.

⁽³⁾ **Climate Change Mitigation:** It refers to the proportion of turnover from each economic activity that contributes to climate change mitigation.

⁽⁴⁾ **Not applicable objectives:** No substantial contribution criteria have been defined for this objective before the release of the 2022 Sustainability Report.

⁽⁵⁾ **DNSH - Climate Change mitigation:** It is not applicable as the analysis of total substantial contribution criteria has been performed for Climate Change mitigation objective exclusively.

⁽⁶⁾ **DNSH:** It details whether the DNSH criteria for each environmental objective is met in each single economic activity that has been reported (yes/no), while if no specific criteria have to be verified (n.a, not applicable).

⁽⁷⁾ **Minimum safeguards:** It details whether the minimum safeguards are met in each single economic activity that has been reported.

⁽⁸⁾ **Category:** It details whether the activity provides a direct contribution to climate mitigation or it is an enabling or transitional activity.

⁽⁹⁾ **Electricity generation from nuclear:** Includes both revenue from third parties and revenue from transaction with other segments.

⁽¹⁰⁾ **Electricity Generation from fuel-oil and OCGT:** It refers to thermal power plants that use fuel-oil and/or gas (OCGT), for which a breakdown by technology is not available.

Background information on the turnover KPI

- 10.9% of turnover was generated by eligible business activities aligned with EU taxonomy, compared to 17.5% in 2021.
- There was a high increase in absolute terms in turnover in 2022 compared to 2021. This increase was mainly based on an increase in eligible-non-aligned activities such as power generation from gaseous fuels and non-eligible activities such as trading and retailing of electricity and gas, mainly due to the increase in prices

due to the market situation (energy price of €168/MWh in 2022 vs €113/MWh in 2021) and higher production with CCGT technology. Revenues from non-eligible activities (generation from fuel-oil and coal) also increased in 2022 while the turnover for eligible-aligned activities decreased in 2022 due to lower hydroelectric production and lower revenues from distribution activities. For these reasons, turnover decreased by 6% in 2022.

Breakdown of fixed operating expenditures (OPEX)

Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering years 2022 and 2021

Economic Activities	Code(s)	Absolute opex ⁽¹⁾ 2022	Proportion of opex ⁽²⁾ 2022	Substantial Contribution criteria								DNSH Criteria ("Does Not Significantly Harm")								Category ⁽⁸⁾	
				Climate change mitigation ⁽³⁾	Climate change Adaptation ⁽⁴⁾	Water and marine resources ⁽⁴⁾	Circular economy ⁽⁴⁾	Pollution ⁽⁴⁾	Biodiversity and ecosystems ⁽⁴⁾	Climate Change Mitigation ⁽⁵⁾	Climate Change Adaptation ⁽⁶⁾	Water and marine resources ⁽⁶⁾	Circular Economy ⁽⁶⁾	Pollution ⁽⁶⁾	Biodiversity and ecosystems ⁽⁶⁾	Minimum Safeguards ⁽⁷⁾	Taxonomy-aligned proportion of opex ⁽²⁾ 2022	Taxonomy-aligned proportion of opex ⁽²⁾ 2021	Category (enabling activity or)	Category "(transitional activity)"	
		millions of €	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T	
A. TAXONOMY ELIGIBLE ACTIVITIES																					
A.1 Environmentally sustainable activities (Taxonomy-aligned)																					
Electricity generation from wind power	4.3	12.1	3.7%	100.0%	0%	n.a	n.a	n.a	n.a	n.a.	Y	n.a.	Y	n.a.	Y	Y	3.7%	4.2%			
Electricity generation using solar photovoltaic technology	4.1	7.0	2.2%	100.0%	0%	n.a	n.a	n.a	n.a	n.a.	Y	n.a.	Y	n.a.	Y	Y	2.2%	1.8%			
Electricity generation from hydropower	4.5	19.6	6.0%	98.5%	0%	n.a	n.a	n.a	n.a	n.a.	Y	Y	n.a.	n.a.	Y	Y	6.0%	7.8%			
Storage of electricity	4.10		0.0%	100.0%	0%	n.a	n.a	n.a	n.a	n.a.	Y	Y	Y	n.a.	Y	Y	0.0%	0.0%			
Transmission and distribution of electricity	4.9	92.6	28.6%	100.0%	0%	n.a	n.a	n.a	n.a	n.a.	Y	n.a.	Y	Y	Y	Y	28.6%	24.0%	E		
Installation, maintenance and repair of energy efficiency equipment – (d) Installation and replacement of energy efficient light sources (Endesa X – Smart Lighting)	7.3 d	0.0	0.0%	100.0%	0%	n.a	n.a	n.a	n.a	n.a.	Y	n.a.	n.a.	Y	n.a.	Y	0.0%	0.0%			
Urban and suburban transport, road passenger transport – (a) The activity provides urban or suburban passenger transport and its direct (tailpipe) CO2 emissions are zero (Endesa X – e-Bus)	6.3 a	0.0	0.0%	100.0%	0%	n.a	n.a	n.a	n.a	n.a.	Y	n.a.	Y	Y	n.a.	Y	0.0%	0.0%			
Installation, maintenance and repair of energy efficiency equipment (a–e) (Endesa X – Energy Efficiency)	7.3 a–e	0.0	0.0%	100.0%	0%	n.a	n.a	n.a	n.a	n.a.	Y	n.a.	n.a.	Y	n.a.	Y	0.0%	0.0%			

Economic Activities	Code(s)	Absolute opex ⁽¹⁾ 2022	Proportion of opex ⁽²⁾ 2022	Substantial Contribution criteria							DNSH Criteria ("Does Not Significantly Harm")								Cate- gory ⁽⁸⁾	
				Climate change mitigation ⁽³⁾	Climate change Adaptation ⁽⁴⁾	Water and marine resources ⁽⁴⁾	Circular economy ⁽⁴⁾	Pollution ⁽⁴⁾	Biodiversity and ecosystems ⁽⁴⁾	Climate Change Mitigation ⁽⁵⁾	Climate Change Adaptation ⁽⁶⁾	Water and marine resources ⁽⁶⁾	Circular Economy ⁽⁶⁾	Pollution ⁽⁶⁾	Biodiversity and ecosystems ⁽⁶⁾	Minimum Safeguards ⁽⁷⁾	Taxonomy-aligned proportion of opex ⁽²⁾ 2022	Taxonomy-aligned proportion of opex ⁽²⁾ 2021	Category (enabling activity or) Category "transitional activity"	
		millions of €	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
7.3 Installation, maintenance and repair of energy efficiency equipment – (a-e); 7.5 Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings – (a) Installation, maintenance and repair of zoned thermostats, smart thermostat systems and sensing equipment, including, motion and day light control; 7.6 Installation, maintenance and repair of renewable energy technologies – (a) installation, maintenance and repair of solar photovoltaic systems and the ancillary technical equipment. (Endesa X – Home)	7.3 a-e; 7.5 a; 7.6 a	0.3	0.1%	100.0%	0%	n.a	n.a	n.a	n.a	n.a.	Y	n.a.	n.a.	Y	n.a.	Y	0.1%	0.3%		
Professional services related to energy performance of buildings (Endesa X – Customer Insight)	9.3	0.0	0.0%	100.0%	0%	n.a	n.a	n.a	n.a	n.a.	Y	n.a.	n.a.	n.a.	n.a.	Y	0.0%	0.1%		
7.3 Installation, maintenance and repair of energy efficiency equipment – (d) Installation and replacement of energy efficient light sources; – (e) Installation, replacement, maintenance and repair of heating, ventilation and air-conditioning (HVAC) and water heating systems, including equipment related to district heating services, with highly efficient technologies. 7.6 Installation, maintenance and repair of renewable energy technologies – (a) Installation, maintenance and repair of solar photovoltaic systems and the ancillary technical equipment. (Endesa X – Distributed Energy)	7.3 d, e; 7.6 a	0.0	0.0%	100.0%	0%	n.a	n.a	n.a	n.a	n.a.	Y	n.a.	n.a.	Y	n.a.	Y	0.0%	0.0%		
Installation, maintenance and repair of renewable energy technologies – (f) Installation, maintenance and repair of thermal or electric energy storage units and the ancillary technical equipment. (Endesa X – Battery Energy Storage)	7.6 f	0.0	0.0%	100.0%	0%	n.a	n.a	n.a	n.a	n.a.	Y	n.a.	n.a.	n.a.	n.a.	Y	0.0%	0.0%		
6.13 Infrastructure for personal mobility 6.13 7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings) (e – Mobility)	6.13; 7.4	1.8	0.5%	100.0%	0%	n.a	n.a	n.a	n.a	n.a.	Y	Y	Y	Y	Y	Y	0.5%	0.1%		
Opex of environmentally sustainable activities (Taxonomy-aligned) (A.1)		133.4	41.2%	99.8%	0%	n.a	n.a	n.a	n.a								41.2%	38.4%		

