

Sustainable Target - SDG 13 - Percentage of CAPEX aligned with the EU Taxonomy at the end of 2023.

Date: 26/03/2024

The Electric Sector faced significant challenges related to the Energy Transition during 2023. The persistent geopolitical uncertainty arising from conflicts in Ukraine and the Middle East had a significant impact on global energy markets, leading to an increase in gas prices and, consequently, electricity prices. This, in turn, exerted upward pressure on the prices of raw materials, food, and intermediate goods.

To counteract these adverse effects on the population and national economies, extraordinary measures were implemented during 2023, including profound regulatory changes in the European electricity sector. These measures influenced the investment, financing and operational decisions of Endesa and other market participants.

Endesa has been compelled to adapt its planned investments to the new energy context, following a more selective capital allocation strategy. This has led to a slower pace in the planned investment program, resulting in a 76% capital investment level aligned with the European Union Taxonomy, which, while substantial, is lower than initially anticipated.

Nevertheless, the gross investments outlined in the new Strategic Plan remain consistent with the previous 2023-2025 plan, amounting to €8.9 billion for the 2024-2026 period. The distribution networks and renewable generation remain the pillars of Endesa's clean electrification and continue to be the key pillars of growth, reaffirming its energy transition strategy, which is based on increasing the installed capacity of renewable sources, to reach a volume of renewable capacity of 13,900 MW in 2026, 40% more than at the end of 2023. This will mean that 93 % of electricity production on the Iberian Peninsula will be emission-free in 2026, compared to 80 % at the end of this year. The new renewable power capacity that will be added to Endesa's power generation pool during this period will total 3,900 MW.

Additionally, the Strategic Plan 2024-2026 allocates €2.8 billion to distribution networks, a critical element for decarbonization by enabling the integration of renewables and electrification of demand.

Sustainability Plan 2024-2026: <https://www.endesa.com/content/dam/endesa-com/home/compromiso/documentos-2024/Plan-de-Sostenibilidad-2024-2026.pdf>