Economic Activities	Code(s)	Absolute opex ⁽¹⁾ 2022	Proportion of opex ⁽²⁾ 2022	Substantial Contribution criteria								DNSH Criteria ("Does Not Significantly Harm")								Cate- gory ⁽⁸⁾	
				Climate change mitigation ⁽³⁾	Climate change Adaptation ⁽⁴⁾	Water and marine resources ⁽⁴⁾	Circular economy ⁽⁴⁾	Pollution ⁽⁴⁾	Biodiversity and ecosystems ⁽⁴⁾	Climate Change Mitigation ⁽⁵⁾	Climate Change Adaptation ⁽⁶⁾	Water and marine resources ⁽⁶⁾	Circular Economy ⁽⁶⁾	Pollution ⁽⁶⁾	Biodiversity and ecosystems ⁽⁶⁾	Minimum Safeguards ⁽⁷⁾	Taxonomy-aligned proportion of opex ⁽²⁾ 2022	Taxonomy-aligned proportion of opex ⁽²⁾ 2021	Category (enabling activity or) Category "(transitional activity)"		
		millions of €	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T		
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																					
Electricity generation from hydropower	4.5	0.3	0.1%													0.1%	0.1%				
Transmission and distribution of electricity (new connections)	4.9	0.0	0.0%													0.0%	0.0%				
Electricity generation from fossil gaseous fuels (CCGT)	4.29	58.7	18.1%													18.1%	20.3%				
opex of Taxonomy-eligible but not environmentally sustainable activities (non Taxonomy-aligned activities) (A.2)		59.0	18.2%													18.2%	20.4%				
Total (A.1 + A.2)		192.4	59.4%													59.4%	58.8%				
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																					
Opex of Taxonomy-non-elegible activities (B)																					
Generación de electricidad a partir de carbón	n.a	15.8	4.9%																		
Generación de electricidad a partir de nuclear	n.a	87.0	26.9%																		
Electricity generation from fuel-oil and OCGT ⁽⁹⁾	n.a	16.0	4.9%																		
Endesa X (only activities non elegible)	n.a	0.9	0.3%																		
Trading activities (Energy sales - wholesale)	n.a	3.4	1.0%																		
Market (Gas Sales - end customer)	n.a	0.0	0.0%																		
Market (Power Sales - end customer)	n.a	0.0	0.0%																		
Services, Holding & Others	n.a	8.7	2.7%																		
Elisions and adjustments	n.a	-0.2	-0.1%																		
opex of Taxonomy-non-elegible activities (B)		131.6	40.6%																		
Total (A + B)		324.0	100%																		

⁽¹⁾ **Absolute opex:** It refers to the absolute amount of opex from each single economic activity, allocated according to its eligibility condition. If the same activity is reported both in A1 and A2 or B, the figure reported in each single field reflects the proportion of the activity that satisfies the eligibility conditions established in A1, A2 or B respectively.

⁽²⁾ **Proportion of opex:** The proportion of the opex of each single economic activity from total Group opex.

⁽³⁾ **Climate Change Mitigation:** It refers to the proportion of opex from each economic activity that contributes to climate change mitigation.

⁽⁴⁾ **Not applicable objectives:** No substantial contribution criteria have been defined for this objective before the release of the 2022 Sustainability Report.

⁽⁵⁾ **DNSH - Climate Change mitigation:** It is not applicable as the analysis of total substantial contribution criteria has been performed for Climate Change mitigation objective exclusively.

⁽⁶⁾ **DNSH:** It details whether the DNSH criteria for each environmental objective is met in each single economic activity that has been reported (yes/no), while if no specific criteria have to be verified (n.a. not applicable).

⁽⁷⁾ **Minimum safeguards:** It details whether the minimum safeguards are met in each single economic activity that has been reported.

⁽⁸⁾ **Category:** It details whether the activity provides a direct contribution to climate mitigation or it is an enabling or transitional activity.

⁽⁹⁾ **Electricity Generation from fuel-oil and OCGT:** It refers to thermal power plants that use fuel-oil and/or gas (OCGT), for which a breakdown by technology is not available.

Background information on the OPEX KPI

- 41.2% of operating expenses were generated by eligible business activities aligned with EU taxonomy, compared to 38.4% in 2021.
- Regarding OPEX, no substantial changes were identified to report between the 2022 and 2021 figures.

Breakdown of the EBITDA KPIs

Proportion of EBITDA from products and services associated with economic activities complying with taxonomy – disclosure covering years 2022 and 2021

Economic Activities	Code(s)	Absolute EBITDA ⁽¹⁾ 2022	Proportion of EBITDA ⁽²⁾ 2022	Substantial Contribution criteria							DNSH Criteria ("Does Not Significantly Harm")							Cate- gory ⁽⁸⁾		
				Climate change mitigation ⁽³⁾	Climate change Adaptation ⁽⁴⁾	Water and marine resources ⁽⁴⁾	Circular economy ⁽⁴⁾	Pollution ⁽⁴⁾	Biodiversity and ecosystems ⁽⁴⁾	Climate Change Mitigation ⁽⁵⁾	Climate Change Adaptation ⁽⁵⁾	Water and marine resources ⁽⁵⁾	Circular Economy ⁽⁵⁾	Pollution ⁽⁵⁾	Biodiversity and ecosystems ⁽⁵⁾	Minimum Safeguards ⁽⁷⁾	Taxonomy-aligned proportion of EBITDA ⁽²⁾ 2022	Taxonomy-aligned proportion of EBITDA ⁽²⁾ 2021	Category (enabling activity or)	Category "transitional activity"
		millions of €	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T	
A. TAXONOMY ELIGIBLE ACTIVITIES																				
A. TAXONOMY ELIGIBLE ACTIVITIES																				
Electricity generation from wind power	4.3	622.1	11.2%	100.0%	0%	n.a	n.a	n.a	n.a	n.a.	Y	n.a.	Y	n.a.	Y	Y	11.2%	5.3%		
Electricity generation using solar photovoltaic technology	4.1	73.4	1.3%	100.0%	0%	n.a	n.a	n.a	n.a	n.a.	Y	n.a.	Y	n.a.	Y	Y	1.3%	1.2%		
Electricity generation from hydropower	4.5	-62.1	-1.1%	98.5%	0%	n.a	n.a	n.a	n.a	n.a.	Y	Y	n.a.	n.a.	Y	Y	-1.1%	13.0%		
Storage of electricity	4.10	0.0	0.0%	100.0%	0%	n.a	n.a	n.a	n.a	n.a.	Y	Y	Y	n.a.	Y	Y	0.0%	0.0%		
Transmission and distribution of electricity	4.9	1,702.9	30.6%	100.0%	0%	n.a	n.a	n.a	n.a	n.a.	Y	n.a.	Y	Y	Y	Y	30.6%	45.9%	E	
Installation, maintenance and repair of energy efficiency equipment - (d) Installation and replacement of energy efficient light sources (Endesa X - Smart Lighting)	7.3 d	1.3	0.0%	100.0%	0%	n.a	n.a	n.a	n.a	n.a.	Y	n.a.	n.a.	Y	n.a.	Y	0.0%	0.0%		
Urban and suburban transport, road passenger transport - (a) The activity provides urban or suburban passenger transport and its direct (tailpipe) CO2 emissions are zero (Endesa X - e-Bus)	6.3 a	-0.4	0.0%	100.0%	0%	n.a	n.a	n.a	n.a	n.a.	Y	n.a.	Y	Y	n.a.	Y	0.0%	0.0%		
Installation, maintenance and repair of energy efficiency equipment (a-e) (Endesa X - Energy Efficiency)	7.3 a-e	0.2	0.0%	100.0%	0%	n.a	n.a	n.a	n.a	n.a.	Y	n.a.	n.a.	Y	n.a.	Y	0.0%	0.0%		
7.3 Installation, maintenance and repair of energy efficiency equipment - (a-e); 7.5 Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings - (a) Installation, maintenance and repair of zoned thermostats, smart thermostat systems and sensing equipment, including, motion and day light control; 7.6 Installation, maintenance and repair of renewable energy technologies - (a) installation, maintenance and repair of solar photovoltaic systems and the ancillary technical equipment. (Endesa X - Home)	7.3 a-e; 7.5 a; 7.6 a	86.9	1.6%	100.0%	0%	n.a	n.a	n.a	n.a	n.a.	Y	n.a.	n.a.	Y	n.a.	Y	16%	1.4%		
"Professional services related to energy performance of buildings (Endesa X - Customer Insight)"	9.3	76	0.1%	100.0%	0%	n.a	n.a	n.a	n.a	n.a.	Y	n.a.	n.a.	n.a.	n.a.	Y	0.1%	0.1%		

Economic Activities	Code(s)	Absolute EBITDA ⁽¹⁾ 2022	Proportion of EBITDA ⁽²⁾ 2022	Substantial Contribution criteria								DNSH Criteria ("Does Not Significantly Harm")								Category ⁽⁸⁾	
				Climate change mitigation ⁽³⁾	Climate change Adaptation ⁽⁴⁾	Water and marine resources ⁽⁴⁾	Circular economy ⁽⁴⁾	Pollution ⁽⁴⁾	Biodiversity and ecosystems ⁽⁴⁾	Climate Change Mitigation ⁽⁵⁾	Climate Change Adaptation ⁽⁵⁾	Water and marine resources ⁽⁵⁾	Circular Economy ⁽⁵⁾	Pollution ⁽⁵⁾	Biodiversity and ecosystems ⁽⁵⁾	Minimum Safeguards ⁽⁷⁾	Taxonomy-aligned proportion of EBITDA ⁽²⁾ 2022	Taxonomy-aligned proportion of EBITDA ⁽²⁾ 2021	Category (enabling activity or)	Category "(transitional activity)"	
		millions of €	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T	
7.3 Installation, maintenance and repair of energy efficiency equipment – (d) Installation and replacement of energy efficient light sources; – (e) Installation, replacement, maintenance and repair of heating, ventilation and air-conditioning (HVAC) and water heating systems, including equipment related to district heating services, with highly efficient technologies. 7.6 Installation, maintenance and repair of renewable energy technologies – (a) Installation, maintenance and repair of solar photovoltaic systems and the ancillary technical equipment. (Endesa X – Distributed Energy)	7.3 d, e; 7.6 a	5.7	0.1%	100.0%	0%	n.a	n.a	n.a	n.a	n.a.	Y	n.a.	n.a.	Y	n.a.	Y	0.1%	0.1%			
Installation, maintenance and repair of renewable energy technologies – (f) Installation, maintenance and repair of thermal or electric energy storage units and the ancillary technical equipment. (Endesa X – Battery Energy Storage)	7.6 f	0.0	0.0%	100.0%	0%	n.a	n.a	n.a	n.a	n.a.	Y	n.a.	n.a.	n.a.	n.a.	Y	0.0%	0.0%			
6.13 Infrastructure for personal mobility 6.13 7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings) (e – Mobility)	6.13; 7.4	230.5	4.1%	100.0%	0%	n.a	n.a	n.a	n.a	n.a.	Y	Y	Y	Y	Y	Y	4.1%	-0.2%			
EBITDA of environmentally sustainable activities (Taxonomy-aligned) (A.1)		2,668.0	47.9%	100.0%	0%	n.a	n.a	n.a	n.a								47.9%	66.7%			
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																					
Electricity generation from hydropower	4.5	-0.9	0.0%														0.0%	0.2%			
Transmission and distribution of electricity (new connections)	4.9	0.0	0.0%														0.0%	0.0%			
Electricity generation from fossil gaseous fuels (CCGT)	4.29	650.8	11.7%														11.7%	5.4%			
EBITDA of Taxonomy-eligible but not environmentally sustainable activities (non Taxonomy-aligned activities) (A.2)		649.9	11.7%														11.7%	5.6%			
Total (A.1 + A.2)		3,317.9	59.6%														59.6%	72.3%			

Economic Activities	Code(s)	Absolute EBITDA ⁽¹⁾ 2022	Proportion of EBITDA ⁽²⁾ 2022	Substantial Contribution criteria					DNSH Criteria ("Does Not Significantly Harm")								Cate- gory ⁽⁸⁾			
				Climate change mitigation ⁽³⁾	Climate change Adaptation ⁽⁴⁾	Water and marine resources ⁽⁴⁾	Circular economy ⁽⁴⁾	Pollution ⁽⁴⁾	Biodiversity and ecosystems ⁽⁴⁾	Climate Change Mitigation ⁽⁵⁾	Climate Change Adaptation ⁽⁶⁾	Water and marine resources ⁽⁶⁾	Circular Economy ⁽⁶⁾	Pollution ⁽⁶⁾	Biodiversity and ecosystems ⁽⁶⁾	Minimum Safeguards ⁽⁷⁾	Taxonomy-aligned proportion of EBITDA ⁽²⁾ 2022	Taxonomy-aligned proportion of EBITDA ⁽²⁾ 2021	Category (enabling activity or)	Category "(transitional activity)"
		millions of €	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
EBITDA of Taxonomy-non-elegible activities (B)																				
Electricity generation from coal	n.a	1170	2.1%																	
Electricity generation from nuclear	n.a	651.4	11.7%																	
Electricity generation from fuel-oil and OCGT ⁽⁹⁾	n.a	177.0	3.2%																	
Endesa X (only activities non elegible)	n.a	-24.7	-0.4%																	
Trading activities (Energy sales - wholesale)	n.a	923.4	16.6%																	
Market (Gas Sales - end customer)	n.a	102.7	1.8%																	
Market (Power Sales - end customer)	n.a	228.2	4.1%																	
Services, Holding & Others	n.a	158.6	2.9%																	
Elisions and adjustments	n.a	-86.6	-1.6%																	
EBITDA of Taxonomy-non-elegible activities (B)		2,247.0	40.4%																	
Total (A + B)		5,564.9	100%																	

⁽¹⁾ **Absolute EBITDA:** It refers to the absolute amount of EBITDA from each single economic activity, allocated according to its eligibility condition. If the same activity is reported both in A1 and A2 or B, the figure reported in each single field reflects the proportion of the activity that satisfies the eligibility conditions established in A1, A2 or B respectively.

⁽²⁾ **Proportion of EBITDA:** The proportion of the EBITDA of each single economic activity from total Group EBITDA.

⁽³⁾ **Climate Change Mitigation:** It refers to the proportion of EBITDA from each economic activity that contributes to climate change mitigation.

⁽⁴⁾ **Not applicable objectives:** No substantial contribution criteria have been defined for this objective before the release of the 2022 Sustainability Report.

⁽⁵⁾ **DNSH - Climate Change mitigation:** It is not applicable as the analysis of total substantial contribution criteria has been performed for Climate Change mitigation objective exclusively.

⁽⁶⁾ **DNSH:** It details whether the DNSH criteria for each environmental objective is met in each single economic activity that has been reported (yes/no), while if no specific criteria have to be verified (n.a. not applicable).

⁽⁷⁾ **Minimum safeguards:** It details whether the minimum safeguards are met in each single economic activity that has been reported.

⁽⁸⁾ **Category:** It details whether the activity provides a direct contribution to climate mitigation or it is an enabling or transitional activity.

⁽⁹⁾ **Electricity Generation from fuel-oil and OCGT:** It refers to thermal power plants that use fuel-oil and/or gas (OCGT), for which a breakdown by technology is not available.

Background information on the EBITDA KPI

- 47.9% of gross profit was generated by eligible business activities aligned with the EU taxonomy, compared to 66.7% in 2021.
- The percentage of EBITDA for eligible-aligned activities decreased in 2022 compared to 2021. In absolute terms,

EBITDA increased compared to the previous year, but this was due to an increase in eligible-non-aligned activities mainly due to higher production from gaseous fuels and non-eligible activities such as trading and retailing of gas and electricity.

Breakdown of investment KPIs (CAPEX)

Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering years 2022 and 2021

Economic Activities	Code(s)	Absolute capex ⁽¹⁾ 2022	Proportion of capex ⁽²⁾ 2022	Substantial Contribution criteria								DNSH Criteria ("Does Not Significantly Harm")								Category ⁽⁸⁾	
				Climate change mitigation ⁽³⁾	Climate change Adaptation ⁽⁴⁾	Water and marine resources ⁽⁴⁾	Circular economy ⁽⁴⁾	Pollution ⁽⁴⁾	Biodiversity and ecosystems ⁽⁴⁾	Climate Change Mitigation ⁽⁵⁾	Climate Change Adaptation ⁽⁶⁾	Water and marine resources ⁽⁶⁾	Circular economy ⁽⁶⁾	Pollution ⁽⁶⁾	Biodiversity and ecosystems ⁽⁶⁾	Minimum Safeguards ⁽⁷⁾	Taxonomy-aligned proportion of capex ⁽²⁾ 2022	Taxonomy-aligned proportion of capex ⁽²⁾ 2021	Category (enabling activity or)	Category "(transitional activity)"	
		millions of €	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T	
A. TAXONOMY ELIGIBLE ACTIVITIES																					
A.1 Environmentally sustainable activities (Taxonomy-aligned)																					
Electricity generation from wind power	4.3	216.8	9.2%	100.0%	0%	n.a	n.a	n.a	n.a	n.a.	Y	n.a.	Y	n.a.	Y	Y	9.2%	9.6%			
Electricity generation using solar photovoltaic technology	4.1	522.5	22.1%	100.0%	0%	n.a	n.a	n.a	n.a	n.a.	Y	n.a.	Y	n.a.	Y	Y	22.1%	17.4%			
Electricity generation from hydropower	4.5	73.9	3.1%	98.5%	0%	n.a	n.a	n.a	n.a	n.a.	Y	Y	n.a.	n.a.	Y	Y	3.1%	2.5%			
Storage of electricity	4.10	13.1	0.6%	100.0%	0%	n.a	n.a	n.a	n.a	n.a.	Y	Y	Y	n.a.	Y	Y	0.6%	0.1%			
Transmission and distribution of electricity	4.9	888.5	376%	100.0%	0%	n.a	n.a	n.a	n.a	n.a.	Y	n.a.	Y	Y	Y	Y	376%	35.4%	E		
Installation, maintenance and repair of energy efficiency equipment - (d) Installation and replacement of energy efficient light sources (Endesa X - Smart Lighting)	7.3 d	0.8	0.0%	100.0%	0%	n.a	n.a	n.a	n.a	n.a.	Y	n.a.	n.a.	Y	n.a.	Y	0.0%	0.1%			
Urban and suburban transport, road passenger transport - (a) The activity provides urban or suburban passenger transport and its direct (tailpipe) CO ₂ emissions are zero (Endesa X - e-Bus)	6.3 a	0.0	0.0%	100.0%	0%	n.a	n.a	n.a	n.a	n.a.	Y	n.a.	Y	Y	n.a.	Y	0.0%	0.0%			
Installation, maintenance and repair of energy efficiency equipment (a-e) (Endesa X - Energy Efficiency)	7.3 a-e	0.4	0.0%	100.0%	0%	n.a	n.a	n.a	n.a	n.a.	Y	n.a.	n.a.	Y	n.a.	Y	0.0%	0.0%			
7.3 Installation, maintenance and repair of energy efficiency equipment - (a-e); 7.5 Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings - (a) Installation, maintenance and repair of zoned thermostats, smart thermostat systems and sensing equipment, including, motion and day light control; 7.6 Installation, maintenance and repair of renewable energy technologies - (a) installation, maintenance and repair of solar photovoltaic systems and the ancillary technical equipment. (Endesa X - Home)	7.3 a-e; 7.5 a; 7.6 a	37.4	1.6%	100.0%	0%	n.a	n.a	n.a	n.a	n.a.	Y	n.a.	n.a.	Y	n.a.	Y	1.6%	1.4%			
Professional services related to energy performance of buildings (Endesa X - Customer Insight)	9.3	1.0	0.0%	100.0%	0%	n.a	n.a	n.a	n.a	n.a.	Y	n.a	n.a.	n.a.	n.a.	Y	0.0%	0.0%			

Economic Activities	Code(s)	Substantial Contribution criteria										DNSH Criteria ("Does Not Significantly Harm")							Category ⁽⁸⁾	
		Absolute capex ⁽¹⁾ 2022	Proportion of capex ⁽²⁾ 2022	Climate change mitigation ⁽³⁾	Climate change Adaptation ⁽⁴⁾	Water and marine resources ⁽⁴⁾	Circular economy ⁽⁴⁾	Pollution ⁽⁴⁾	Biodiversity and ecosystems ⁽⁴⁾	Climate Change Mitigation ⁽⁵⁾	Climate Change Adaptation ⁽⁵⁾	Water and marine resources ⁽⁵⁾	Circular economy ⁽⁵⁾	Pollution ⁽⁵⁾	Biodiversity and ecosystems ⁽⁵⁾	Minimum Safeguards ⁽⁷⁾	Taxonomy-aligned proportion of capex ⁽⁶⁾ 2022	Taxonomy-aligned proportion of capex ⁽⁶⁾ 2021	Category (enabling activity or)	Category "(transitional activity)"
		millions of €	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
7.3 Installation, maintenance and repair of energy efficiency equipment – (d) Installation and replacement of energy efficient light sources; – (e) Installation, replacement, maintenance and repair of heating, ventilation and air-conditioning (HVAC) and water heating systems, including equipment related to district heating services, with highly efficient technologies. 7.6 Installation, maintenance and repair of renewable energy technologies – (a) Installation, maintenance and repair of solar photovoltaic systems and the ancillary technical equipment. (Endesa X – Distributed Energy)	7.3 d, e; 7.6 a	0.6	0.0%	100.0%	0%	n.a	n.a	n.a	n.a	n.a.	Y	n.a.	n.a.	Y	n.a.	Y	0.0%	0.0%		
Installation, maintenance and repair of renewable energy technologies – (f) Installation, maintenance and repair of thermal or electric energy storage units and the ancillary technical equipment. (Endesa X – Battery Energy Storage)	7.6 f	0.0	0.0%	100.0%	0%	n.a	n.a	n.a	n.a	n.a.	Y	n.a.	n.a.	n.a.	n.a.	Y	0.0%	0.0%		
6.13 Infrastructure for personal mobility 6.13 7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings) (e – Mobility)	6.13; 7.4	30.0	1.3%	100.0%	0%	n.a	n.a	n.a	n.a	n.a.	Y	Y	Y	Y	Y	Y	1.3%	0.6%		
Additions to right-of-use assets (IFRS 16 par.53 point h)	n.a	21.7	0.9%	95.2%	0%	n.a	n.a	n.a	n.a	n.a.	Y	Y	Y	Y	Y	Y	0.9%	3.3%		
CAPEX of environmentally sustainable activities (Taxonomy-aligned) (A.1)		1,806.7	76.4%	99.9%	0%	n.a	n.a	n.a	n.a								76.4%	70.4%		
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Electricity generation from hydropower	4.5	1.1	0.0%														0.0%	0.0%		
Transmission and distribution of electricity (new connections)	4.9	0.0	0.0%														0.0%	0.0%		
Electricity generation from fossil gaseous fuels (CCGT)	4.29	14.2	0.6%														0.6%	1.9%		
CAPEX of Taxonomy-eligible but not environmentally sustainable activities (non Taxonomy-aligned activities) (A.2)		15.3	0.6%														0.6%	2.0%		
Total (A.1 + A.2)		1,821.9	77.0%														77.0%	72.4%		

Economic Activities	Code(s)	Absolute capex ⁽¹⁾ 2022	Proportion of capex ⁽²⁾ 2022	Substantial Contribution criteria								DNSH Criteria ("Does Not Significantly Harm")								Cate- gory ⁽⁸⁾	
				Climate change mitigation ⁽³⁾	Climate change Adaptation ⁽⁴⁾	Water and marine resources ⁽⁴⁾	Circular economy ⁽⁴⁾	Pollution ⁽⁴⁾	Biodiversity and ecosystems ⁽⁴⁾	Climate Change Mitigation ⁽⁵⁾	Climate Change Adaptation ⁽⁵⁾	Water and marine resources ⁽⁵⁾	Circular economy ⁽⁵⁾	Pollution ⁽⁵⁾	Biodiversity and ecosystems ⁽⁵⁾	Minimum Safeguards ⁽⁷⁾	Taxonomy-aligned proportion of capex ⁽⁶⁾ 2022	Taxonomy-aligned proportion of capex ⁽⁶⁾ 2021	Category (enabling activity or)	Category "(transitional activity)"	
		millions of €	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																					
CAPEX of Taxonomy-non-elegible activities (B)																					
Electricity generation from coal	n.a	-4.0	-0.2%																		
Electricity generation from nuclear	n.a	142.37	6.0%																		
Electricity generation from fuel-oil and OCGT ⁽⁹⁾	n.a	81.5	3.4%																		
Endesa X (only activities non elegible)	n.a	4.6	0.2%																		
Trading activities (Energy sales - wholesale)	n.a	29.24	1.2%																		
Market (Gas Sales - end customer)	n.a	36.1	1.5%																		
Market (Power Sales - end customer)	n.a	211.6	8.9%																		
Services, Holding & Others	n.a	27.7	1.2%																		
Elisions and adjustments	n.a	13.6	0.6%																		
Additions to right-of-use assets (IFRS 16 par.53 point h)	n.a	1.1	0.0%																		
CAPEX of Taxonomy-non-elegible activities (B)		543.9	23.0%																		
Total (A + B)		2,365.8	100%																		

⁽¹⁾ **Absolute capex:** It refers to the absolute amount of capex from each single economic activity, allocated according to its eligibility condition. If the same activity is reported both in A1 and A2 or B, the figure reported in each single field reflects the proportion of the activity that satisfies the eligibility conditions established in A1, A2 or B respectively.

⁽²⁾ **Proportion of capex:** The proportion of the capex of each single economic activity from total Group capex.

⁽³⁾ **Climate Change Mitigation:** It refers to the proportion of capex from each economic activity that contributes to climate change mitigation.

⁽⁴⁾ **Not applicable objectives:** No substantial contribution criteria have been defined for this objective before the release of the 2022 Sustainability Report.

⁽⁵⁾ **DNSH - Climate Change mitigation:** It is not applicable as the analysis of total substantial contribution criteria has been performed for Climate Change mitigation objective exclusively.

⁽⁶⁾ **DNSH:** It details whether the DNSH criteria for each environmental objective is met in each single economic activity that has been reported (yes/no), while if no specific criteria have to be verified (n.a, not applicable).

⁽⁷⁾ **Minimum safeguards:** It details whether the minimum safeguards are met in each single economic activity that has been reported.

⁽⁸⁾ **Category:** It details whether the activity provides a direct contribution to climate mitigation or it is an enabling or transitional activity.

⁽⁹⁾ **Electricity Generation from fuel-oil and OCGT:** It refers to thermal power plants that use fuel-oil and/or gas (OCGT), for which a breakdown by technology is not available

Background information on the CAPEX KPI

- 76.4% of investments was generated by eligible business activities aligned with the EU taxonomy, compared to 70.4% in 2021.
- The increase in the percentage of CAPEX in 2022 compared to the 2021 figure was mainly due to an increase in investments in renewable generation,

mainly in photovoltaic technology. In the latest update of the 2022 Strategic Plan, Endesa also announced an alignment of more than 80% of CAPEX for the 2023-2025 period due to its contribution to climate change mitigation.

Additional information requested by Appendix III to Delegated Regulation 2022/1214 on electricity generation activities from nuclear and gaseous fossil fuels

Template 1. Nuclear and fossil gas related activities

Row	Nuclear energy related activities	
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	YES
Fossil gas related activities		
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	YES
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

As indicated in the table above, the only activities applicable for Endesa are the safe operation of existing nuclear installations and the generation of electricity from gaseous fossil fuels. The first is 100% non-eligible and the second 100% eligible non-aligned. Therefore, the data requested in templates 4 and 5 of the Complementary Delegated Act are included below, while the rest of the templates provided for in the Complementary Delegated Act are not applicable according to Endesa's business model. The information also refers to the climate change mitigation objective solely due to a lack of data to complete the analysis on the climate change adaptation objective.

Template 4. Taxonomy-eligible but not taxonomy-aligned economic activities

Breakdown of Turnover KPI

Economic activities	Climate change mitigation	
	Amount	%
Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	6,467.4	19.7%
Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	1.6	0.0%
Total amount and proportion of taxonomy eligible but not taxonomy- aligned economic activities in the denominator of the applicable KPI	6,469.1	19.7%

Breakdown of fixed operating expenditures (OPEX)

Economic activities	Climate change mitigation	
	Amount	%
Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	58.71	18.1%
Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	0.30	0.1%
Total amount and proportion of taxonomy eligible but not taxonomy- aligned economic activities in the denominator of the applicable KPI	59.0	18.2%

Breakdown of EBITDA KPIs

Economic activities	Climate change mitigation	
	Amount	%
Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	650.8	11.7%
Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	-0.9	0.0%
Total amount and proportion of taxonomy eligible but not taxonomy- aligned economic activities in the denominator of the applicable KPI	649.9	11.7%

Breakdown of investment KPIs (CAPEX)

Economic activities	Climate change mitigation	
	Amount	%
Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	14.2	0.6%
Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	1.1	0.0%
Total amount and proportion of taxonomy eligible but not taxonomy- aligned economic activities in the denominator of the applicable KPI	15.3	0.6%

Template 5. Taxonomy non-eligible economic activities

Breakdown of Turnover KPI

Economic activities	Climate change mitigation	
	Amount	%
Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	1,573.1	4.8%
Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	21,259.5	64.6%
Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI	22,832.6	69.4%

Breakdown of fixed operating expenditures (OPEX)

Economic activities	Climate change mitigation	
	Amount	%
Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	87.0	26.9%
Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	44.6	13.8%
Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI	131.6	40.6%

Breakdown of EBITDA KPIs

Economic activities	Climate change mitigation	
	Amount	%
Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	651.4	11.7%
Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	1,595.6	28.7%
Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI	2,247.0	40.4%

Breakdown of investment KPIs (CAPEX)

Economic activities	Climate change mitigation	
	Amount	%
Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	142.4	6.0%
Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	401.5	17.0%
Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI	543.9	23.0%

Appendix IX: Compliance with PES 2022–2024 objectives

Line of action		2022 target	2022
Future of generation	Scope 1 specific GHG emissions (gCO ₂ eq/kWh)	145 to 2024	212
	CO ₂ emission-free production (mainland) % CO ₂ -free production ⁽¹⁾	92% by 2024	73%
	Installed renewable capacity ⁽²⁾ (MW)	12,317 MW by the end of the 2022–2024 period	9,337
	Production from renewable sources ⁽³⁾ (TWh)	15.2	12.0
	Mainland renewable capacity vs total mainland capacity ⁽⁴⁾ (%)	56%	52%
	Installed fossil thermal capacity ⁽⁵⁾ (GW)	~2 GW in the 2022–2024 period vs 2021	0
	Investment in digitisation of power generation assets ⁽⁶⁾ (€M)	€44M in the 2022–2024 period	20.5
	Installation of storage capacity (increase in capacity in MW) ⁽⁸⁾	100 MW in the 2022–2024 period	4
	Maintain high efficiency in renewable power plants	94.2% in wind power in the 2022–2024 period 98.6% in hydropower in the 2022–2024 period 94.0% in solar power in the 2022–2024 period	Wind: 97.8% Hidráulica: 98.8% Solar: 97.0%
	ISO 9001 quality certification for thermal and renewable generation assets	100%	100%
	Recovery of obsolete spare parts and equipment by promoting the adoption of circular business models in plants that are no longer operating	~ €1.2M resale and recycling revenues by 2022	1.4M€
	Sustainable building site - Promotion of the adoption of the sustainable building site model (No. of sustainable building sites/ total number of building sites) ⁽⁹⁾	100% for renewable projects for engineering and construction and hydro and thermal projects for design and implementation in the 2022–2024 period.	100%
	Sustainable plant - Promotion of the adoption of the sustainable plant model (No. of sites adopting the model/total number of eligible sites)	100% in the 2022–2024 period	100%

⁽¹⁾ Estimate considering total production measured in plant bars

⁽²⁾ Cumulative gross installed capacity

⁽³⁾ Net production

⁽⁴⁾ Net capacity

⁽⁵⁾ Gross installed capacity

⁽⁶⁾ Including thermal + renewables

⁽⁷⁾ Only includes thermal

⁽⁸⁾ Hybridisation of batteries with renewables

⁽⁹⁾ All projects with additional capacity or commercial operation date in the reporting year

Line of action		2022 target	2022
Electrification	Reduction of electricity losses ⁽¹⁾ (% losses measured in substation busbar)	9.99%	9.99%
	Energy recovery (GWh)	3,260 GWh in the 2022-2024 period	981
	Improvement of supply continuity (SAIDI ⁽²⁾ , min)	57.10	53.0
	Deployment of the remote management plan in the Low Voltage network (millions of remote meters installed)	12.60	12.5
	Installation of remote controls in the Medium Voltage network (accumulated)	33,487	33,293
	Technological update of the High Voltage remote control system (accumulated)	377 ⁽³⁾	370
	Number of new connections for producers ^(*)	1,290 ^(*)	7,623^(*)
	Power of new connections for producers ^(**)	405 ^(**)	1,803^(**)
	Investment in customer digitisation (millions of euros invested) ⁽⁴⁾	~ €150 million in the 2022-2024 period	83.8
	Digital customers (millions of contracts that have made a contact via digital channel)	5.9	4.4⁽⁵⁾
	Electronic invoicing (% of customers using electronic invoicing)	38%	47%
	Digital sales (% of sales/engagements per year via digital channels)	25%	32%
	Promotion of the virtual assistant in Care via CAT ⁽⁶⁾ (% of interactions attended by the Virtual Assistant)	13.0%	13.4%
	Quality: Improvement of global customer satisfaction ⁽⁷⁾	7.45	7.46
	Digital, innovative and inclusive Customer Service (% dissemination of the Padius service)	100%	100%
	Number of electric vehicle charging stations (Public and private use)	46,000 in 2024	13,898
	Number of e-Bus charging stations	125 by 2024	223
	Lighting: Maintenance, improvements and replacement of lighting systems with LEDs or smart lighting systems (number of light points managed)	~ 90,700	104,135

⁽¹⁾ OS criterion

⁽²⁾ Own + programmed TIEPI (SAIFI)

⁽³⁾ The project ends in 2022

⁽⁴⁾ Includes ENDESA Energía + ENDESA X

⁽⁵⁾ The indicator has amended its calculation methodology and the 2022 data is not available based on the methodology with which it was objectified. Digital customers of Endesa Energía+Endesa Energía XXI are indicated. The indicator is reformulated for the 2023-2025 Sustainability Plan

⁽⁶⁾ CAT: Call Centre

⁽⁷⁾ B2C+B2B Customers

^(*) The data are not comparable, the criterion has been modified. In 2021: cumulative number, in 2022: no. of new connections/year.

^(**) The data are not comparable, the criterion has been modified. In 2021: Accumulated MW, in 2022: MW for new connections/year

Line of action		2022 target	2022
People we work with	To increase the presence of women (% women in the workforce)	26.00%	26.3%
	To increase the presence of women in positions of responsibility: manager and middle manager (CGI+GC0) (% women)	32.00%	34.1%
	To increase the presence of women in positions of responsibility: manager1	20.00%	18.9%
	To increase the presence of women in positions of responsibility: Middle manager (CGI+GC0) (% female)	32.50%	34.9%
	To increase the presence of women in positions of responsibility: Middle manager (CGI) (% female)	29.30%	31.5%
	To increase the presence of women (% women in management positions with revenue-generating roles)	26.40%	27.5%
	Promoting gender diversity as part of selection processes (% women)	50%	51%
	Promoting gender diversity in the recruitment process (% all women recruited)	38%	38.2%
	Professional guidance in STEM areas for women	4,500 women involved in the 2022-2024 period	1,702
	Presence of women in STEM positions (% of women)	18.00%	19.2%
	Disability. Launch of specific campaigns to integrate disabled persons (number of specific communications)	3 campaigns per year in the period 2022-2024	3
	Disability Action Plan. Valuable 500	Design and implementation by 2023 of initiatives to improve the inclusion of people with disabilities, improving and expanding measures relating to digital accessibility, autonomy, mobility, development and employability.	Execution of the Action Plan
	Promotion of line training for employees (hours/employee)	38.5	45.7
	Skill enhancement and retraining programmes for employees affected by the energy transition (training hours per year/person)	50 ⁽²⁾	57.7
	Training programme for new recruits (number of hours/employee)	12	45.9
	Improvement of work areas in offices (no. employees benefited)	1,712 employees in the 2022-2024 period ⁽³⁾	637
	Promotion of services that favour the work-life balance of employees ⁴ (number of services)	70 services in 2024	68
	To promote the level of employee involvement ⁵ (engagement)	Scope: 100% Satisfaction: 85% Participation: 75%	Scope: 100% Satisfaction: 85% Participation: 75%
	Performance assessment (Open Feedback Evaluation) (% employees)	Scope ⁽⁶⁾ : 100% Participation: 99%	Scope: 100% Participation: 99%
	Number of people included in the knowledge transfer initiatives (mentoring, age and gender)	130	174
	Succession Plan for Managers (% of women among those involved)	43.00%	43.65%
	Travel safety: Expansion of the e-Travel digital portal to add itinerary planning functions and authorisations for travel with risk	100% of travel in the period 2022-2024	100%
	Crisis Management – Drill Plan	1	2
	Raising awareness of safety (No. of actions)	36	45

⁽¹⁾ Manager: TOP 200 + managerial level + Local managers

⁽²⁾ Specific training ends in 2022

⁽³⁾ The project ends in 2024

⁽⁴⁾ The data refer to the total number of services offered in the 7 Endesa headquarters as a whole, including: financial assessment, nutritionist, travel agency, car hire, vehicle cleaning and repair, dry cleaning, catering, changing room, breast-feeding room, etc.

⁽⁵⁾ Biennial survey, results of the 2020 survey

⁽⁶⁾ Eligible and accessible persons who have worked in the Group for at least 3 months

Line of action		2015–2030 Target ⁽¹⁾	Accumulated 2015–2022
Global and local communities	Education (no. beneficiaries)	0.9 MM	~0.4 MM ⁽¹⁾
	Access to energy (number of beneficiaries)	4.1 MM	~2.4 MM ⁽¹⁾
	Socio-economic development (Number of beneficiaries)	2.1 MM	~1.1 MM ⁽¹⁾
	Implementation of projects to create shared value for local communities (number of CSV plans under management)	>80 in 2022	127 in 2022

⁽¹⁾ This purpose refers to the accumulated between 2015–2030.

⁽¹⁾ Accumulated value since 2015 in MM

Line of action		2022 target	2022
Sustainable supply chain	Verification of human rights aspects in the supplier qualification process (% qualified suppliers)	100%	100%
	Verification of security aspects in the supplier rating process (% of suppliers rated)	100%	100%
	Verification of environmental aspects in the supplier qualification process (% qualified suppliers)	100%	100%
	Contracts that include the K of sustainability (% of the total)	90%	99%
	Tenders covered with mandatory sustainability requirements (% of total tenders)	17%	0%
	Carbon-footprint certified suppliers (% of tenders with ISO CFP or EDP out of total tenders)	27%	66%
	Promotion of the qualification system: Volume of purchases made from qualified suppliers (% of the total) ⁽¹⁾	95.0%	95.0%
	Audits of contractors in legal-labour and safety and health issues ⁽¹⁾ Qualified suppliers in the family subject to contracting (% contractors evaluated)	13%	12%

⁽¹⁾ Qualified suppliers in the family subject to recruitment

Line of action		2022 target	2022
Occupational health and safety	Reduction of fatal accidents (number of fatal accidents)	0	0
	Reduction of the combined frequency index for accidents	0.51	0.33
	Promotion of the performance of safety inspections in own and contractor installations (number of inspections)	80,000	110,752
	Promotion of Safety ECoS (extra checking on site) (number of ECoS)	10	10
	Promotion of environmental ECoS (extra checking on site) (number of ECoS)	9	6
	Promotion of medical examinations (number of examinations)	6,138	5,923
	Contractor Safety Assessment (CA)	77	222
	Environmental Assessment of Contractors (CA)	44	44
	Reduced Frequency Rate for Injuries Involving Absence from Work vs Previous Years (LTIFR) ⁽¹⁾	-1%	-41%
	Hours of training provided by "SHE Factory" ⁽²⁾ (% hours increased compared to previous year)	1%	— ⁽³⁾

⁽¹⁾ Number of accidents with at least one day off work/millions of hours worked

⁽²⁾ SHE: "Safety, Health and Environment"

⁽³⁾ The indicator in 2022 has modified the perimeter and calculation methodology and it is not possible to track how it had been objectified. It has been removed from the new 2023–2025 Sustainability Plan

Line of action		2022 target	2022
Environmental sustainability	Implementation of ISO 14001-certified environmental management systems (% of facilities)	100%	100%
	Promote the minimisation of waste generated in the electricity generation process ⁽¹⁾ (Tons)	<18,000 in 2024	13,838
	Water collected for industrial use in the electricity generation process (l/MWh)	108	73.6
	SO ₂ emissions (g/kWhbc)	0.17	0.12
	NO _x emissions (g/kWhbc)	0.77	0.67
	Particle emissions (g/kWh)	0.01	0.01
	Mercury emissions (mg/kWh)	0.00005	0.00012
	Reduction of the environmental footprint (% reduction)	5% reduction in 2024 (vs 2021)	5,463
	Implementation of biodiversity conservation programme (number of actions)	>20	31
	Certification in environmental energy management and indoor air quality in offices ⁽²⁾ (% surface area)	54%	52%
	Reduction of energy consumption ⁽²⁾ in offices (% of annual reduction)	-0.5% vs previous year	4.40% increase vs 2021
	Reduction of water consumption ⁽²⁾ in offices (% of annual reduction)	-0.5% vs. previous year	5.00% increase vs. 2021
	Reduction in the generation of waste paper and cardboard ⁽²⁾ in offices (% reduction)	-3% in the 2022-2024 period	-53%
	Reduction in the generation of single-use plastics in offices (% reduction)	70%	85%
	Reduction of space in all Endesa buildings (reduction in m ²)	8,900 in the 2022-2024 period	801
	Reduction of CO ₂ emissions in buildings ⁽⁴⁾ (% reduction vs. 2020)	6% reduction in 2024	49% reduction vs. 2021
	Development of actions with social function on patrimonial assets (number of actions per year)	8	12
	Office transformation and improvement (millions of euros)	> 9.5 employees in the 2022-2023 period	6.0
	Sustainable fleet management: electrification and optimisation: electric vehicles (% vehicles in the fleet)	13% in 2024	10%
	Sustainable fleet management: electrification and optimisation: plug-in hybrid vehicles (% of vehicles in the fleet)	61% in 2024	36%
	Sustainable fleet management: electrification and optimisation: hybrid vehicles (% vehicles in the fleet)	6% in 2024	6%
	Sustainable fleet management: electrification and optimisation: fossil fuel vehicles (% vehicles in the fleet)	20% in 2024	48%
	Reduction of CO ₂ emissions in the management of Endesa's fleets (% reduction vs. 2021)	29.5% reduction in 2024	15.7% increase vs 2021
	Electrification of car parks at HQs (No of places) ⁽⁵⁾	1000 spots in 2024	886
	Responsible management of taxi use: Shared taxi (% of employees) ⁽⁶⁾	45% in 2024	38%
	Responsible management of taxi use: % km travelled in environmentally friendly taxis ⁽⁷⁾	73% in 2024	72%
	Promotion of the e-carsharing service (km travelled) ⁽⁸⁾	140,000 km in the 2022-2024 period	19,184
	E-bike service (km travelled) ⁽⁹⁾	30,000 km in the 2022-2024 period	0
	Electric scooter service (km travelled) ⁽⁹⁾	7,000 km in the 2022-2024 period	0
	Transport card (number of employees)	630 by 2024	619

⁽¹⁾ Includes hazardous and non-hazardous waste

⁽²⁾ Only SIGAEC environmentally certified buildings are included

⁽³⁾ The project ends in 2024

⁽⁴⁾ The reduction of emissions is determined by the reduction of energy consumption and of office space

⁽⁵⁾ The figure refers to the places that have an electric vehicle recharging system installed

⁽⁶⁾ % of the total number of employees who use the taxi for their business travel

⁽⁷⁾ Ecotaxis use one of the following technologies: hybrid, electric, LPG or CNG

⁽⁸⁾ Service relaunched at the end of 202

⁽⁹⁾ Service suspended temporarily due to the pandemic

Line of action		2022 target	2022
Corporate Governance	Promoting good corporate governance practices	Supervision and annual reporting to the ACC on the Criminal Risk Prevention and Anti-Corruption Model	Completed
	Promoting criminal risk prevention	Maintain certifications of criminal compliance (UNE 19601) and anti-bribery compliance (UNE-ISO 37001)	Completed
	Analysis of complaints through the ethical channel	100% of complaints in period 2022-2024 analysed in <90 days	100%
	Maintain a high level of excellence in ethical conduct and be recognised by ISR ⁽¹⁾ analysts (DJSI score in Codes of conduct)	>95	100
	Training in ethical conduct in the last 3 years (% employees) ⁽²⁾	100%	100%
	Presence of women on Endesa's Board of Directors (% of women)	40%	42%
	Evaluation of the Board of Directors with the support of an independent consultant	1 three-year evaluation during the 2022-2024 period	Completed in 2022
	Evaluation of compliance with Human Rights. Supervision of the process, approval and monitoring of the action plan	Annual performance and monitoring by the Sustainability and Corporate Governance Committee during the 2022-2024 period	Completed

⁽¹⁾ Average valuation of the subsections: "Codes of conduct", "Codes of conduct: coverage", "corruption and bribery" "Corruption and bribery cases" and "reporting on breaches" from the DJSI "Codes of conduct"

⁽²⁾ Cumulative % of the current workforce

Line of action		2022 target	2022
Accelerators: Innovation, cybersecurity, digitisation and sustainable finance	Dissemination of the IT security culture to reduce risks (number of knowledge exchange events with regard to cybersecurity)	15	19
	Execution of cyber exercises involving industrial plant/sites ⁽¹⁾ (cumulative no. of cyber exercises)	40 cyber exercises in the 2024-2024 period	54
	Verification of ICT security (no. of actions per year)	800	1,400
	Investment in the digitalization of assets, the customer and our people (€ millions invested)	~ 1,500 M€ in the 2022-2024 period	520

⁽¹⁾ The training services, carried out by mixed Cyber and business personnel, are mandatory and necessary to educate internal stakeholders on the correct use of the Enel CERT in terms of commitment, communication, confidentiality of communication and cyber incidents – services of response (detection, analysis, response, recovery).

Line of action		2022 target	2022
Circular Economy	To drive a change in culture that boosts the development of the Circular Economy (number of external people who have participated in Circular Economy promotion activities)	60	320
	Circular Economy solution proposals. Identification and feasibility analysis of Circular Economy solutions and new business models that focus on key technologies, in collaboration with different business areas. (number of proposed solutions)	4	4
	Partnerships with companies	Strengthening alliances with leading companies in Circular Economy from different sectors. Design of a project between the companies of the alliance for 2023.	2 projects with two companies
	Strengthening agreements with cities and other public entities on matters related to the Circular Economy	1 agreement per year over the 2022-2024 period	2

⁽¹⁾ Reduction in the use of materials and fuel at the generation facilities throughout the life cycle, as compared to 2025 (nuclear generation activities are not included).

Appendix X: Public independent review report

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KPMG Asesores, S.L.
P.º de la Castellana, 259 C
28046 Madrid

Independent Assurance Report on the Non-Financial Information and Sustainability Statement of Endesa, S.A. and subsidiaries for 2022

(Translation from the original in Spanish. In the case of discrepancy, the Spanish language)

To the Shareholders of Endesa, S.A.

We have been engaged by Endesa, S.A. management to perform a limited assurance review of the accompanying Non-Financial Information and Sustainability Statement 2022 (hereinafter, the Report) for the year ended 31 December 2022 of Endesa, S.A. (hereinafter the Parent) and subsidiaries (hereinafter the Group), prepared in accordance with the Sustainability Reporting Standards of the Global Reporting Initiative (hereinafter, GRI Standards) and with the Electric Utilities Sector Supplement.

In relation to the preparation and presentation of certain indicators included in the Report and described in its "Conclusion on Indicators with Reasonable Assurance" section, we performed a reasonable assurance review.

In addition, pursuant to article 49 of the Spanish Code of Commerce, we have performed a limited assurance review of the Consolidated Non-Financial Information Statement (hereinafter, NFIS) included in the Report, which forms part of the Group's Consolidated Directors' Report for 2022, prepared in accordance with prevailing legislation and the GRI standards, based on each subject area in the "Index of contents required by Law 11/2008" table of the Report.

Responsibility of the Parent's Directors and Management

Management of the Parent is responsible for the preparation and presentation of the Report in accordance with the GRI Standards and with the Electric Utilities Sector Supplement of the Global Reporting Initiative, based on each subject area in the "GRI Content Index" table of the Report.

The Directors of the Parent are responsible for the preparation and contents of the NFIS included in the Report, which forms part of the Group's Consolidated Directors' Report for 2022. The NFIS has been prepared in accordance with prevailing mercantile legislation and the GRI Standards, based on each subject area in the "Index of contents required by Law 11/2008" of the Report.

The Parent's Directors and Management are also responsible for defining, implementing, adapting and maintaining the management systems from which the information required to prepare the NFIS and the other information included in the Report, respectively, was obtained.

This responsibility also encompasses the design, implementation and maintenance of internal control deemed necessary to ensure that the Report is free from material misstatement, whether due to fraud or error.

KPMG Asesores S.L., a limited liability Spanish company and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. PwC de la Castellana, 259C - Torre de Cristal - 28046 Madrid

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(Translation from the original in Spanish. In the case of discrepancy, the Spanish language)

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including international independence standards) issued by the International Ethics Standards Board for Accountants (IESBA), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies prevailing international quality standards and accordingly maintains a quality system including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The engagement team was comprised of professionals specialised in reviews of non-financial information and, specifically, in information on economic, social and environmental performance.

Our Responsibility

Our responsibility is to express our conclusions in an independent limited assurance report (reasonable assurance in the case of the indicators described in the "Conclusion on Indicators with Reasonable Assurance" section of this Report), based on the work performed. We conducted our engagement in accordance with the requirements of the Revised International Standard on Assurance Engagements 3000, "Assurance Engagements other than Audits or Reviews of Historical Financial Information" (ISAE 3000 (Revised)), issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC), and with the guidelines for assurance engagements on the Non-Financial Information Statement issued by the Spanish Institute of Registered Auditors (ICJCE).

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement, and consequently, the level of assurance provided is substantially lower.

In the case of the indicators described in the "Conclusion on Indicators with Reasonable Assurance" section of this Report on which we performed a reasonable assurance review, this level of assurance is lower than absolute assurance.

Our work consisted of making inquiries of management, as well as of the different units and areas of the Parent that participated in the preparation of the Report, reviewing the processes for compiling and validating the information presented in the Report and applying certain analytical procedures and sample review tests, which are described below:

- Meetings with the Parent's personnel to gain an understanding of the business model, policies and management approaches applied, the principal risks related to these matters and to obtain the information necessary for the external review.
- Analysis of the scope, relevance and completeness of the content of the Report based on the materiality analysis performed by the Parent and described in the "3. Materiality" section of the accompanying Report, considering the content required by prevailing mercantile legislation.
- Analysis of the processes for compiling and validating the data presented in the Report for 2022.



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- Review of the information relative to the risks, policies and management approaches applied in relation to the material aspects presented in the Report for 2022.
- Analysis of the design and implementation of relevant controls in the preparation of information on the indicators reviewed with a reasonable level of assurance.
- Corroboration, through sample testing, of the information relative to the content of the Report for 2022 and whether it has been adequately compiled based on data provided by the information sources.
- Review of the reporting process concerning the environmental, training and health and safety information at the As Pontes combined-cycle plant, selected based on a risk analysis, taking into account quantitative and qualitative criteria.
- Procurement of a representation letter from the Directors and management.

Conclusion on Indicators with Reasonable Assurance

In our opinion, the indicators described below have been prepared and presented, in all material respects, in accordance with the GRI standards and with the Electric Utilities Sector Supplement of the Global Reporting Initiative.

1. Number of fatalities by gender - own employees (GRI 403-9)
2. Number of fatalities by gender - contractors (GRI 403-9)
3. Fatalities rate- own employees (GRI 403-9)
4. Fatalities rate - contractors (GRI 403-9)
5. Accident frequency rate by gender - own employees (GRI 403-9)
6. Accident frequency rate by gender - contractors (GRI 403-9)
7. Number of work-related accidents by gender - own employees (GRI 403-9)
8. Number of work-related accidents by gender - contractors (GRI 403-9)
9. High Potential Accident Frequency Rate - own employees (GRI 403-9)
10. High Potential Accident Frequency Rate - contractors (GRI 403-9)
11. Total Recordable Injury Frequency Rate - own employees (GRI 403-9)
12. Total Recordable Injury Frequency Rate - contractors (GRI 403-9)
13. Life Changing Accident Frequency Rate - own employees (GRI 403-9)
14. Life Changing Accident Frequency Rate - contractors (GRI 403-9)
15. SAIDI - System Average Interruption Duration Index (EU29)
16. SAIFI - System Average Interruption Frequency Index (EU28)
17. Direct Scope 1 GHG emissions (GRI 305-1)
18. Indirect Scope 2 GHG emissions - market-based (GRI 305-2)
19. Indirect Scope 2 GHG emissions - location-based (GRI 305-2)



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- 20. Indirect Scope 3 GHG emissions (GRI 305-3)
- 21. Total carbon footprint - market-based (GRI 305-1, 305-2, 305-3)
- 22. Total carbon footprint - location-based (GRI 305-1, 305-2, 305-3)
- 23. Direct Scope 1 GHG emissions intensity (GRI 305-4)
- 24. Presence of women in senior positions: manager and middle manager (CGI+GC0) (GRI 405-1)
- 25. Manager succession plans (% of women among those involved) (GRI 404-2)

Conclusion on Information with Limited Assurance

Based on the assurance procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that:

- a) The Non-Financial Information and Sustainability Statement 2022 of Endesa, S.A. and subsidiaries for the year ended 31 December 2022 has not been prepared, in all material respects, in accordance with the GRI Standards and with the Electric Utilities Sector Supplement of the Global Reporting Initiative based on each subject area in the "GRI Content Index" table of the Report.
- b) The NFIS of Endesa, S.A. and subsidiaries for the year ended 31 December 2022, included in the Report, has not been prepared, in all material respects, in accordance with prevailing mercantile legislation and the GRI Standards, based on each subject area in the "Index of contents required by Law 11/2008" of the Report.

Emphasis of Matter

Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment stipulates the obligation to disclose information on how and to what extent the undertaking's activities are associated with economic activities that are aligned with and qualify as environmentally sustainable in relation to climate change mitigation and climate change adaptation. The Directors of Endesa, S.A. have included information on the criteria that, in their opinion, best allow them to comply with the aforementioned obligation, which are defined in the "2.5.2. European taxonomy" section of the accompanying Non-Financial Information and Sustainability Statement 2022. Our conclusion is not modified in respect of this matter.

Use and Distribution

In accordance with the terms of our engagement letter, this Report has been prepared for Endesa, S.A. in relation to its Non-Financial Information and Sustainability Statement 2022 and for no other purpose or in any other context.



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(Translation from the original in Spanish. In the case of discrepancy, the Spanish language)

In relation to the Consolidated Non-Financial Information Statement for the year ended 31 December 2022 included in the Non-Financial Information and Sustainability Statement 2022, this report has been prepared in response to the requirement established in prevailing mercantile legislation in Spain, and thus may not be suitable for other purposes and jurisdictions.

KPMG Asesores, S.L.

(Signed on original in Spanish)

Marta Contreras Hernández

22 February 2023

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